



A case study of the Bechera agricultural development project, Ethiopia



Our Mission

A global alliance of civil society and intergovernmental organisations working together to promote secure and equitable access to and control over land for poor women and men through advocacy, dialogue, knowledge sharing and capacity building.

Our Vision

Secure and equitable access to and control over land reduces poverty and contributes to identity, dignity and inclusion.



CIRAD works with the whole range of developing countries to generate and pass on new knowledge, support agricultural development and fuel the debate on the main global issues concerning agriculture.

CIRAD is a targeted research organization, and bases its operations on development needs, from field to laboratory and from a local to a global scale.

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ISBN 978-92-95093-38-6

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January 2011

Acknowledgements

The research project of the Commercial Pressures on Land Initiative was coordinated in the ILC secretariat by Michael Taylor, with the support of Andrea Fiorenza. Ward Anseeuw of CIRAD provided technical support to all studies and the project was based on a conceptual framework developed by Michel Merlet and Clara Jamart of Agter. A large number of members and partners of ILC and independent specialists have contributed to the research, analysis and documentation of the project.

ILC wishes to thank the following donors, whose support made possible the research under the Commercial Pressures on Land Initiative:



The views expressed herein can in no way be taken to reflect the official opinion of these donors. ILC Secretariat would appreciate receiving copies of any publication using this study as a source at info@landcoalition.org.

Foreword

The International Land Coalition (ILC) was established by civil society and multilateral organisations who were convinced that secure access to land and natural resources is central to the ability of women and men to get out of, and stay out of, hunger and poverty.

In 2008, at the same time as the food price crisis pushed the number of hungry over the one billion mark, members of ILC launched a global research project to better understand the implications of the growing wave of international large-scale investments in land. Small-scale producers have always faced competition for the land on which their livelihoods depend. It is evident, however, that changes in demand for food, energy and natural resources, alongside liberalisation of trade regimes, are making the competition for land increasingly global and increasingly unequal.

Starting with a scoping study by ILC member Agter, the Commercial Pressures on Land research project has brought together more than 30 partners, ranging from NGOs in affected regions whose perspectives and voices are closest to most affected land users, to international research institutes whose contribution provides a global analysis on selected key themes. The study process enabled organisations with little previous experience in undertaking such research projects, but with much to contribute, to participate in the global study and have their voices heard. Support to the planning and writing of each study was provided by ILC member CIRAD.

ILC believes that in an era of increasingly globalised land use and governance, it is more important than ever that the voices and interests of all stakeholders – and in particular local land users - are represented in the search for solutions to achieve equitable and secure access to land.

This report is one of the 28 being published as a part of the global study. The full list of studies, and information on other initiatives by ILC relating to Commercial Pressures on Land, is available for download on the International Land Coalition website at www.landcoalition.org/cplstudies.

I extend my thanks to all organisations that have been a part of this unique research project. We will continue to work for opportunities for these studies, and the diverse perspectives they represent, to contribute to informed decision-making. The implications of choices on how land and natural resources should be used, and for whom, are stark. In an increasingly resource-constrained and polarised world, choices made today on land tenure and ownership will shape the economies, societies and opportunities of tomorrow's generations, and thus need to be carefully considered.

Madiodio Niasse

Director, International Land Coalition Secretariat

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List of abbreviations

AISD	Agricultural Investment Support Directorate
BADP	Bechera Agricultural Development Project
BoARD	Bureau of Agriculture and Rural Development (Oromiya Regional State)
BoWRD	Bureau of Water Resources Development (Oromiya Regional State)
CPL	Commercial pressures on land
DA	Development agent
EIA	Ethiopian Investment Agency
EPA	Environmental Protection Authority
EPLAUA	Environmental Protection and Land Administration and Use Authority
FDRE	Federal Democratic Republic of Ethiopia
ILC	International Land Coalition
MoARD	Ministry of Agriculture and Rural Development
KA	Kebelle Administration
MoWR	Ministry of Water Resources
SNNPRS	Southern Nations, Nationalities, and Peoples Regional State

Executive summary

Project genesis and justification

Commercial pressures on land (CPL) have been increasing globally due to growing competition amongst investors for land in rural areas. These pressures are growing all the time, with corresponding negative impacts on security of tenure for poor people, on the environment, and on the socio-economic conditions of local communities.

This report forms part of the International Land Coalition (ILC)'s global study on CPL. It was carried out by the Equatorial Development Consultancy, a firm specializing in natural resources management, and examines the impacts of one foreign investment project in a rural area of Ethiopia. This case study aims to provide information that will assist in enhancing and promoting national efforts towards the equitable and sustainable utilization of available land resources.

Project objectives

The main goals of the case study were to:

- i. Indicate the commercial land pressure issues prevalent at and around the study site; and
- ii. Provide an oversight and assist in creating awareness of the agricultural sector and institutional environment in Ethiopia.

Ethiopia's economy and the livelihoods of most of its people are dependent on agriculture, which means that, to develop the country's economy and reduce poverty, policies and interventions need to be focused on the agricultural sector. Of Ethiopia's total land area of 123 million hectares, 47 million hectares, or 38%, are arable land. An estimated 3.6 million hectares have potential for irrigation. Ethiopia has 12 river basins with an annual run-off volume of 122 billion cubic metres of water. Groundwater reserves are estimated at 2.6 billion cubic metres.

Ethiopia's constitution sets out a four-tier administrative structure: a federal state divided into regions, which are sub-divided into zones, which in turn are sub-divided into *woredas* (districts). In total, there are nine regions, 66 zones, and 556 *woredas*.

The Ministry of Agriculture and Rural Development (MoARD) is the federal body responsible for the development of agriculture, but federal legislation grants the regions the right to administer land within their own territorial jurisdictions. At regional level, Oromiya Regional State (where the investment project under discussion is located) has issued its own regulations, which are implemented by the Environmental Protection and Land Administration and Use Authority (EPLAUA).

The Agricultural Investment Support Directorate (AISD) was established in 2009, under the MoARD, to identify potential agricultural investment areas. To date, some 3,368,513

hectares of land have been delineated for handover to investors. The Ethiopian Investment Agency (EIA) is responsible for issuing investment licences for such projects.

Land tenure system

Radical land reform was introduced in 1975 by Ethiopia's former military government. Currently the underlying basis of the country's land policy is Article 40 of the Constitution, which states that land is the property of the people but is administered on their behalf by the State and cannot be sold, exchanged, or mortgaged.

The investment project

The investment project is known as the Bechera Agricultural Development Project (BADP), and is owned by Karuturi Agro Products Plc, a subsidiary of Indian company Karuturi Global Limited. It is located in the Western part of Oromiya Regional State, Western Shoa Zone, Bako Tibe Woreda. It covers an area of 10,700 hectares on the Bako Plains, which is leased from the Ethiopian Government. The company is planning to cultivate a variety of crops, including maize, rice, and bananas.

The livelihoods of communities in the local area are based on crop cultivation and livestock husbandry. A household survey conducted in the three *kebeles* (counties) which fall within the area (covering 5% of households), obtained the following results:

Total population of the three *kebeles* = 4,872 people

Average agricultural landholding = 1.3 hectares

Average household size = 8.4 people

Average household agricultural production = 18.6 quintals (qt) (17.1qt cereals, 1.1qt oil seed, 0.4qt pepper; 1 quintal = 100kg)

Average household cattle holding = 19.6 head.

Group discussions were held with the local community, key informants, *kebele* officials, agricultural development agents, agricultural specialists (e.g. agronomists), and planning staff of different regional, zonal, and *woreda* offices.

Community representatives explained that they have tried to prevent the takeover of their grazing land by the BADP investor in a number of ways. They have twice sent a group of selected elders to the Regional Administration, and have repeatedly appealed to the Woreda Administration. In Amerti Gibe Kebele, they even went so far as to physically resist the activities of the investor. However, they have not been successful in winning their case.

Environmental impact

The loss of grazing land is the most serious negative impact of the project. The wetlands also serve many other functions for the community: for example, river and swamp vegetation is used for roofing, matting, and for making household utensils. The water-

logged areas help to support the local ecosystem by filtering the water flowing into the Gibe River and regulating its quality. The BADP is planning to develop the plains, and this will lead to significant hydrological change in the river systems in and near the project area. There will also be a negative impact on the area's biodiversity.

Conclusion and recommendations

The main benefit of the Bechera Agricultural Development Project is the creation of employment opportunities for the community. The loss of community grazing land, however, is already affecting the livelihoods of local smallholders.

The investor should assist the community by allowing them to let their animals graze crop residues, constructing water supply schemes, introducing outgrower schemes, and introducing other services such as schools, health posts, veterinary support, etc. It should also discuss with the community what benefits it can offer them in the future.

Nationally, it is recommended that regional workshops are conducted to raise the awareness of stakeholders at all levels of the potential impacts of such investments. There is also a need to build the capacity of *woreda* offices to enable them to undertake ground surveys and to accurately delineate land to be leased before it is handed over to investors. Regarding the BADP area, there is a need to undertake a baseline environmental assessment to determine the potential environmental impacts of the commercial agriculture that is planned there. This study should also recommend mitigation methods.

