

International agri-capital farm renting intensifies Gambella's woes

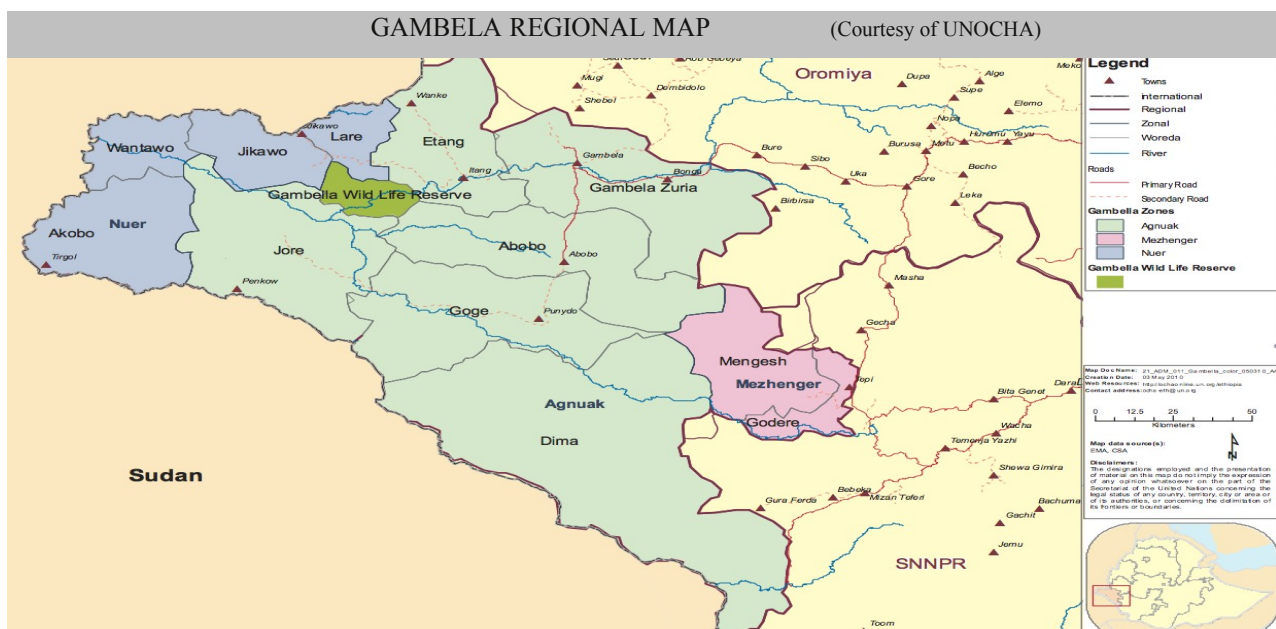
By Genet Mersha, 17 February 2011

A sketch of an entangled web of conflicts

In terms of area, Gambella is 25,802.01 sq. km (2.9 million hectare = 6.4 million acre), the magnitude of which is best realized by thinking of it in terms of 57 Cairos or 27 metropolitan New Yorks or 24 Moscows being its equivalence.

Throughout its history, studies have shown, the Gambella region of Ethiopia has known little else than low level of existence and inter-communal conflicts, mostly driven by local economic interests (land, water, forests, cattle, women) and tribal dominance. There are five ethnic groups in Gambella claiming to be indigenous. Therefore, the first level competition and rivalry has been between the two major ethnic groups—Nuer, representing 40 percent of all inhabitants, and the Anuaks 27 percent, according to the 2007 census. Of the three remaining, Majangir is estimated at 6 percent, the Opo and Komo 3 per cent each.

In terms of faith, over 70 percent of Gambellans are Protestants (215,092), followed by Orthodox Christians (51,454), Catholics (10,356), and Islam (14,919), traditional (11,682) and other (3,413), as registered in the census data. Gambella is the least developed and historically most neglected part of Ethiopia, for which successive governments had little interest other than being frontier with neighboring Sudan, with whom Ethiopia used to have difficult relations and anticipates an uncertain future. Moreover, Ethiopia on one hand and the Khartoum government and the Southern Sudan liberation forces on the other have used one group against the other, deepening the seeds of conflict in the region.



