

DEAL #1205

Location



Location #1

Spatial accuracy level

Coordinates

Location

Gambella, Ethiopia



Latitude

9.038376096159567

Longitude

37.07418200298893

Target country

Ethiopia

Contract area



Comment on location

Jikao and Itang districts, Coordinates and map of contract area in ilc research paper. Annex 5

General info



Land area

Intended size (in ha)

300000.0

Size under contract (leased or purchased area, in ha)

[2010] 100000

[2015] 1200

[2019, current] 15000

Size in operation (production, in ha)

1000

[2012] 4000

[2015] 1200

Comment on land area

The company acquired 300 000 hectares in 2008 from the Gambela Regional government on a 99 year lease. in 2009 the federal government took responsibility for the land deal and the size under agreement was reduced to 100 000 hectares in 2010 on a 50

year term. Initially, Karuturi received 300,000 hectares of land in the region; 200,000 hectares of land was returned after the amount was deemed very excessive and beyond the company's capacity for development. 100,000ha initially, further 200,000ha after first tranche is under production, provided that it was by 2012. 42.088ha in Itang and 57,912ha in Jikao. The first crop was destroyed by floods in 2011. The land under contract was reduced from 100 000ha to 1200ha in 2015. After legal proceedings, the company was granted 15 000 ha in 2019.

Intention of investment

Intention of investment

Biofuels, Food crops, Agriculture unspecified, Renewable Energy

Nature of the deal

Nature of the deal

Lease

Negotiation status

Negotiation status

[2010] Concluded (Contract signed)
[2016] Failed (Contract cancelled)

Comment on negotiation status

[2019, current] Concluded (Contract signed)
The head of AISD, Mr. Esayas Kebede told OI that the amount of land was not 300,000 ha, but was in fact 100,000 ha, was for 30 years, and was for 111birr/ha (USD 7/ha). Initially, Karuturi received 300,000 hectares of land in the region; 200,000 hectares of land was returned after the amount was deemed very excessive and beyond the company's capacity for development. Maps publicly on display inside the office showed that the land given was 100,136 ha. The full 100 000 hectares was due to be cultivated within two years from the date the contract was signed. In January the company claimed that it would cultivate only 60 000hectares. Reduction of land from 100 000ha to 1200ha from the 15:12:2015. This came in terms of the contract where the company was not able to bring the land under production. The government had given the company two written warnings that the land would be taken away unless brought into production. The company is challenging the government regarding the reduction in land size. Karuturi has obtained a court order protecting the lease and is prepared to seek international arbitration on the matter. T-TPLF cancelled the contract in 2016 and the company is now seeking compensation. After lengthy legal proceedings, the company signed a new lease for 15000ha in 2019. One source states that the 2019 lease was approved by authorities in Gambela, but awaiting approval from central government. Parent company initiated liquidation proceedings in August 2019.

Implementation status

Implementation status

In operation (production)

Comment on implementation status

[2019, current] Startup phase (no production)
Karuturi is being investigated for illegal activities, including corruption, environmental destruction and failure to uphold the terms of their contracts. Local sources have said that Karuturi's farming operations in Gambela have

shut down, and that the company has removed its tractors and other farm machinery from the farm. The Ethiopian Investment Agency intends to revoke the investment permit granted to Karuturi because the company has not proceeded with the investment project within the agreed time frames. The company owes the Commercial Bank of Ethiopia (CBE) 65 million birr from its overdraft facility. Initially the bank issued a foreclosure notice, however the company is now settling the minimum 25 percent of the debt. Company continues production on the 1200ha. Parent company initiated liquidation proceedings in August 2019.

Leasing fees

Annual leasing fee	20
Annual leasing fee currency	Ethiopian Birr
Annual leasing fee type	per ha
Comment on leasing fees	Information from contract.