1 Introduction

Background

The Bechera Agricultural Development Project (BADP) is a typical example of a company from an emerging economy grabbing land in a poor host nation. The Bako Plains, where the commercial farm of Karuturi Agro Products Plc, a subsidiary of Indian company Karuturi Global Limited, is situated (see maps in Annex 5) are environmentally delicate community grazing lands. The International Land Coalition (ILC), through the Equatorial Development Consultancy (EDC), set out to investigate the impact of a development of this kind on the local community and to analyze the roles of the various stakeholders. This case study is part of a global initiative to increase understanding of the current and anticipated impacts of commercial land acquisitions on poverty and on the security of land tenure of poor people.

Objectives and significance of the study

The overall goal of this study is to analyze the impacts of commercial pressures on land (CPL) on a particular community and on the environment, as part of ILC's broader investigation of CPL issues. It is intended to contribute to the discussion on CPL and it is hoped that the lessons learned will help to create awareness that will contribute to sustainable development.

Methodology and approach

The methodology used in data collection and analysis for the study included direct observation, community discussions, semi-structured interviews (with 29 farming households), and a review of secondary data. Group discussions were held with community representatives in each *kebele* administration and with key informants, including BADP employees. Direct observations were also made in the study area to supplement the discussions (see photographs and maps in Annexes 4–5). A pre-prepared checklist (see Annex 2) was used to guide discussions with *kebele* officials, community elders/members and, where needed, with development agents and employees of the BADP. This was also used to facilitate focus group discussions.

- **Direct observation:** During the field study, specific features of the area were observed, such as the commercial farm's activities, the smallholders' agricultural activities, their livestock, the local water supply, and the environmental condition of the wetlands.
- **Community discussion:** Group discussions were held with community representatives in each *kebele* and with key informants regarding the commercial farm.

- **Semi-structured interviews:** Individual household surveys were conducted using a semi-structured questionnaire (see Annex 1). The questionnaire was prepared in both English and Oromifa, the local language of the Oromo ethnic group of Oromiya Regional State.
- **Stakeholder consultation:** Apart from the community, stakeholders were consulted at different levels, including Woreda Administration, Woreda Land and Environment Office, Woreda Agricultural Office, local development agents, employees of the commercial farm, core planning staff of the Ethiopian Investment Agency, Oromiya Regional State Land and Environmental Office, the Agricultural Investment Support Directorate, and the Ministry of Water Resources. Appointments were scheduled with all these stakeholders following prior notification.
- **Review of secondary data:** Several federal and regional offices, including ministries, zonal offices, and *woreda* offices, as well as environmental, research, and educational establishments, were visited to obtain information related to the study.

Content of the report

This study first provides an overview of the many aspects of commercial pressures on land in Ethiopia, including a review of agricultural practices, the national and regional policy framework, the relevant institutions, the land tenure system, and recent trends in land use changes.

This is followed by an examination of the Bechera Agricultural Development Project (BADP), which illustrates the impact of commercial land pressures on both the community and the environment.

In conclusion, recommendations are made for a shift to a participatory approach and for greater control over the implementation of such investment schemes by local, regional, and federal offices as well as by the affected communities themselves.

2 Overview of the agricultural sector in Ethiopia

Ethiopia's economy is based mainly on agriculture. The sector accounted for 45% of GDP in 2009 and the livelihoods of 85% of the population are directly dependent on natural resources.

Of Ethiopia's total land area of 123 million hectares, 47 million hectares, or 38% of the total, are arable land, while the remaining 77 million hectares, or 62%, are classified as marginal and non-arable land (UNDP/FAO 1988). About 3.6 million hectares are estimated as having potential for irrigation; however, the area of land under irrigation so far is only about 5% (MoWR 1999).

Various studies (such as Hurni 1993) show that soil loss in cultivated land caused by water erosion affects about 50% of the country's agricultural areas and reaches alarming levels of up to 100–200 tonnes/hectare/year. Population densities and livestock herd sizes in Ethiopia are the highest in Africa and continue to grow rapidly, putting severe pressure on the land.

Ethiopia has 12 river basins, of which eight have significant flows. Of the remaining four, one is a lake basin fed by a number of rivers and streams, while three are dry basins that receive little rainfall. These cannot produce river flows and are significantly affected by run-off and evaporation. Between them, the 12 river basins have an annual run-off volume of 122 billion cubic metres of water. There are also an estimated 2.6 billion cubic metres of groundwater reserves (MoWR 2002).

3 Current institutional environment

The Ethiopian Constitution sets out four administrative structures: a federal state divided into regions, zones, and *woredas*. The country is divided into regions, which are sub-divided into zones, which in turn are sub-divided into *woredas*. Currently there are nine regions, 66 zones, and 556 *woredas*.

Each of the four levels of the Ethiopian state has the same structure: a legislative body, a court system, and a number of sector-specific administrative institutions, which, in addition to the Federal Government, constitute the executive branch.

There are nine Regional States in Ethiopia: Afar, Amhara, Benshangul-Gumuz, Harari, Oromiya, Somali, Southern Nations, Nationalities, and Peoples (SNNP), and Tigray. The regional states are entitled to define and implement their own economic, social, and development policies. They administer land and other natural resources within their territories, and collect all levies and taxes that are not collected by the Federal Government. They set standards for their own civil service pay and conditions and maintain state-level security forces.

A *woreda* is an administrative unit which can be equated to a district. Each *woreda* is generally composed of a number of *kebeles*. A *kebele* can be equated to a county, and is the smallest formal unit of Ethiopia's local government administrative structure.

4 Relevant sectoral institutions

Agriculture

Federal level

The Ministry of Agriculture and Rural Development (MoARD) is the federal body responsible for agricultural development in Ethiopia. Its powers and duties include the promotion and expansion of rapid and sustainable agricultural and rural development, as well as the provision of support to private investors engaged in the agricultural sector (Proclamation No. 256/2001).

With respect to land administration and utilization, the MoARD has enacted the Land Administration and Utilization Proclamation at the federal level (Proclamation No. 256/2005). This legislation sets out the basic principles and gives the regional states the power to enact their own land administration and utilization laws (but in compliance with federal laws). Federal legislation thus clearly grants the regions the right to administer the lands within their own territorial jurisdictions.

Regional level

With respect to land administration and utilization, Oromiya Regional State has enacted Proclamation No. 130/2007, plus additional regulation. According to these laws, the function of land administration and utilization is vested in the region's Environmental Protection and Land Administration and Use Authority (EPLAUA) and its *woreda* offices.

EPLAUA was established under Proclamation No. 122/2009 to administer the provisions of Proclamation No. 130/2007. Its powers and duties in connection with the use of land include the following:

- To study the region's land and determine land use and, if necessary, disseminate this information to users;
- To conduct simple cadastral surveys and issue maps and certificates to each landholder, specifying the location and size of the plot, and its borders;
- To execute directives or regulations issued for transferring the right to use land possessed by individuals or organizations through heirs or by means of leasing, and other land administration directives or regulations.

EPLAUA's *woreda* offices and its land administration and utilization committees established at *kebele* and sub-*kebele* levels play an important role in activities related to land administration and utilization. Its *woreda* offices regulate the adherence of landholders and land users to their legal obligations.

Irrigation

Federal level

Responsibility for the development of large- and medium-scale irrigation schemes lies with the Ministry of Water Resources (MoWR), while the MoARD has responsibility for encouraging and supporting the expansion of small-scale irrigation schemes (of less than 200 hectares). The MoWR supervises the Water Works Design Enterprise as well as the Water Works Construction Enterprise.

Regional level

At the regional level, both the Oromiya Regional State Bureau of Agriculture and Rural Development (BoARD) and the Oromiya Regional State Bureau of Water Resources Development (BoWRD) are responsible for the development of irrigation schemes.

Environment

At federal level, the Environmental Protection Authority (EPA) was first established in 1995 for the purpose of environmental protection, regulation, and monitoring, and is responsible for the sustainable use of environmental resources. It was re-established in 2002 (Proclamation No. 295/2002); two important laws followed:

i) Environmental Impact Assessment

Proclamation No. 299/2002 states that the EPA is responsible for the evaluation of environmental impact studies and the monitoring of their implementation;

ii) Environmental Pollution Control

Proclamation No. 300/2002 gives the EPA the power to formulate environmental standards.

At the regional level, EPLAUA has the same responsibilities as the EPA within the state's boundaries, and ensures the implementation of federal environmental standards at regional level.

5 Land tenure system

Radical land reform was introduced in 1975 by Ethiopia's former military government. The system of feudal land tenure in place before the land reform was very unpopular due to its harsh treatment of tenants. The military regime nationalized all land and redistributed landholdings according to the size of families. With the change of government after May 1991, directives were issued to ensure that land would remain owned by the State.

At present, the underlying basis of national land policy is Article 40 of the Constitution (FDRE 1995), which states that Ethiopian peasants have the right to obtain land without payment. Land is defined as the property of the people but it is administered on their behalf by the State, and cannot be sold, exchanged, or mortgaged. Land is in effect state property, and peasant farmers only have usage rights over the plots they have in their possession. This principle is the same in all nine regional states.

Regional state land laws spell out in some detail the rights and obligations pertaining to landholdings, the use and administration of land, and rights of transfer or disposal. They also contain provisions concerning land redistribution, registration, and certification.

A major improvement of the present land policy compared with that of the former military government is that it allows limited forms of land transfer, such as inheritance and rental of land. There is a right to rent land, either to fellow farmers or to investors, but this is tied up with a number of conditions: the main ones include limits on the duration of the transfer and limits on how much land in an individual's possession can be rented out.