By the estimates of the 2007 Ethiopian population census, Gambella's inhabitants are 306,916. This number includes 144,703 migrants. These are locally referred to as "highlanders" with the animosity the word entails, as they area resettled group escaping drought and famine from all affected parts of Ethiopia. The resettlement project, an initiative of the World Bank, is sill continuing, as the most feasible response to the recurrent cycles of

drought in the country, and has been supported by both past and present governments. Since that census, the number of internal migrants from drought-affected parts of Ethiopia has significantly increased, deepening Gambella's woes as a boiling pot, instead of a melting pot.

Unlike its past, today Gambellais in uneasy calm; so was told UN-IRIN last September by a "well-placed local source." Unfortunately, as if the heavy lid placed on the unresolved inter-ethnic problems of the region is not enough, all the more people have been made uncertain about their future, following their rude awakening since 2009 by a new form of disenfranchisement by international agri-capital. Today, Gambellan villages are swarmed by a high number of Asian and Arab entrants with large farms here and there. The guests seem determined to displace the people from their natural environs. Between the areas they have lived in and are attached with have now come huge plantations, seemingly rushing to touch horizons of the skies they have known all along.

The tense political environment in Gambella is also an amplification of the multi-layered struggles within Ethiopia, where the individual citizen is repressed, deprived of human and civil rights, judicially short-changed wherein the nation remains politically unsettled and economically endlessly distressed. This view would bring criticism of obliviousness to the changes that have been taking place until now. That criticism may be legitimate, if the attributes of citizenship and what it entails are differentiated by some criteria or measures. Otherwise, such criticism arises from pure turf protection of a political and economic nature, the specifics of which may reflect possible alignment with either the power center or proximity to the economic pot.

For a good reason, the situation in Gambella has offered everyone issues to pick from. We have seen for over a decade local and international human rights groups fighting in defense of the human dignity of all Gambellans. Defenders of indigenous people's rights have picked the rights of minorities for over two decades, seemingly narrow, but very important for a country such as Ethiopia that has pockets of minorities not only as entities in its hinterland, but also with all its implications along the shared frontiers with more unstable neighbors. Not only that the latter group underline the responsibility of the national government under international law to protect minorities. But they also stress the delicacy of the issue and the dangers of forced acculturation or assimilation as Gambella's tinderbox.

Like all other hostilities and conflicts in Ethiopia, past and present, governments have systematically chosen to tip their hands to serve their interests of control and exercise of power. Also, neighboring Sudan and its internal rebel forces have played far more harmful roles than can be described, owing to the conflicts they exported into Gambella. Perhaps Gambella is one region where the formation of modern states, Ethiopia and Sudan, against the canvas of ethnicity has exposed the heavy-handedness of the processes that resulted in the split of same ethnic groups, for instance as in the case of the Nuers of Ethiopia and the Sudan.

While the border is invisible for these people, it has also reminded them its presence in times of clan conflicts. Today, the sum of all these has shortened the fuse for escalation of conflicts at anytime, especially in future, depending on developments in the soon to be borne nation of Southern Sudan and what would be left of the divorce in the north and the Nile River flowing north. In the meantime, Gambella's political problems remain unaddressed, as forced assimilation remains. In a June 2007 publication of the Centre for Policy Research and Dialogue (*Gambella: The impact of local conflict on regional security, 2007*) and, having conducted field studies in Gambella, Medhane Tadesse sees the problems as consequences of past and present actions and inactions.

He observes, “Successive projects of state building and wealth accumulation driven from the centre have targeted their peripheries, entrusting client groups with the task of policing the frontiers. This combines with the increasing availability of guns and veterans to help militarise ethnicity, weakening civil dispute and traditional conflict mechanisms.” He adds further states:

This is attributable in part to the nature of the state, which presides over unequal distribution of political power and natural resources. Owing to misguided or failed nation-building processes, most of the states in the sub-region [Horn of Africa] do not reflect the interests and character of all their citizens. This is compounded by the nature of coercive powers of the state, the projection and use of power by governments to suppress conflict (mainly along their peripheries), and ultimately the strength of militarism as a political culture. Throughout the Horn, certain ethnic groups, typically living in borderlands, have become tribes-in-arms, their social structure and even sense of identity closely bound up with their military organisation and the AK 47.