Contract farming

Contract farming	No
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Contracts

Contract #1

Contract date	2010-10-25
Duration of the agreement (in years)	50

Employment

Number of domestic jobs created

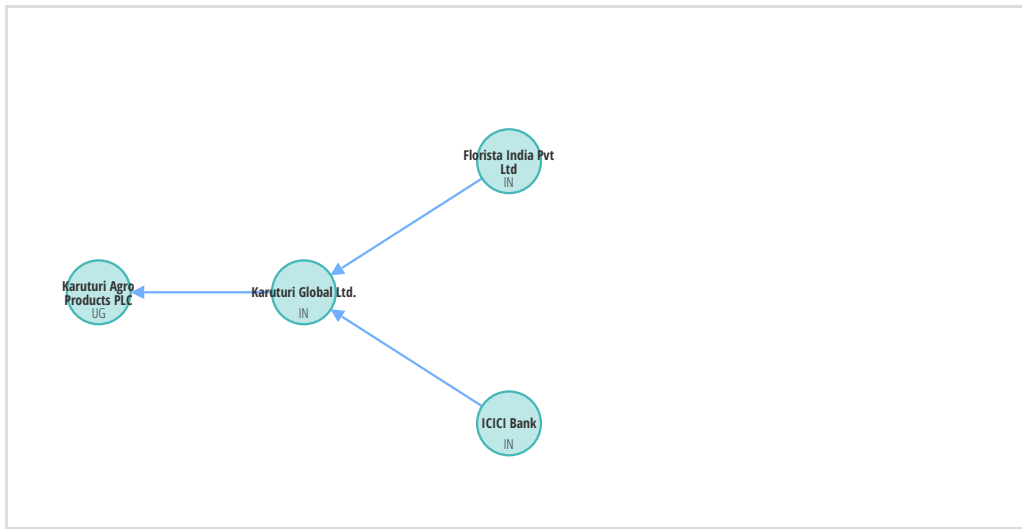
Jobs created (domestic)	Yes
Planned number of jobs (domestic)	30000
Comment on jobs created (domestic)	The company stated that the project will create 20,000 to 30,000 jobs. In March 2013,92 Ethiopian workers at Karuturi's Gambela site filed a complaint with the Department of Labour and Social Welfare claiming that their salaries were delayed by up to 20 days and that the company did not provide identity cards, safety equipment, medical treatment or proper residence. The department found workers living in cramped metal shacks without proper ventilation. Karuturi gave jobs to local community members and also to highlanders. Highlanders earn 3,000 birr per month (approximately \$149). The locals—the Karuturi staff call the locals “non-people”—earn 1,000 birr per month (approximately \$50).

Investor info

Operating company

Operating company	Karuturi Agro Products PLC (#35686)
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Network of parent companies and tertiary investors/lenders. Please right-click the nodes to get more details.



Legend

- ← Is parent company of
- Is tertiary investor/lender of
- Left-click to reveal related parent companies and tertiary investors/lenders.
- Right-click on investors to get more information.
Left-click to hide related parent companies and tertiary investors/lenders.

Data sources

Data source #1

Data source type
URL


Research Paper / Policy Report
<http://www.landcoalition.org/en/resources/case-study-bechera-agricultural-development-project-ethiopia>

File
Date
Comment on data source


2011-01-01
A case study of the Bechera agricultural development project, Ethiopia; Coordinates and map of contract area in ilc research paper. Annex. 5


Data source #2

Data source type
URL
File
Date
Comment on data source

Media report
http://farmlandgrab.org/uploads/attachment/Karuturi_summary_2014021

2014-02-13
Karuturi going down? A summary of recent developments


Data source #3

Data source type
URL
File
Comment on data source

Research Paper / Policy Report
<http://www.oaklandinstitute.org/sites/oaklandinstitute.org/files/Breaking9>

The Oakland Institute- WE SAY THE LAND IS NOT YOURS BREAKING THE SILENCE AGAINST FORCED DISPLACEMENT IN ETHIOPIA, April 2015.

Data source #4


Data source type
URL
File
Date
Comment on data source

Media report
<http://farmlandgrab.org/post/view/15602>

2010-09-17
Farmland Grab- Ethiopians say Indians grabbing land, Indian farmers claim it is official

Data source #5

Data source type
URL


File
Comment on data source

Research Paper / Policy Report
<http://www.oaklandinstitute.org/understanding-land-investment-deals-africa-ethiopia>

Oakland Institute: Country report Ethiopia

Data source #6

Data source type
URL

File
Date
Comment on data source

Media report
<http://www.farmlandgrab.org/post/view/23597-foreclosure-notice-forces-karuturi-to-pay-off-25-percent-debt>

2014-06-07
Farm Land Grabs- Foreclosure notice forces Karuturi to pay off 25 percent debt

Data source #7

Data source type
URL

File
Comment on data source


Research Paper / Policy Report
<https://www.grain.org/article/entries/5492-the-global-farmland-grab-in-2016-how-big-how-bad>

The global farmland grab in 2016: how big, how bad?