A major cause of concern among landholders has been the practice of periodic land redistribution (Rahmato 2009). Redistribution was, however, more frequent under the military government than it is under the current one. The largest and most contentious redistribution occurred in Amhara Regional State in 1997. This has left concerns about insecurity of tenure in the minds of many peasant farmers, and has tended to discourage smallholders from caring for or improving their farms, in the belief that another land redistribution will inevitably occur sooner or later.

The Constitution provides assurances against the eviction of peasants and pastoralists, except where the land is required for "public purposes". Proclamation No. 455/2005 on the Expropriation of Land Holdings for Public Purposes and Payment of Compensation, however, states:

"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 or-

gans, or where such expropriation has been decided by the appropriate higher regional or federal government organ for the same purpose" (FDRE 2005).

There is no mention here, however, of any need to consult the land user. At present, a growing number of peasants living near large urban centres or in areas of prime investment interest are being evicted from their landholdings, which are being leased or contracted out by public authorities to private investors (Rahmato 2009).

The lessons learned from past development efforts suggest that security of land tenure should be a key factor in attempting to convince farmers to take a long-term interest in improving their land. It has been observed in many instances that farmers do not bother to take simple soil management measures on land on which they have only usage rights.

6 The investment environment

About 3.4 million hectares of arable land in Ethiopia have been earmarked by the Federal Government for lease or rental to commercial farming interests. A five-year tax holiday and very low land lease and rental charges are attracting large companies to lease vast tracts of land, mainly in Gambela and Oromiya regional states, with most investors planning to export the produce they grow back to their own countries. The Government would like to see 1.7 million hectares of land handed over to foreign investors before the coming harvest season, according to the Agricultural Investment Support Directorate (AISD) and the MoARD.

Competition for arable land has intensified recently. For example, Saudi Star Agricultural Development Plc, which was licensed by the Ethiopian Investment Agency (EIA) on 20 August 2009, has obtained 200,000 hectares to grow cereals that it plans to export to Saudi Arabia. A sister Saudi company, Horizon Ethiopia, is hoping to secure 250,000 hectares for the cultivation of palm trees. Environmental groups have denounced this deal, as the area in question is wholly covered by forests. Local people have added their voices to protests, letting the investor and Government officials know that they would be prepared to use force to stop the land being handed over (*Fortune Weekly* 2009).

Indian company Karuturi Global Limited¹ has secured 300,000 hectares covering vast areas of Jikawo, Itang, and Lare *woredas* in Gambela Regional State. This project incorporates the cultivation of palm trees, rice, and sugar cane, with plans to build a sugar mill. Karuturi Global's investments in Ethiopia – through its subsidiary Karuturi Agro Products Plc – also include the 10,700 hectares of land leased from Oromiya Regional State for a period of 30 years in Bako Tibe Woreda and another 240 hectares of land in the same state leased for the development of a cut-rose farm.

In Oromiya Regional State, the regulation and administration of investments of this type are carried out at various levels. The Investment Board of Oromiya implements policy, and the Oromiya Investment Commission is a focal institution that serves as “secretary” to the Investment Board. The Investment Commission grants licences for the acquisition of land in the region, and has subsidiary offices at the zonal and *woreda* levels.

Lease periods vary from state to state. In Oromiya Regional State, agricultural land is permitted to be held on a rental basis from 20–45 years, based on the type, size, and location of the project.

¹ <http://www.karuturi.com>

7 Agricultural Investment Support Directorate

The AISD was established under the MoARD in October 2009, and so is a recent development in the context of commercial pressures on land in Ethiopia. Its main objectives are to:

- Identify and delineate potential agricultural investment areas;
- Transfer agricultural investment lands to investors;
- Provide comprehensive support to investors (MoARD 2009).

The commitments of the MoARD have been stated as follows:

- Provide all necessary support to investors in a transparent and efficient manner;
- Prepare contractual agreements, maps of investment land, and all necessary related formalities;
- Attribute signed contractual land agreements, maps, and other related documents to investors and stakeholders at a national level. An agreement is signed by the EIA or the regional government on one side and the investor on the other.

The regional states are expected to create a conducive investment environment, so that investors will not face social, economic, or infrastructure problems, by:

- Performing necessary follow-up and providing timely solutions;
- Providing agricultural inputs;
- Providing the necessary technical and administrative support;
- Creating a conducive and attractive environment for investors in the agricultural sector.

Pre-conditions expected from investors have been set as follows:

- Payment to the Zonal or Regional Finance Office for the allocated investment land and other necessary expenses (payment for land lease, which is insignificant compared with other countries);
- Preparation of an appropriate and implementable business plan;
- Signing of a contract agreement with the relevant zonal, regional, or federal office before starting any development activities;
- Provision of company profile and evidence of past experience in the sector;
- Memorandum of association and memorandum of articles of the company;
- Investment permit for foreign investors;
- Investment licence;
- Preparation of an Environment Impact Assessment.²

An urgent requirement for the AISD was to identify and delineate potential agricultural land for commercial cultivation by foreign investors. Accordingly, the Directorate, in collaboration with state governments, conducted a study of such land in five of the country's nine regional states. The remaining four regional states (Amhara, Tigray, Somalia, and Harari) will identify potential investment land themselves.

Table 1: Identified investment areas in five regional states³

No	Regional state	District	Nearby towns	Investment areas (ha)
1	Benshangul Gumz	Dangur	Mambuk	161,055
		Guba	Mankush	327,206
		Wembera	Debrezeit	131,882
		Assosa	Assosa	71,841
2	Gambela	Akobo	Tringole	132,490
		Dima	Dima	385,049
		Itang	Itang	101,253
		Goge	Pigniwedo	55,784
		Jikawo	Nginngang	57,400
		Jor	Shentewa	34,540
3	SNNPRS	Wantawo	Metar	62,683
		Dasenech	Omorate	76,409
		Gnangatorm	Kangati	71,473
		Hamar	Dimake	16,292
4	Afar	Southern Ari	Gazar	16,451
		Lower Awash	Dubti	288,941
5	Oromiya	Middle Awash	Metehara	120,737
		Wellega	Nekemte	232,516
Total area				3,368,513

² See Annex 3 for the Land Request Form issued by the Oromiya Investment Commission; this is virtually identical to the form issued by the MoARD.

³ Personal communication with the office of the AISD.

8 The project area

Location

The study area is located in Bako Tibe Woreda, West Shoa Zone of Oromiya Regional State, between approximately 8° 56' and 9° 06' Northern Latitude, 37° 01' and 37° 12' Eastern Longitude (see maps in Annex 5). Bako, the nearest town, is situated at the northern edge of the Omo-Gibe river basin just above the Bako Plains, which cover an area of about 35,000 hectares. The land was allocated to the investor before the potential investment land listed in Table 1 was identified.

The plains contain four *woredas* of West Shoa Zone – Bako Tibe, Gobu Seyo, Boneya Bushe, and Chelia. Bako Tibe Woreda comprises 28 rural *kebeles*. The *woreda* lies at an altitude of between 1,550 and 1,670 metres above sea level, and has a mean monthly temperature range of 18.8°C–22.4°C. The Gibe and Amara rivers provide the main sources of water in the area for both humans and livestock.

Land use and soils

The soils of the hills surrounding the plains are lateritic (rich in iron and aluminium) and in the lower parts are intensively cultivated in the wet season. Due to increased population pressure, cultivation appears to be extending to areas higher up the hills and on the steeper slopes. The gradients of the slopes in the cultivated areas vary between 3% and 10%.

Between the hills and the plains, there is an intermediate strip of colluvial soils (sediment) with a slope of less than 3%. These soils vary in texture according to their elevation, but they tend to be medium-textured and free from waterlogging. They are intensively cultivated with maize, *teff* (a fine-grained cereal that is a staple food for most farmers), and pepper.

The Bako Plains are flat (with a gradient of less than 1%) and the soils are vertisols⁴ and are subject to waterlogging (Land Resources Survey 1996). The plains are used mainly for grazing in the dry season but isolated pockets are cultivated for *teff*, niger seed (known locally as *noug*), and sorghum. On the right bank, the river floods small areas of land, which are cultivated in the dry season using residual moisture.

⁴Vertisols are clay-rich soils characterized by vertical cracking during the dry season.

The Omo-Gibe River Basin Integrated Development Master Plan Study (MoWR and Woodroffe 1996) describes a typical soil profile pit (OGP 104), opened in the middle of the Bako Plains, as follows:

“The soil classification is Eutric Vertisol, petroferric phase. The drainage is imperfect and the permeability is low. The mean rate for hydraulic conductivity of top soil is 0.19 m/day whereas for the subsoil it is 0.03 m/day. The human influence has been indicated as overgrazing. All the three horizons of the profile pit contain strong evidence that the land remains wet for a considerable time of the year, including ferruginous nodules, yellowish mottles and massive structure in the subsoil.”

Roads and services infrastructure

The area lies approximately 125km from Ambo (the zonal capital) and 250km from Addis Ababa, and is served by a national road. The study area is about 16km from Bako Town, some 6km off the main road. Bako is on the national electricity transmission network and has a reliable electricity supply.