Although calm has returned, Gambella is far from having found the ultimate solution to its problems that all along have mired it into conflicts. The ethnic federalism in which the TPLF prides itself and was recently celebrated for its “miracles” in “ending decades long conflicts” with an international conference, in Medhane Tadesse’s assessment, it has not provided the concerned “local actors” [I take it he means the people] the power and influence to prevent conflict. He describes the problem as follows:

The primary reasons that the new political structure has so far failed to bring stability to the region is because the post-1991 political order produced new political minorities, and the various groups have failed to strike a political bargain and articulate a regional interest. Instead, they have sought to capture fragments of the regional state and its institutions.

I wish Prof. Medhane Tadesse had ventured further to find out whether that is intentional on the part of the architects of Ethiopia’s regional decentralization and federalism due to their own political interests or a reflection of the limits of their vision! To my mind, this problem would linger as long so long as Ethiopia does not establish by law and culture clear separation between the state and government, political party and the nation. This continued lumping together of these has only encouraged in anyone that seizes power the attitude “we own everything and can do anything under the Ethiopian sky.” This has enfeebled citizens and made the country booty for the few and prison for the majority.

Rule by international agri-capital

Modern agricultural and earth moving machineries of all sorts, owned and run by agri-companies, are turning the soils inside out, destroying forests and beginning to pollute the environment in that hitherto mostly unopened land to get more produces. Even the much-awaited World Bank report on farm renting was reasonably transparent in stating that in Ethiopia “few agricultural investment projects had an environmental impact assessment (EIA) as required by law. Key reasons were a lack of capacity and a rush to approve projects by the investment authority that precluded sectoral agencies from performing due diligence”(*Rising Global Interest in Farmland: Can it yield sustainable and equitable benefits?* 2010).

Naturally, the locals feel completely helpless and resent their guests, for they have mercilessly destroyed the forests legacy of generations. Further, limits are set on fishermen, farmers regarding grazing lands and in general what they can and cannot do or use and cannot. It was reported that persons with police and military backgrounds armed with AK47 are protecting the investments. After interviewing local framers, *Addis Fortune*(23 August 2009) wrote:

The farmers, however, claim that they are no longer able to farm teff and nigger seeds to support their lives, albeit the land does not belong to them. Their access to grazing land has been taken over, leading to a rush to sell their herds, they say. Local farmers have told Fortune that the price of cattle in a nearby market has gone down from ETB 2,500 to 1,500.

After examining the land contracts, a report by the International Institute for Environment and Development (IIED) confirmed the concerns of the locals noting, "The long-term nature of the leases – commonly up to 100 years – mean that local communities will be separated from the land for generations. This threatens to eradicate longstanding livelihood strategies and agricultural knowledge. Also, some contracts grant investors priority rights over water, which can have adverse impacts on other water users in times of water shortage." In unusual candidness, the above-mentioned World Bank report also states, "some large investors not only received land and water free of charge, but also got tax benefits. This gave them an advantage over local smallholders who had to pay land taxes and various other fees but, to the extent that compensation is paid only for improvements rather than land itself, also constituted a regressive subsidy from the poor to the rich."

The government has often reiterated the purpose of farm renting as a vehicle for job opportunities for the local people. True, some have been offered jobs for meager pay by any standard, about which a former Indian sugarcane cutter, now an employer within Karuturi Global, opined with a mix of shock and a 'do gooder' sense, "People here are very poor. They would work for 1 birr (\$0.060) and no one else pays more than 5 birr (\$0.30). So we are paying double" (*Ethiopia – country of the silver sickle – offers land dirt cheap to farming giants, The Guardian*, 15 January, 2009). He was actually shedding crocodile tears. Farmers told *Addis Fortune* that his company promised ETB 20 -25 [\$1.78 to 2 then, now \$1.20 to 1.50]. When Karuturi started work they were only offered ETB 7 to 8 a day.

Again, in that regard, the unvarnished conclusion of the World Bank's report establishes, "Expected job creation in Ethiopia is similarly limited, with an average of 0.005 jobs/ha for cases where figures are given. Planned capital investments also vary widely, from US\$27/ha for mixed livestock farming to US\$21,000/ha for sugarcane." The view circulating with high frequency in the corridors of power in Addis Ababa is to continue to give more lands to solve the problems of peace and poverty in the country. That was the purpose of the mission of the minister of agriculture to India from end January to beginning of February. So far Indians have received 1.8 million hectares in Ethiopia, the bulk of it in Gambella, without including the hundreds and thousands of hectares more requests already in the pipeline (Walta Information Center, 2 February 2011).