Data source #8

Data source type
URL

File
Date
Comment on data source

Media report
<http://www.guardian.co.uk/global-development/2013/feb/07/india-investors-forcing-ethiopians-off-land>

2013-02-07
The Guardian- Indian investors are forcing Ethiopians off their land

Data source #9

Data source type
URL
File
Date
Comment on data source


Media report
<http://farmlandgrab.org/post/view/16786>

2010-10-28
Farm Land Grab- Karuturi Tractors make big splash on Bole road

Data source #10

Data source type
URL

File
Date
Comment on data source

Media report
<https://www.bloomberg.com/news/articles/2017-09-21/karuturi-demands-compensation-from-ethiopia-for-failed-land-deal>

2017-09-21
Karuturi Demands Compensation From Ethiopia for Failed Land Deal

Data source #11

Data source type
URL

File
Comment on data source

Research Paper / Policy Report
https://etd.ohiolink.edu!etd.send_file?accession=ucin1427980600&disposition=inline


Food security and large-scale land acquisitions: The cases of Tanzania and Ethiopia, Jennifer Dye, March 2014.

Data source #12

Data source type
URL


Other (Please specify in comment field)
<http://economictimes.indiatimes.com/karuturi>

File
Comment on data source

global-ltd/directorsreport/companyid-3604.cms

The Economic Times Markets-- Karuturi Global
Ltd.-- financial and company information.

Data source #13

Data source type
URL
File
Comment on data source

Research Paper / Policy Report
<http://www.ecofys.com/en/publication/land-grabs-for-biofuels/>

Ecofys- Land Grabs for Biofuels driven by EU
biofuels policies, Carlo Hamelinck, 2013

Data source #14


Data source type
URL
File
Date
Comment on data source

Media report
<http://farmlandgrab.org/post/view/25644-government-agency-strips-karuturis-land-privilege>

2016-01-04
Farmland Grab- Government agency strips
Karuturi's land privilege


Data source #15

Data source type
URL
File
Date
Comment on data source

Media report
<http://www.ethiopianreview.com/pdf/001/The-Ethiopia-Macroeconomic-Handbook-2010.pdf>

2010-01-01
The Ethiopia Macroeconomic Handbook by
Access Capitals

Data source #16

Data source type
File
Open Contracting ID
Comment on data source

Contract

ocds-591adf-3081785170
Karuturi Agreement

Data source #17


Data source type
URL
File
Comment on data source

Research Paper / Policy Report
<http://www.inclusivedevelopment.net/wp-content/uploads/2017/04/Outsourcing-Development-Africa.pdf>

Unjust Enrichment: How the IFC Profits from
Land Grabbing in Africa. Outsourcing
Development: Lifting the Veil on the World
Bank Group's Lending Through Financial
Intermediaries. April 2017.


Data source #18

Data source type
URL
File
Comment on data source

Research Paper / Policy Report
http://www.ide.go.jp/English/Data/Africa_file/Company/ethiopia03.html

Institute of Developing Economies- Karuturi
Global Limited.

Data source #19


Data source type
URL
File
Date
Comment on data source

Media report
<http://www.thereporterethiopia.com/business/karuturi-contemplates-legal-recourse-loss-ethiopia>

2017-09-30
The Reporter- Karuturi contemplates legal
recourse for loss in Ethiopia

Data source #20

Data source type
URL


File
Date
Comment on data source

Media report
<http://www.theweekendleader.com/Success/513/A-rosy-picture.html>

2013-04-22
The Weekend leader- Roses for the world: An Indian success story in Ethiopia

Data source #21


Data source type
URL

File
Comment on data source

Media report
<http://investing.businessweek.com/research/stocks/private/snapshot.asp?privcapId=40178543>

Bloomberg Business week- Ethiopian Meadows PLC

Data source #22


Data source type
URL
File
Date
Comment on data source

Media report
<http://www.ethiopianreview.com/index/52591>

2015-02-22
Ethiopian Review-- Bye, Bye Karuturistan, Ethiopia!