Population (*woreda*)

The people in the area are settled farmers. The 1994 census estimated the rural population of Bako Tibe Woreda to be about 77,000, with males making up about 49% and females 51%. By 2007, however, the Population and Housing Census estimated the population of the *woreda* at 123,558, with 61,266 males and 62,292 females, and a growth rate of about 2.9%.

Agriculture and livestock husbandry

The community's livelihoods are derived from both the cultivation of crops and livestock husbandry. There is intensive cultivation of rain-fed crops such as maize, *teff*, pepper, and niger seed. In areas near the Gibe and Amora rivers there are a few irrigated patches of land.

The Bako Plains are partly waterlogged each year for a period of about three months during the wet season (July–September). Low-lying parts of the plains are flooded by tributaries of the Gibe River, but the course of the river stays within a relatively narrow flood plain. Cattle are not grazed on these parts of the plains during this period, because the waterlogging may cause disease problems. In the dry season (October–June), however, the plains are used for communal grazing.

The soils of the plains are relatively uniform, being imperfectly to poorly drained black cracking clays with evidence of surface waterlogging, often with gleyed subsoil (Omo-Gibe Master Plan 1996). The gleyed subsoil is indicative of a permanent high water table. The hydric soils, the length of the periods of waterlogging and flooding, as well as the hydromorphic vegetation qualify the Bako Plains to be considered as wetlands (see photographs in Annex 4).

Farmers from all five *kebeles* of Bako Tibe Woreda use the plains to graze their livestock, as do farmers from the adjacent *kebeles* of the Boneya Bushe, Gobu Seyu, and Chelia *woredas* (see map in Annex 5).

9 Stakeholders in the commercial agricultural development

Introduction

This study has attempted to incorporate the attitudes of all stakeholders to the development of the commercial farm owned by the Indian investor. Primary and secondary information was collected from the stakeholders themselves and discussions were held with the relevant professionals.

The identified stakeholders are:

- Bechera Agricultural Development Project (BADP), owned by Karuturi Agro Products Plc
- The local community
- Woreda Administration (Bako Tibe Woreda)
- Woreda Land and Environment Office (Bako Tibe Woreda)
- Woreda Agriculture Office (Bako Tibe Woreda)
- Western Shoa Zone Land and Environment Office
- Oromiya Regional State Land and Environment Office
- Oromiya Regional State Investment Office
- Agricultural Investment Support Directorate (MoARD)
- Ethiopian Investment Agency (EIA)
- Ministry of Water Resources.

Bechera Agricultural Development Project (BADP)

The farm is owned by Karuturi Agro Products Plc, a subsidiary of Indian company Karuturi Global Ltd, which in 2008 leased 10,700 hectares of land from Oromiya Regional State for a period of 30 years. So far, about 4,000 hectares have been cultivated, with maize and palm tree nurseries. Field trials are being carried out on plots of about 1.5 hectares each for rice, bottle gourd, bananas, pepper, and different varieties of maize. The farm is rain-fed, except for the nursery and trial plots.

The BADP employs about 30 Indian and 50 Ethiopian workers as supervisors, technicians, and drivers. Over 500 seasonal workers are employed during peak agricultural activities. Construction of living quarters and a guesthouse near the farm has recently been completed. The company has a large storage facility for produce in Bako Town, about 16km from the farm.

The local community

To investigate the attitudes of the local community, group meetings were arranged in three *kebeles* – Bechera Oda Gibe Kebele, Oda Gibe Kebele, and Amerti Gibe Kebele – with the assistance of the Woreda Administration and development agents of the Woreda Agricultural Office. A letter was sent to each *kebele* administration indicating the dates and the issues to be discussed. A questionnaire was prepared for a household survey in both the local language (Oromifa) and English (see Annex 1).

Oromiya Regional State Land and Environment Office

The office was established in 2008 by a directive from the Oromiya Regional State government, as part of a restructuring of state bodies. The region's former Land Management Department and Environment Authority were merged to establish the new entity, which is mandated to implement Proclamation No. 130/2007 (Oromiya Rural Land Use and Administration) issued in 2007, in cooperation with the Oromiya Agricultural and Rural Development Bureau. According to this Proclamation, women have equal rights with men to possess, use, and administer rural lands.

Article 20 of Proclamation No. 130/2007 deals with wetland management, and states the following:

- Rural land users are obliged to refrain from conducting activities that cause damage to the wetland and springs.
- Mismanagement and improper utilization of wetland are prohibited.
- The wetland shall be used for agricultural purposes, with the consent of the community and technical support of professionals.

The office is also mandated to register and issue landholding certificates, while the Zonal and Woreda Land and Environment Offices execute the mandate at zonal and *woreda* levels. Certificates are issued at two levels. The first level is essentially a registration of size of land held, its use, and fertility status. The second level involves the landholding being surveyed with geo-referenced boundaries and maps prepared, with this information to be stored in data centres established for this purpose. The office is at present issuing first-level certificates, and farmers in all three of the *kebeles* in which the household survey was conducted had received these.

Ethiopian Investment Agency (EIA)

The mission of the EIA is to enhance investment, both foreign and local, in Ethiopia by promoting the potential of its resources and its investment opportunities. The agency is responsible for all foreign investments involving more than 5,000 hectares, and issues investment licences.

There is no clear differentiation between the mandates of the EIA and the recently established AISD. The AISD, however, handles requests for land related to agricultural investment (usually large-scale land earmarked for development). Negotiations and the actual handover of leased land are carried out by the regional state in which it is located.

Ministry of Water Resources (MoWR)

The Ethiopian Water Resources Management Proclamation No. 197/200 and the Ethiopian Water Resources Management Regulation No. 115/2005 emphasize the importance of measures that facilitate the development of water resources to meet the agricultural and domestic needs of farmers and pastoralists. The management of wetlands and biodiversity resources is included in the provisions. The importance of the ecology and the economic functions of wetlands and their biodiversity to sustainable livelihoods is an issue that the MoWR needs to highlight at a national level (see photographs in Annex 4).

10 Results of the household survey

Population

The household survey conducted for this study (see Annex 1) covered about 5% of the households in the three randomly selected *kebeles* in the project area – Bechera Oda Gibe Kebele, Oda Gibe Kebele, and Amerti Gibe Kebele. According to its results, the average household size was 8.4 people, of whom 47% were male and 53% female. Based on this average household size, the total population of the three *kebeles* was estimated at about 4,872.

Table 2: Households in the survey area

<i>Kebele</i>	Total households	Number of sample households	Members of sample households		
			Total	Male	Female
Bechera Oda Gibe	160	8	73	41	32
Oda Gibe	200	10	80	33	47
Amerti Gibe	220	11	92	40	52
Total	580	29	245	114	131
Average household size			8.4		
Male/female ratio			100%	47%	53%

Agriculture

The survey showed that the average agricultural landholding was 1.3 hectares and the average holding for residential use was 0.3 hectare. Irrigation is rarely practised in the area: about 99% of farming is rain-fed.

The extent of landholdings for grazing was not determined. All the respondents used to graze the communal grazing land that has been taken over by the BADP. They do not have private grazing land.

Table 3: Average land use by household

Household land use type	Average per <i>kebele</i> (ha)			Total holding (ha)	Average holding (ha)
	Bechera Oda Gibe	Oda Gibe	Amerti Gibe		
Sample households	8	10	11		
Irrigated	–	0.5	–	0.5	0.02
Rain-fed	13.8	9.0	15	37.8	1.30
Grazing	–	–	–	–	–
Residence	2.0	2.7	3.5	8.2	0.3
Total holding	15.8	12.2	18.5	46.5	

Only maize, pepper, niger seed, and *teff* crops were produced in the sample *kebeles* in the 2009/2010 cropping season. On average, each family (8.4 persons) produced 18.6 quintals of crops, of which 17.1 quintals were grain (1 quintal = 100kg). This indicates that the communities in the area are self-sufficient in food, as an average-sized family of 8.4 people requires 10.1 quintals of grain, based on the nationally estimated grain requirement of 1.2 quintals per person per year.

Table 4: Average rain-fed crop production (2009/2010)

Crops	Bechera Oda Gibe, total (qt)	Oda Gibe, total (qt)	Amerti Gibe, total (qt)	Average production per household (qt)
Maize	97	198	166	15.9
Pepper	1.5	5.9	4.6	0.4
Niger seed	6.0	4.0	21.5	1.1
<i>Teff</i>	10.0	5.0	20.5	1.2
Total	114.5	212.9	212.6	18.6

Livestock-keeping is also an important agricultural activity in the study area. Oxen are used for ploughing and for other agricultural activities such as threshing grain and pulling carts to transport farm produce.

Table 5: Sample household livestock holdings (post-BADP)

<i>Kebele</i>	Sample households	Cows	Oxen	Heifers	Calves	Equines	Sheep	Goats
Bechera Oda Gibe	8	267	74	16	19	4	1	–
Oda Gibe	10	25	38	18	16	2	6	8
Amerti Oda	11	27	21	34	14	2	–	5
Total	29	319	133	68	49	8	7	13
Average per household		11	4.6	2.3	1.7	0.3	0.2	0.5
			19.6			0.3	0.7	

The survey showed that the average household in the area owned 19.6 head of cattle, 0.3 pack animals (horses, donkeys, or mules), and 0.7 sheep and goats.