The government thinks such remote and long neglected people could only change with more jobs promised, now at a rate of \$0.030 an hour (2011 rate), promises of cheaper food being sold by agri-companies in the local market. For instance, Sheik Al-Amoudi told the press his offer to sell 40 percent of his production in the local market. Al-Amoudi's offer is not part of the farm rent deal, nor is it also clear for how long he would do that. Surely, it would help him soften the criticisms against him. For instance, when this story of selling part of the produce to the local market arose, an irked Indian investor-farmer recently said he was not bound by any of that, pointing to his contract with the government. How could a government count on this, instead of helping local farmers to improve their productive capacities? After the collapse of its agriculture-led industrialization policy, the TPLF-led EPRDF government has turned to eradicating poverty, without building capacity of individual farmers to produce for themselves, to the market and build assets for themselves.

I have not stopped wondering what makes farm-investors this time around any different from oil companies? All the same, e.g. Shell produces oil, mainly to benefit the company and its investors. Large-scale food produces have also done the same, paying meager subsistence wages to farm workers. Their contribution to poverty eradication is negligible, if not non-existent, limited to fattening the pockets of elites in power. Since the 2008 escalating food prices, investors have moved in with vengeance to produce more and more food with modern machinery and technologies. I have no doubt that food production would dramatically increase, without the food and oil producing developing countries ever benefitting.

Countries such as Ethiopia—the epitome of famine and poverty the world has associated with emaciated people—looks forward to changing the lives of its people by renting farmlands and producing cash crops to buy food with the earnings, as the State Minister of Agriculture Abera Deressa told Bloomberg in October. Because of that, policy positions one hears from Ethiopia and the actions the policies they operationalize do no indicate that in future food prices would repeat the same price unaffordability with increasingly shorter spans of time. What the current policy of farm renting does in Ethiopia is denying future generations any options, locked in century-long contracts and every time opening new lands in the process accelerating environmental damages

In contrast, the dividends of investors in agri-companies, such as private equity capital or any of those several investment vehicles or networks of funds or the vast wealth of individual tycoons such as Sai Ramakrishna Karuturi or Mohammed Al-Amoudi increase all the time, taking more and more control of peoples lives across countries. For instance, Sheik Al-Amoudi is a wealthy person with businesses in many countries around the world and has made agribusiness his latest platform through Saudi Star aiming at his next billion(s). In 2010, his net worth, according to Forbes list of billionaires, is estimated at \$10 billion. Between the last publication of the list in 2009 and 2010, the sheik has made another billion dollars, demonstrating his keen awareness of where fortunes lie—which the Ethiopian government cannot see. With no malice, I say good for him!

Needless to state major beneficiaries from the existing model of food, oil, mineral, and etc. production are investors (companies and wealthy individuals). They should, because they have put their wealth and knowhow into the production processes. Nevertheless several decades of experiences have shown that the lives of common peoples in the countries where food, oil or minerals are produced have not changed and are unlikely to change—because they are not beneficiaries or are not helped into becoming asset owners. Otherwise, had that not been the case, the level of global human distress and the sharply rising level of poverty at the end of a decade of the UN Millennium Development Goals should have shown a different picture.

The problem is in the quality of the deals and the secrecy behind them. These deals are made between companies and individual investors on one side and the elites in power that are the second line beneficiaries. For a simple relative quality differences one should compare the Ethiopian farmland deals with that of Liberia. The key here is what IIED's Lorenzo Cotula has put his fingers on:

Very large land deals are bound to impact on existing rights, even if the intensity of current resource use is low. Dealing with these situations fairly requires careful weighing of individual and societal interests. But the gap between legality – whereby the government may formally own much if not all the land – and legitimacy – whereby local people feel the land they have used for generations is theirs – exposes local groups to the risk of dispossession and investors to that of local contestation. The fact that many land deals are negotiated behind closed doors and without local consultation compounds these problems, with negative impacts not just for local people, but ultimately also investors and host governments (source: IIED, Why it makes more sense to invest in farmers than in farmland, July 2010).

Why this article now?