Data source #23

Data source type
URL


File
Date
Comment on data source

Media report
<http://www.thereporterethiopia.com/index.php/news-headlines/item/3045-karuturi-under-the-spotlight>

2015-01-17
The Reporter -- Karuturi under the spotlight

Data source #24

Data source type
URL


File
Date
Comment on data source

Media report
<http://edition.cnn.com/2015/06/03/opinions/india-landgrabs-ethiopia/>

2015-06-03
CNN- The African country helping India feed 1.2 billion people

Data source #25

Data source type
URL

File
Date
Comment on data source

Media report
<http://www.bloomberg.com/news/articles/2016-01-11/karuturi-challenges-ethiopian-decision-to-cancel-farming-project>

2016-01-11
Bloomberg Business- Karuturi Challenges Ethiopia Decision to Cancel Farm Project

Data source #26

Data source type
URL
File
Date
Comment on data source

Company sources
<http://karuturi.com/images/PDF%20NEW/Reporter%20letter.pdf>


2015-01-21
Letter to reporter

Data source #27

Data source type
URL


Research Paper / Policy Report
<https://www.grain.org/article/entries/5958-failed-farmland-deals-a-growing-legacy-of-disaster-and-pain>

File
Date
Comment on data source


2018-06-06
Grain- Failed farmland deals: a growing legacy
of disaster and pain

Data source #28

Data source type
File
Publication title

Company sources

Karuturi Global Limited Ethiopia Business
Update
2019-04-22


Date

Data source #29

Data source type
URL

Company sources
[https://www.bseindia.com/xml-
data/corpfiling/AttachLive/EF7EB76D_2F5C_4942_99CF_E15F42121B2D_16](https://www.bseindia.com/xml-data/corpfiling/AttachLive/EF7EB76D_2F5C_4942_99CF_E15F42121B2D_16)

File
Publication title


Intimation of initiation of Corporate Insolvency
Resolution Process (CIRP) and appointment of
Interim Resolution Professional (RFP)
2019-08-12


Date

Data source #30

Data source type
URL

Media report
[http://www.bad-ag.info/karuturi-globals-
ethiopia-return-stokes-fears-of-deforestation-
and-evictions/](http://www.bad-ag.info/karuturi-globals-ethiopia-return-stokes-fears-of-deforestation-and-evictions/)

File
Publication title


Karuturi Global's Ethiopia return stokes fears of
deforestation and evictions
2019-06-27


Date

Data source #31

Data source type
File
Publication title

Research Paper / Policy Report

Date
Comment on data source



Karuturi Global – Don't crave roses if you can't
grasp thorns
2019-11-07
Case study on Karuturi Global

Data source #32

Data source type
File
Publication title

Research Paper / Policy Report


Date
Comment on data source


India's land grab deals in Ethiopia: Food
security or global politics?
2019-11-07
Karuturi is the biggest Indian land acquisition in
Ethiopia

Data source #33

Data source type
File
Publication title
Date
Comment on data source

Research Paper / Policy Report



Large-scale acquisitions of Land in Ethiopia
2019-11-07
Large-scale acquisitions of Land in Ethiopia _
Karuturi Global Ltd

Data source #34

Data source type
URL

Media report
[https://www.grain.org/en/article/6258-karuturi-
global-s-new-land-deal-in-ethiopia-must-be-
scrapped](https://www.grain.org/en/article/6258-karuturi-global-s-new-land-deal-in-ethiopia-must-be-scrapped)

File
Publication title


Karuturi Global's new land deal in Ethiopia
must be scrapped
2019-06-13

Date

Recognitions status of community land tenure

Recognition status of community land tenure

Indigenous Peoples traditional or customary rights recognized by government

Consultation of local community

Community consultation
Comment on consultation of local community

Not consulted
The community was only consulted after the land had been given to the investors. Regional authorities came to tell community members that they must give in.

How did the community react?

Community reaction
Comment on community reaction

Rejection
The community rejected the investor and the fact that the regional government gave their land away.

Displacement of people

Displacement of people

Yes

Negative impacts for local communities

Negative impacts for local communities

Environmental degradation
Eviction
Displacement
The Karuturi project displaced local people, caused deforestation and other negative environmental impacts and made no contribution to local or national food security.

Comment on negative impacts for local communities

Promised or received compensation

Promised compensation (e.g. for damages or resettlements)

There are reports that the resettlement program involved coercion and abuse and that no compensation was paid to the communities. There are reports that the resettlement program involved coercion and abuse and that no compensation was paid to the communities.