The survey results can easily be extrapolated to estimate the size of the livestock population denied access to the former community grazing lands now occupied by the BADP. When the community lost this grazing area, the availability of fodder was drastically reduced. Farmers were forced to take their livestock to market in large numbers, which in turn caused livestock prices to fall.

The survey asked questions about respondents' experience of recent sudden falls in the price of livestock. Almost all agreed that there had been a sharp fall in prices after the community grazing land was taken away, and estimated this to be between 20% and 35%. Most farmers said that the main reason for selling their livestock was the non-availability of fodder. All the respondents (100%) replied that they had used the community grazing land to feed their livestock. None of them was compensated for the lost grazing land.

Almost all respondents said that their houses were made of materials collected from the wetlands of the Bako Plains. They need to replace the reeds and grassing (*tookul*) on their roofs every year with fresh materials from the wetlands (see Annex 4).

Questions were asked about any benefits they may obtain from the commercial farm, such as employment. Only 11% of respondents in the three *kebeles* said that they had a family member employed by the BADP.

Table 6: Percentage of households with a family member employed by the BADP

Kebele	Family member employed
Bechera Oda Gibe	12.5%
Oda Gibe	20%
Amerti Gibe	0%

Questions were asked about what kind of promises the investor had made to the local community when it received the land for development, and which of these it had fulfilled. All the respondents replied that the investor had promised to construct roads, schools, and clinics and to dig water wells, but that none of the things promised had materialized.

Respondents were asked if they thought the local community had benefited from the BADP. Almost all replied that it had not benefited the community, apart from giving a few farmers employment, mainly as night or day guards.

Over 40% of the respondents are engaged in share-cropping, mainly on land owned by the Government. Since the land redistribution, newly married couples have not been able to obtain a plot of land of their own to cultivate, so they practise share-cropping, usually with a share of 50% each for themselves and the landholder. However, what they get from share-cropping is not usually sufficient for the entire year, because the plots of land available are too small.

Table 7: Percentage of households practising share-cropping

Kebele	Engaged in share-cropping
Bechera Oda Gibe	37.5%
Oda Gibe	50%
Amerti Gibe	36.3%

1.1 Focus group discussions with the local community, *kebele* administrations, and other stakeholders

The main findings of these discussions are set out below.

Bechera Oda Gibe Kebele

The first issue raised was aimed at establishing whether the community was using the land taken by the BADP as community grazing area and cropping land.

The community members explained that a few people used to cultivate the plains. Later on, all newly married couples were given farm plots in the wetlands as part of the government's land redistribution to smallholders, as were all those who were landless. Some individuals from nearby towns also used to cultivate plots of land on the plains. However, this situation got out of hand and local communities were unable to secure sufficient grazing land for their livestock. They also became aware that if the situation continued as it was, all of the plains could be converted to farmland.

Focus group participants said that representatives of all the *kebeles* adjoining the plains met and discussed the issue extensively. They finally agreed to reserve the whole of the plains as communal grazing land, and since then no cultivation has been allowed in the wetlands. Landless couples and individuals were engaged to tend town-dwellers' cattle for reasonable payment (based on the number of head of cattle). Participants also said that, traditionally, communal grazing lands on black clay soils, which are wet for a considerable part of the year, are not measured for tax purposes.

They spoke bitterly about their exclusion from the wetlands, which they have used all their lives. They said that officials gave the plains to the Indian investor on the pretext that it was non-cultivated land. The lease negotiations were conducted between the investor and federal and regional officials, and the community became aware of what was happening only when the investor came to take possession of the land. The *woreda* officials told the community that the land had been taken for investment purposes.

The community members said that the investor wanted to cultivate land near farmers' smallholdings before cultivating the wetland further away, and that this has caused

frequent confrontations between smallholders and employees of the investor. They also complained that the investor has blocked roads used by local farmers to access the rivers and other watering points, and that they now have to travel longer distances to water their livestock.

In 2009 a group of about 20 elders was selected to explain the situation to the Regional Administration. They went to Addis Ababa twice, and on both occasions were told that the Regional Council would instruct the Zonal Administration in writing and after that the Zonal Administration would instruct the Woreda Administration in writing, so that immediate action would be taken against the investor.

The group said that, after this, officials from the Zonal Administration came and talked to both community members and to the investor's representatives. The company, however, responded by saying that it was paying tax on the investment land it had been given and that nobody could take grass from this land, either to feed livestock or for *tookul* roof thatching. When the officials from the Zonal Administration instructed the company to arrange a livestock corridor through the plain so that farmers could water their livestock, it replied by asking why they would need water when there was no grass to feed their animals. The community members said that the Zonal Administration officials then left, and that they have heard nothing more since then.

The second issue raised was aimed at establishing the opinions of community members on the benefits they currently obtain, or aspire to obtain, from the BADP. Many of them said that they were not benefiting at all, although some explained that they had benefited. A 65-year-old farmer, who has used the plains for the past 35 years, said that he worked as a night guard for the company and was paid Birr 300 per month⁵ because he owns a gun. Night guards who do not have their own guns are paid Birr 200 per month. This farmer said that his son also worked for the investor. The average salary for skilled labourers was about Birr 800 per month. The salary for the guards is relatively low because they are considered to work on a part-time basis (while they continue their farm activities).

⁵ As at 25 March 2010, Birr 13.35 = USD 1.

Oda Gibe Kebele

The discussion began by asking participants how much of the plains they used for grazing their livestock. They gave different figures, with some estimating that the plains could extend to anything between 35,000 hectares and 80,000 hectares. The farmers did not know the exact area of the land leased to the investor nor the extent of the plains on which they used to graze their livestock. Neither the *woreda* officials nor the investor had made any effort to inform the community of the precise extent of the leased land.

The participants said that community representatives had gone frequently to the relevant offices to complain about their situation after the wetlands were given to the investor. The local officials told them that the order to transfer the land had come from higher authorities and that the local administration did not have any power to influence the decision. The *woreda* officials had, however, notified the Regional Investment Office that the leased land was ready to be handed over for investment. Generally, it is only when officials at the *woreda* level confirm the availability of land to be leased to foreign investors that negotiations are initiated at the regional and federal levels.

Discussion group participants recounted that six individuals had been selected to voice the community's complaints to the Woreda Administration in September 2009, but that the administration had told these representatives never to come back again with the same issue.

They also said that in 2004 about 300 people from Oda Gibe Kebele had made an agreement at the Kebele Administration office never to cultivate any part of the plains, so that the whole area would be kept for community grazing. No part of the grazing land, they said, had been cultivated since then. Now they believe that this decision, which stopped cultivation by local farmers, had tempted the authorities to give the land to a foreign investor.

They also pointed out that the investor had dug a deep ditch alongside its farm (for drainage purposes), so local people could not cross the farmland to water their livestock at the Gibe River.

Amerti Gibe Kebele

Focus group participants were asked how the land tenure system was affecting the way that community members earned their livings. The younger members of the community complained that when they have been to the Kebele Administration to ask for plots of agricultural land, officials told them that there was no unutilized land to give them. Instead, the administration advised them to organize themselves and try to raise a loan. They said that a group of 14 young people had organized themselves into a youth cooperative named "Hawi" ("Brothers"). They had filed a request for Birr 31,000 three months before the focus group discussion took place, but had not received anything to date. They said that they could not borrow money from unofficial lenders due to the very high rates of interest they charged compared with banks and credit associations (such lenders usually lend money to those who are in desperate need). They added that they could not borrow money from the Oromiya Micro Finance Organization either, as it lends money only to those who are married and have been allocated a farm plot. They said that nobody was interested in helping young people who were landless and unmarried.

Older members of the group said that some individuals used to keep over 150 head of cattle on the plains. Many smallholders paid a nominal fee to leave their livestock with people who owned large herds, so that they had enough time for their farming activities. They said that the situation at present was bizarre. The youth used to find employment with the large herd-owners but now, with fodder very scarce, livestock numbers have been reduced and there are no large herds any more.

A community member who had cultivated the fringe lands of the plains for the past 20 years said that employees of the investor had recently come to the wetland near his farm plot. They had started to clear what they claimed was investment land a long way from the land they were currently cultivating. Some 200 community members gathered at the spot in no time and forced the workers to stop clearing the land. The community members said that they had not seen the company's workers near their farms since then. They say that such incidents occurred because the investor wanted to claim more land than it was entitled to, and because the officials concerned had made no effort to demarcate the leased land officially or to inform community members of its boundaries.

Woreda Agricultural Office

A discussion was held with the relevant professionals and development agents (DAs) regarding their working relationships with the investor. At present, community members are unable to solve their problems with the investor through mutual understanding.

Some important points were raised by the respondents in this regard. For instance, they said, the company was not making any effort to win the support or good will of the community. It needed to approach the community and to delineate a livestock corridor to allow farmers to take their livestock to water points. It also needed to allow livestock onto the developed land after the corn has been harvested to graze the crop residue, something that would help the community very much. They added that the investor had dug one deep well near the development area for use by the community there, but they had not seen farmers using it (they thought that the pump was not working yet). The participants thought, however, that the investor would make a lot of profit from the farm, as the land is very fertile and therefore may not require fertilizer.

Woreda Administration and the Land and Environment Office

The Woreda Administration includes the Woreda Administrator and other officials at the *woreda* level. The Land and Environment Office is responsible for issuing landholding certificates. The investor first requested the land for the BADP in order to grow palm oil trees. The Woreda Administrator said he was happy that the company had come to invest and assist the development of the *woreda*. Participants in the discussion were of the opinion that misunderstandings between the community and the investor had originated because of language barriers.

Employees of the BAPD

In this discussion, questions were asked of mainly middle- and lower-ranking employees of the BAPD regarding the project's current agricultural activities. The participants explained that activities currently included field trials and nurseries for palm oil trees. The company has also leased about 300,000 hectares of land in Gambela Regional State for palm oil cultivation, and the BAPD was supplying this project with tree seedlings. They also said that different crops were under trial, including rice and bananas.

According to the participants, Karuturi Agro Products pays daily labourers about Birr 10 per day. An operator of heavy machinery is paid about Birr 3,500 per month, and a tractor driver about Birr 1,500 per month. They said that the owner and managing director of the company, Sai Rama Krishna Karuturi, rarely comes to the farm. He was, however, interviewed in August 2009 by *Fortune Weekly*, an Ethiopian newspaper, and said the following: "Ethiopia needs more people like Karuturi. The Ethiopian Government has allocated 2.7 million hectares of agricultural land to those who want to invest in Ethiopia from the 74 million hectares of arable land."

Asked about the economic and financial benefits of the project, the participants hesitated to reveal information about crop yields or the use of inputs. However, they anticipated that cropping patterns would become more diversified in the future. They said that the price of corn was not stable; it was currently at a low of Birr 200 per quintal, which did not cover the costs of production. They added that in 2010 maize prices had dropped from Birr 300 per quintal in January to less than Birr 200 per quintal in March.

They said that the farm budgets prepared at the beginning of the investment project had overrun significantly due to the construction of drainage ditches and farm roads. They also said that the staff living quarters had been built on a hillside, draining the budget unexpectedly due to higher construction and labour costs. They said that it was difficult to calculate the economic costs, as the gross financial margins had not yet been worked out. With respect to the oil palm nursery, they said that a good job had been done and that this was going according to plan. However, they said that it was not possible to estimate the financial and capital costs separately for agricultural activities in Bako and the transport and planting of palm oil tree seedlings in Gambela. They added, however, that the investor could not realistically expect to make a profit in the near future.

12 Economic and land use assessment of the project

Current land use

The total area of the BADP is thought to be 10,700 hectares, but this is only an estimate. The company started cultivating the land allocated to it – delineated by the Gibe River in the west and the north and the edge of the plainlands in the east and southeast – on the understanding that an accurate measurement of the project area would follow, but this has not yet been done and the land has not yet been officially handed over.

This situation is a cause of anxiety for the local community, who fear that the investor is claiming more land than it is entitled to. When the fieldwork for this study was carried out, the Administrator of the Bako Tibe Woreda explained that surveyors were due to come from the Zonal Administration to delineate the leased 10,700 hectares. The total area of the Bako Plains is estimated to be about 35,000 hectares; the remainder of this lies in other *woredas* which adjoin Bako Tibe Woreda.

Karuturi Agro Products' original plan was to cultivate all 10,700 hectares straight away, but so far less than half the land – about 4,000 hectares – has been planted with corn, field trials for different crops, and the palm oil nursery. The company had not constructed any elaborate drainage system when it began cultivating the land in the 2009/2010 cropping season. Its production of maize in the first season also fell far short of the expected output. The harvested corn is currently being kept in a large storage facility in Bako Town, and the future local market price of corn will determine when the company sells this year's harvest.

Future agricultural production

The project aspires to obtain higher crop yields and to achieve a better sustainable exploitation of the plains. This, however, would require more capital to install more elaborate drainage systems and to diversify crops. It is anticipated that in the future most of the agricultural produce grown will be exported directly to India to replace current imports of food items from the international market. A substantial increase in production is anticipated, with more technological and material inputs, as the project acquires more experience of managing wetlands and of flood control. Future gains, however, cannot be calculated as the value of the current crop (still in store at the time of the field study) has not yet been determined. Similarly, increases in production levels for the various diversified crops to be grown later cannot be determined at this early stage.

Economic status of the project

It is not possible to establish the economic costs of the project at this stage, for the reasons already explained. No cost could be determined for environmental mitigation, and project management costs could not be determined because expenditures on the nursery development field trials and corn production could not be separated out. Once the stored corn is sold on the local market and its value determined, this will assist project staff in carrying out a financial and economic analysis of the project.

13 Environmental impact

The families living near the project area use mainly pond and river water for all their own needs and for those of their animals. A few families living at a distance from rivers use water from wells (either deep or shallow). Sanitary conditions in the villages around the project area are unsatisfactory. Wetland ponds may no longer be available as the commercial farm will utilize all the wetland.

The adverse impacts of the commercial agricultural development on the plains are as follows.

- i. Loss of grazing land is a major negative impact. Herders have not been compensated for the grazing land they have lost. The company does not allow them to graze their animals on crop residues, and the crop residue on their own farms does not last long. They have been forced to sell their livestock, even though the price has fallen significantly in local markets.
- ii. The wetlands store water and sustain biodiversity. Farms within walking distance of the wetlands used to be able to use water for themselves and their livestock. Once the wetland is cultivated, however, there will likely be an alteration in hydrological conditions. The headwaters of the Gibe River may no longer be recharged during the dry season, and this will change the flow of the river, affecting downstream users too. Apart from the Gibe River, three other rivers cross the project area.
- iii. Aquatic organisms will be lost when the plains are drained. The wetland is composed of depressed sites with permanent swamps and waterlogged basins. Hence, loss of biodiversity is very likely.
- iv. In developing a mechanized commercial farming project, the investor is likely to use fertilizers and pesticides in large quantities, and large-scale chemical run-off is very likely to occur. The potentially most adverse impacts of the use of agrochemicals include a deterioration in water quality, both locally and downstream, increased vulnerability of the ecosystem, and physical harm to both humans and livestock.

Smallholders living around the project area depend on the ponds and river water for all their needs. A piped water supply would reduce the negative impact of surface water contamination by agrochemicals, although it would not be a long-term solution.

Environmental surveys are usually required for irrigation projects in Ethiopia, but the BADP investment project has not undertaken such a survey.

14 Conclusion and recommendations

Alternative employment and livelihood opportunities are needed to absorb the rapidly growing population in the study area. The Bechera Agricultural Development Project has created some employment opportunities for the local community. However, the community expected the project to provide social services such as water supply, health care, sanitation, schools, and roads. It complains that none of these promises of social services or infrastructure have been implemented.

The loss of traditional community grazing land has severely affected the livelihoods of local smallholders. They complain that the investor does not even allow them to graze their livestock on crop residues. The community also complains that it is denied access to water points and rivers.

It is recommended that Karuturi Agro Products Plc holds discussions with the local community to find solutions to their grievances. Representatives could meet once a month or once a fortnight to exchange views. Organizing a field visit to the project farm to introduce its activities to local people would help. The smallholders would like to see some benefits from the investment that would improve their livelihoods. Such benefits could include setting up an outgrowers scheme to produce crops; allowing the grazing of crop residues; assisting the community by introducing new fodder production techniques (e.g. the cultivation of alfalfa in low-lying fields); etc.

It was observed during discussions with stakeholders that there was a lack of consultation with the community regarding the intended changes in land use in the area. It was also observed that local authorities and officials play a significant role in allocating appropriate sites for agricultural investment, and that they too could help to improve relations between the investor and the community. The community should be informed of the process of land acquisition by any investor in a transparent way, as well as of the benefits of any such investment at the local, regional, and national levels.

It is recommended that awareness-raising workshops be conducted for officials concerned with land administration and agriculture to help the relevant authorities make informed decisions. Besides workshops, awareness-raising could take many forms, including short training sessions, the preparation of flyers, audiovisual presentations, and study tours.

Some of the land areas allocated for investment have not been surveyed or measured. The identification of large areas of land for investment was done using the latest satellite

imagery, but the delineation of areas of land for individual investors requires a field survey to be undertaken, including physical pegging of boundaries. The *woreda* offices concerned require some assistance with this task.

A baseline environmental survey needs to be undertaken to determine the current status of the local environment, against which future monitoring and evaluation of the project can be compared. The environmental impacts of the investment project should be monitored, starting from the current cropping season. The baseline survey should also recommend mitigation methods to minimize the effect of agricultural activities both within the project area and for downstream users.

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Annex 1: Commercial Pressures on Land in Ethiopia Project Questionnaire for Sampled Farmers (*Gafille Namolee Umata*)

Date/*Guuya* _____

I. Identification particulars

- 1.1 Kebele/*Ganda* _____
- 1.2 Family head name/*Maka Abaa waraa* _____
Sex/*Saala* _____
Age/*Umrii* _____
Education/*Barnootaa* _____
- 1.3 Number of family members/household size/*Bayiina Matti Total/walitii*
Male/*Dhira* _____
Female/*Dubarti (Beraa)* _____

II. Agriculture/*Qonna*

- 2.1 Did you grow crops last year?/*Baraa darbee Midhan facaastee?*
1. Yes/*Facaasee*
2. No/*Infacaasnee*
- 2.2 Could you tell us the size of your holding last year?/*Lafa bara derbee ittin fayadamtee?*
2.2.1 Irrigated land/*Jalisiidhan kan misoomsistee* _____ ha
2.2.2 Rain-fed land/*Roban kan misoomsistee* _____ ha
2.2.3 Grazing land/*Bakeen Horin it Dheduu* _____ ha
2.2.4 Residential area/*Baka mana* _____ ha
2.2.5 Total holding/*Qabiyee lafa walliti* _____ ha
- 2.3 Could you tell us about your crop production last year?/*Midhan bara darbee homishtee hammam?*

No./Lak.	Crop type/Gossa Miidhanii	Irrigated/Jalissidhan (qt.) (ku.)	Rain-fed/Roban (qt.) (ku.)
1			
2			
3			
4			
5			

2.4 Could you tell us the selling price of your product in the nearest market?/Gatti midhanii yeroo amma gaba irra jiru nuti Himmu dendesa?