Received compensation (e.g. for damages or resettlements)

Promised benefits for local communities

Promised benefits for local communities

Health
Education
Other
Karuturi Global has pledged to provide basic infrastructure, like schools, hospitals, daycares, and improved water access on its project site, but these pledges have yet to materialize and are not enforceable from the contract agreement

Comment on promised benefits for local communities

Materialized benefits for local communities

Comment on materialized benefits for local communities

There is no evidence that the company has offered guarantees this time around that it will provide social and economic benefits to local communities as part of the new lease agreement. None of the benefits pledged have yet to materialize and are not enforceable from the contract agreement

Former land cover

Former land cover
Comment on former land cover

Forest land
Reports that the company has cleared forest land without an environmental impact assessment

Produce info



Detailed crop, animal and mineral information

Crops area

Corn (Maize), Oil Palm, Rice, Sugar Cane

Use of produce

Has domestic use
Has export
Country 1
Country 2
Comment on use of produce

Yes
Yes
Djibouti
Kenya
All East and South Africa is targeted, yet DJI and KEN are the only countries mentioned explicitly. The Ethiopian Agriculture Minister said the trade balance, which was hugely skewed towards India, would tilt in Ethiopia's favour once the projects materialise. Maize is sold to the local market. The produce has not been exported to date-- used on the local market.

In country processing of produce

In country processing of produce

No

Water



Water extraction envisaged

Water extraction envisaged

Yes

Source of water extraction

Source of water extraction
Comment on source of water extraction

Groundwater
Surface water ()
There are concerns over the drainage of wetland areas

Overall Comment



Overall comment

Overall comment

Reduction of land from 100 000ha to 1200ha from the 15:12:2015. This came in terms of the contract where the company was not able to bring the land under production. The government had given the company two written warnings that the land would be taken away unless brought into production. Karuturi claims that the arable land it has received is not suitable for investment or needs more initial investment to become productive. The company is challenging the government regarding the reduction in land size. Karuturi has obtained a court order protecting the lease and is prepared to seek international arbitration on the matter.

History (39 versions)

Feb. 20, 2020, 1:29 p.m.	●	overwritten	This version	↕ Compare with previous version
Feb. 10, 2020, 8:08 a.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
Nov. 11, 2019, 11:29 a.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
Aug. 28, 2019, 12:29 p.m.	✔	overwritten	👁 Show this version	↕ Compare with previous version
Aug. 28, 2019, 10:49 a.m.	✔	overwritten	👁 Show this version	↕ Compare with previous version
April 26, 2019, 12:59 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
March 19, 2019, 2:30 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
March 6, 2019, 10:13 a.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
Feb. 21, 2019, 1:36 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
June 12, 2018, 2:08 p.m.	✔	overwritten	👁 Show this version	↕ Compare with previous version
Oct. 2, 2017, 4:58 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
Oct. 2, 2017, 12:30 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
July 27, 2017, 11:53 a.m.	✔	overwritten	👁 Show this version	↕ Compare with previous version
July 18, 2017, 2:41 p.m.	✔	overwritten	👁 Show this version	↕ Compare with previous version
Sept. 20, 2016, 2:46 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
March 12, 2016, 11:11 a.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
March 3, 2016, 3:06 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
Jan. 12, 2016, 4:02 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
Jan. 5, 2016, 10:18 a.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
Oct. 27, 2015, 9:21 a.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
Aug. 12, 2015, 6:17 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
June 19, 2015, 2:17 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
Jan. 22, 2015, 11:28 a.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
Jan. 20, 2015, 1:36 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
Jan. 19, 2015, 11:51 a.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
Oct. 28, 2014, 7:53 a.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
June 9, 2014, 1:47 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
May 28, 2014, 12:39 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
May 28, 2014, 12:39 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
April 4, 2014, 3:18 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
April 2, 2014, 4:30 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
Feb. 25, 2014, 11:04 a.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
July 18, 2013, 2:21 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
June 26, 2013, 12:37 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version
June 6, 2013, 2:10 p.m.	●	overwritten	👁 Show this version	↕ Compare with previous version

April 21, 2013, 11:47 p.m.	●	overwritten	👁 Show this version	↔ Compare with previous version
April 21, 2013, 11:42 p.m.	●	overwritten	👁 Show this version	↔ Compare with previous version
April 21, 2013, 11:41 p.m.	●	overwritten	👁 Show this version	↔ Compare with previous version
April 21, 2013, 11:39 p.m.	●	overwritten	👁 Show this version	First version

Comments (0 comments)

There are no comments to this deal yet.