No./Lak.	Crop/Gossa Miidhanii	Price (2001 E.C) ⁶ (2008/2009) Birr/qt	Price (2002 E.C) (2009/2010) Birr/Qt
1			
2			
3			
4			
5			

2.5 Could you tell us the type and number of livestock you own?/Horri qubduu nuti himuu dandenta?

No./Lak.	Type of livestock/Gossa horii	Number/Bayinaa	Average milk production in litres per animal/Annan hori tokora argammu litirodhan
1	Cows/Sawaan (looni)		

⁶ E.C. refers to dates according to the Ethiopian Calendar.

2 Oxen/Qotiyoo (*sangaa*)

3 Heifers/Radda

4 Calves/Jabiilota

5 Equines/Haree, fardafi/gangee

6 Sheep/Holaa

7 Goats/Raee

2.6 Do you sell milk?/Anaan gurgurtee beкта?

1. Yes/Gurguree beka

2. No/Gurguree hindeku

If yes to question, what is the price per litre?/Erga gurgurtee bektee gattin hamami?

Cow milk/Annan horii _____ Birr per litre

Goat milk/Annan raee _____ Birr per litre

2.7 Have you sold livestock in the last year?/Bara darbe kessati horri gurgurte?

1. Yes/Gurguree

2. No/Hingurguree

2.8 If yes, which type and how many?/Gattif bayinni hammami?

No./Lak.Type of livestock/Iynata horii

Number/Bayina

1 Cows/Sawaan (*looni*)

2 Oxen/Qotiyoo (*sangaa*)

3 Heifers/Radda

4 Calves/Jabiilota

5 Equines/Haree, fardafi/gangee

6 Sheep/Holaa

7 Goats/Raee

2.8.1 Was there a sudden fall in price in the last three years?/*Wagoota Sadan darban keessatti gadi-bu'iinsi gatii akka tasaa mudate jiraa?*

1. Yes/*Naf gaya*

2. No/*Naf ingayu*

2.8.2 If the answer is yes, what was the reason?/*Yoo deebiin eyyee dha ta'e, sababnissa maal?*

2.8.3 How much?/*Hammamiin?*

2.9 What are the main problems of livestock in the area?/*Horii horssisu Kessati rakon jiru mallfadha?*

Feed/*Nyata horii*

Water/*Bishan*

Livestock diseases/*Dhibee horii*

Market/*Gabaa*

Others/*Rako adaadaa*

2.10 What is the main reason in your *kebele* for selling livestock?/*Urgurtaa horii kmanaa keessatti rakkoo guddaan Gandas keessan keessa jiru maali?*

2.11 What would you like to be done in order to improve livestock production?/*Jirru ke foyessu Hori mal aka hojatamu barbada?*

2.12 Extension service/*Tajiilaa mala qonnai*

2.12.1 How often do you meet the DA?/*Ittigafatama missoma gizee meqaa issin ilaala?*

2.12.2 What advice did you get from the DA?/*Hojjata missoma irraa gorssa mall fa argatu?*

2.13. Did you produce sufficient food for home consumption?/*Wagati wan homishtoo mattii ketif gnataf sigaya?*

Yes/*Naf gaya*

No/*Naf ingayu*

2.14 If your production was not sufficient for home consumption, what did you do to feed your family?/*Wani omishtee yoo sifi ingeegnee mallin fayadamta?*

1. Purchased/*Gaba irra bitaudhan*

2. Gift (received)/*Gossa irra fudhedhaa (firran nakenee)*
 3. Borrowed/*Nan ligeefadha*
 4. Others (specify)/*Baka adaada argadha _____*
- 2.15 If you purchased food crops, what was your source of income?/*Erga midhan bitu tatee malidhan bitaa?*

III. Social services/*Tajajilaa Hawwassuma*

- 3.1 Do you use the following services?/*Tajajilaa assin gadi bereffamee itin fayadam-taa?*

Service/ <i>Tajajila</i>	Yes/ <i>Itin tejajilama</i>	No/ <i>Itin tejajilama injiru</i>	Distance (km) if yes/ <i>Fagegna km dhan</i>	Reason for not using the service/ <i>Malif itin infayedamtu</i>
School/ <i>Manna barnota</i>				
Health service/ <i>Mana yalaa</i>				
Grain mill/ <i>Manna daku</i>				
Telephone/ <i>Silki</i>				
Post office/ <i>Manna posta</i>				
Bank/ <i>Banki</i>				

- 3.2 What is your house made of?/*Manna kee malira ljarree?*

1. Roof/*Baaxii _____*
2. Wall/*Gidgidaa _____*

- 3.3 Did you get the material to build your house from the Bako Wetlands?/*Iddoo jiidhaa baakkoo keessaa waanta ittiin mana keessan ijaarrattan argattaniittuu?*

- 3.4 Would you like to be employed in the commercial farms near you and work as a labourer?/*Warsha kessati qaxaramu infeta?*

1. Yes/*Nanfedha*
2. No/*Hinfedhu*

- 3.5 Do you have members of your family employed in large commercial farms near you?/*Miseensota maatii keessanii keessaa naannoo keessanitti o'iruu daldaalaa guddaa irratti qaxaramaniiruu?*
1. Yes/*Itin jiradha*
 2. No/*Itin ijiradhu*
- 3.5.1 If the answer is yes, are they happy with what they are paid?/*Yoo deebiin eyyee dha ta'e, Kaffaltii kafalameefitti gammadaniiruu?*
- 3.5.2 What is the name of the commercial farm?/*Maqaan O'iruu Daldalaa sun maal jedhama?*
- 3.5.3 What is the amount they are paid? (for which type of job?)/*Hanga isaan kaffalaa turan hammam?*
- 3.6 What promises did the commercial farms near you give when they were given land for cultivation?/*O'iruun Daldalaa sun yommuu lafti qommaaf yommuu kennameef uummata naannoo sanaaf maal akka godhaniif abdachiisan?*
- Roads/*Karaa* _____
- School/*Mana barunsaa* _____
- Clinic/*Mana Yaalaa* _____
- Water wells/*Boollaa Bishaanii/eelaa*
- 3.7 Which of the promises have they fulfilled?/*Wantta abdachiifame keessaa maaltu fixaan ba'e?*
- 3.8 Did you use the land before it was given to investors for crops or grazing?/*Uttu laftichi abbootii qabeenyaaf qonnaa fi dheedichaan hin kennamiiniin dura itti fayyadamaa turtanii?*
- 3.9.1 What was the size of the cropland or community grazing land?/*Lafti mnuan qabane jiruu fi kan fheedichaa hangam ture?*
- 3.9.2 Have you been compensated for what you have lost by the investors?/*Sababa abbootii qabeenyaaf wonnaa isin duraa badeef beenyaan isiniit kaffalameeraa?*
- 3.10 Where do you send your livestock during the dry season?/*Yeroo bonaa bee'illada keessan eessatti ergitu?*
- 3.11 Do you think the investors of the commercial farms benefit the local community?/*Abbootii qabeenyaa namoota naannoo sanaa fayyadan isintti fakkaataa?*
1. Yes/*Naf gaya*
 2. No/*Naf ingayu*
- 3.11.1 If the answer is yes, in what ways?/*Yoo deebiin eyyee dha ta'e, akkamitiin?*

3.12 Do you have a title deed or a certificate for your land?/*Lafa keessaniif sadarka hojjechuuti moo raga itti qabiyyee qabdu?*

3.13 Do you practise share-cropping?/*Aksiyoonaa minaan facaasuu ni shakaituu?*

1. Yes/*Naf gaya*

2. No/*Naf ingaya*

3.13.1 If the answer is yes, what percent do you pay/take from the harvest?/*Yoo deebiin eyyee dha ta'e, waan omisharraa argattanirraa dhibbantaa meeqa kafaltu?*

3.13.2 What do you contribute?/*Kan isin dhiheessitan/laattan maal?*

Oxen (No.)/*Sanagaa* _____

Seed/*Sanyii* _____

Fertilizer/*Xaa'oo* _____

Lnd/Lafa

Name of interviewer/*Maqaa formii guttee* _____

Signature/*Mallato* _____

Annex 2: Questionnaire for Kebele/Woreda Administration (checklist)

Date: _____ Name of *kebele* _____

1. What kind of benefit are you getting from the investors?
2. How large is the grazing land taken by the investment?
3. How does the existing land tenure system affect your living?
4. What is your opinion on the activities of the Bechera Agricultural Development Project and what was the process of the land acquisition?
5. Can you tell us the expenses and incomes of the investment?
6. What is required to obtain rural land for investment?
7. Who is involved when a decision to hand over land to an investor is decided?
8. Do representatives of the current land users participate in the decision to hand over land to investors?
9. What is the current compensation rate for an expropriated farmer (birr/ha)?
10. How are investors protected from angry farmers who have lost their land?
11. Have there been any clashes between the local farmers and foreign investors?
12. How much do labourers earn on the private investor's farm?
13. What is the local daily labourer's rate?
14. How do local labourers or the Kebele Administration communicate with the foreign investors?

Annex 3: Land Request Form

The Land Request Form is issued by the Oromiya Investment Commission for all who want to use the land for agriculture.

FORM NUMBER/LP/06

Date _____

Land Request Form

Oromiya Investment Commission

1. General Information

Investor's/Company's Name _____

Citizenship _____ Sex _____

2. Address of the investor/his legal representative

Region _____ Zone/Sub-city _____

District _____ kebele _____

House No _____

Telephone _____

Fax _____

E-mail _____

P.O. Box _____

3. Location of the Required Land: Urban/Rural

Zone _____

District _____

Town _____

Kebele/Rural Village _____

Particular Name (if any) _____

Size of the requested Land in hee/m² _____

Plot Number _____

Code _____

4. Project Description

Sector _____

Project Title _____

Amount of Capital in Birr _____

5. Expected Employment Opportunity In Number:

Permanent _____

Casual _____

Total _____

6. Marketing Plan:

Domestic % _____

Foreign % _____

7. The following documents must be submitted with this Request form:

- A. Identification Card/Passport;
- B. Power of Attorney in case the request is submitted through an agent;
- C. Article of Association and Memorandum of Association, in case the request is made by a business organization;
- D. Investment Licence;
- E. Project Profile;
- F. Letter of Promise to pay 10% of the total land rent or lease cost in advance
- G. Bank statement describing the circulation of money at least for a year and the availability of 30% of the allocated capital in the same bank;
- H. Land Use Plan;
- I. Action Plan;

Name _____

Signature _____

Approved by:

Name _____

Signature _____

Date _____ Time _____

Annex 4: Photographs from the fieldwork

Photo 1: Signpost to the investor's farm



Photo 2: Road to the project area



Photo 3: Part of the leased land, with a garage owned by the investor



Photo 4: Sinkholes and heaving of vertisols



Photo 5: A closer look at the soil in the investment area



Photo 6: Fenced watering point in the plainlands



Photo 7: Collecting water



Photo 8: On the way to collect water



Photo 9: Non-functional water supply infrastructure



Photo 10: Red soil on the higher land cultivated by smallholders



Photo 11: Cattle grazing on crop land



Photo 12: Children of wetlands families



Photo 13: A typical farmhouse (*tookul*) with trees used as shade



Photo 14: Grass collected for roofing *tookul* houses



Photo 15: A closer look at the construction materials



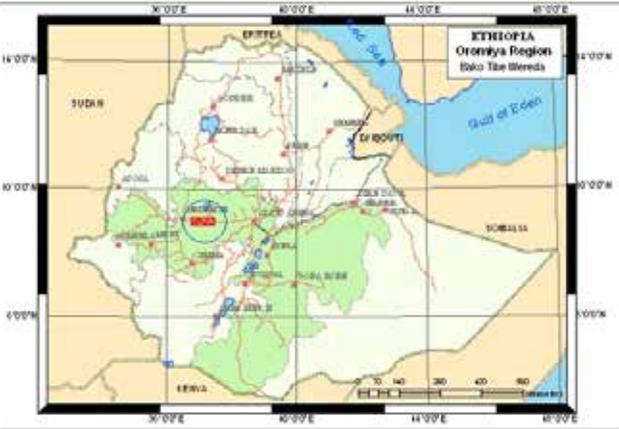
Photo 16: A farmer being interviewed during the fieldwork



Photo 17: Consultation with representatives of local youth during the fieldwork



Annex 5: Maps of the study area



OROMIYA REGION
BAKO TIBBE WEREDA
LOCATION MAP OF BECHERA AGRICULTURAL DEVELOPMENT

LEGEND

- Farm Boundary
- Wereda Boundary
- Built-up area / Towns
- Roads
- Rivers

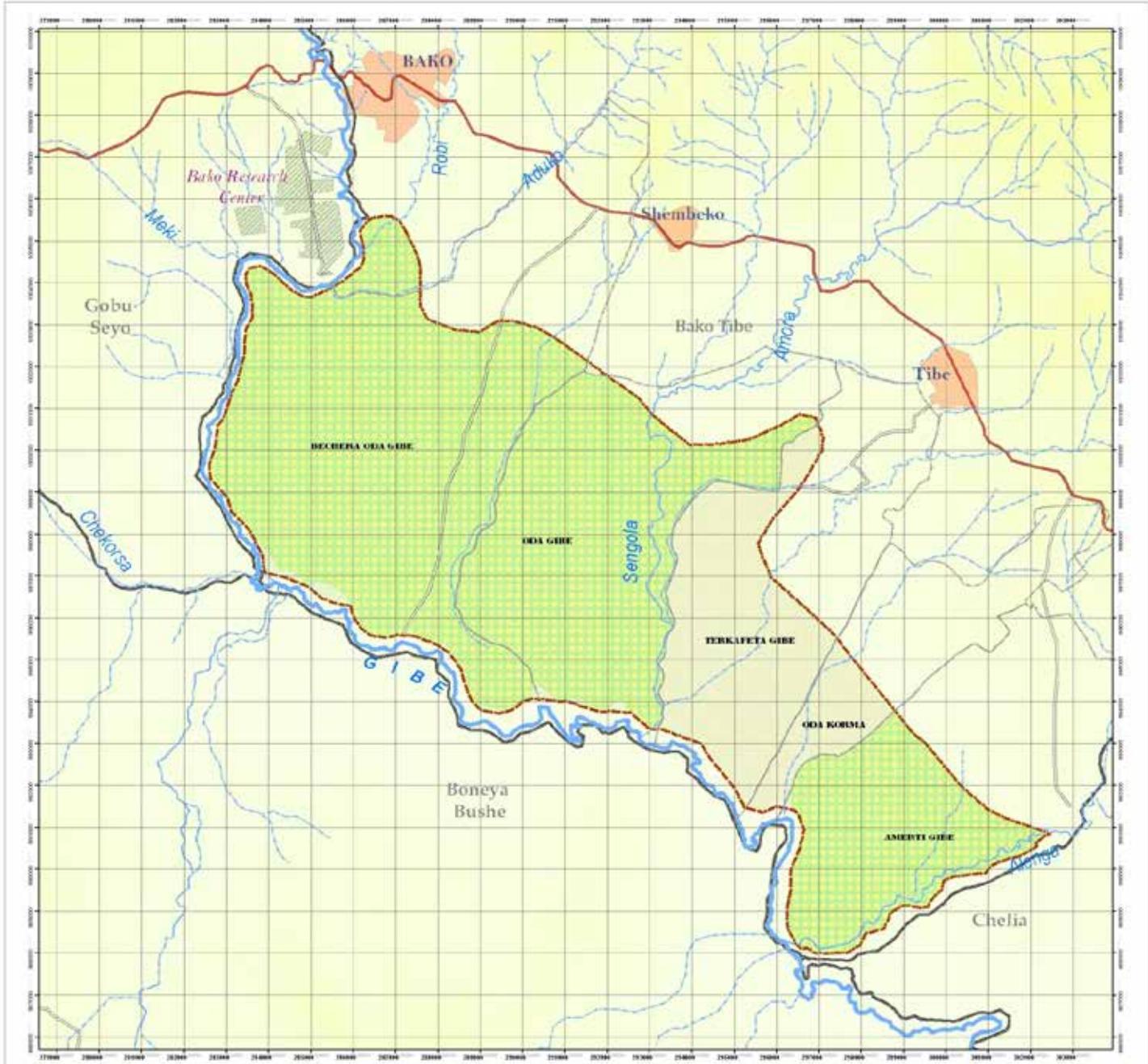
TOTAL AREA OF FARM = 13,226 ha

Map 1

Equatorial Development Consultancy
International Land Coalition

1:250,000

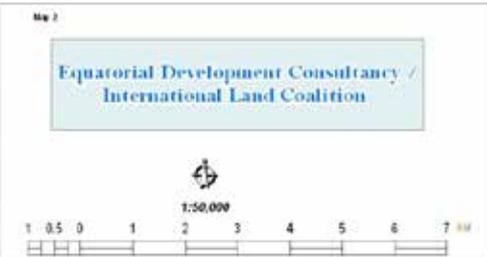
4 2 0 4 8 12 16 km



MAP LEGEND

- Werda Boundary
- Kebele Boundary
- Roads
- Rivers
- Built up Area/Toma
- Farms Boundary
- Kebeles data collected (Household sample)

Bako Tibe Wereda Kebeles within Farm Land	
MAP SYMBOL	KEBELE
[Green dotted pattern]	AMIRITI GIBE
[Green dotted pattern]	ODA GIBE
[Green dotted pattern]	DECEBERA ODA GIBE
[Green dotted pattern]	ODA KORUMA
[Green dotted pattern]	TERKALFETA GIBE
[Green dotted pattern]	TOTAL AREA OF FARM LAND





This report is part of a wider initiative on Commercial Pressures on Land (CPL). If you would like further information on the initiative and on the collaborating partners, please contact the Secretariat of the International Land Coalition or visit www.landcoalition.org/cpl

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