On 11 February 2011, I felt hammered on the head. That was the time I read the announcement on the state-owned Ethiopian News Agency (ENA) that the Ethiopian-Saudi tycoon Sheik Mohammed Hussein Al-Amoudi owner, among others, of the Saudi Star Agricultural Development Company would develop more than 250,000 ha of land with rice in Gambella State. For the last two years, he has already been operating, among others, 10,000 ha of land in Gambella state, whose rice was exported to Saudi Arabia. Al-Amoudi said the rice development project for the 250,000 ha has now cost him more than \$450 million.

Saudi Star was established on 20 August 2009, with a capital of ETB 500 million [about \$394 million at the time], according to *Addis Fortune* of 13 Dec. 2009. At the time, Mr Al-Amoudi had requested the Investors Support Directorate of the agriculture ministry to take 200,000 ha more land. With a promise that he would be given more when he was ready and was granted then only 10,000 ha. Esayas Kebede, head of the investors' support directorate of the agriculture ministry officially confirmed at the time for the media, "We will give them [Saudi Star additional] land in the same area once they have started operation." Saudi Star's long-term plan is said to be to develop 500,000 ha. Saudi Star promotes itself as the first rice producer in Ethiopia and is also planning to grow maize, wheat and sugarcane, possibly in the Benishangul Gumuz Regional State and the Amhara Regional State.

On his part President of the regional state Umod Ubong indicated 1.2 million hectares of land has been identified in the state for potential investors. In dismissing as propaganda of anti-development forces the concern that the present model of development chosen for Gambella and other regions Ethiopia would impede balanced development for individuals working hard, the president expressed his elation at the fact that the flow of local and foreign investors [far renters] has been increasing in the region.

The fact of the matter is that Afar, Somali Gambella and Benishangul Gumuz Regional states are far behind than the others in underdeveloped Ethiopia. They are also among the five that do not have areas demarcated for development purposes nor for national forests, or certification available for landholders. Therefore, it has been seen with sufficient evidences even in states with land certification, where small farmers are pushed off their lands in favour of agri-developers.

It is unfortunate that we lack capacity to recognize crisis situation and call it by its real name, as it happens. Often, we only acknowledge it, after it has affected several lives. One may say that this view is missing the point. However, that would not change the reality that crisis is in the making in Gambella and elsewhere farm renting has taken place under shady deals. Still there may be some who might wonder why we could not cheer for the immense investments to develop Gambella and benefit Ethiopia?

The simple answer is that with \$0.030 cents an hour labor cost, the whole venture is only designed to benefit the investor, but not the people of Ethiopia. Secondly, as mentioned above, the lives of the people would not improve without being able to hold assets and become producers. With this model of development, the workers would not make reasonable earning, even if on the side to supplement their income. That is not possible.

Thirdly, in this envisioned structure of production, the people in the region and in the country elsewhere would

be left with weak and undeveloped labor force and underdeveloped agrarian system. The country cannot cope with further diminution of its vital resources—the small-scale farmers—natural resources, rare biodiversity assets, some of them new to science. We have repeatedly been given the baloney of job creation and technology transfer. Instead what we see is the beginnings of accelerated environmental destruction and destitution.

We need to worry today as more and more foreign companies and investors take possession of agricultural lands in developing countries. For in Ethiopia, while some protected forests and national parks have already been defined, designated and demarcated, according to some studies the latest including by Imeru Tamrat, even some of those that are designated have not been demarcated nor protected by law. The main problem, as these studies have found out, is lack of human resources, institutional capacities and visionary leadership that is willing to see beyond immediate foreign exchange needs and is in the habit of resorting to expedient measures.

In view of these inadequacies, gambling with unbridled human encroachments is likely to impede protection and preservation of the few remaining forests and wildlife sanctuaries. Already the record of the TPLF-led EPRDF government in the development, protection and preservation of forests and natural resources has been terribly bad, as can be seen from the tables below, compiled on the basis of FAO data sources. More appropriately, in its *Global Forest Resources Assessment 2010* the FAO has designated Ethiopia as one of the eleven countries in the world an example of “largest volume of wood removals.” In terms of ranking on that score, it stands in seventh place between China and Indonesia.

ENDS IN EXTENT OF PLANTED FORESTS 1990-2010	Area of planted forest (1 000 ha)				Annual change rate			
	1990	2000	2005	2010	1990-2000		2000-2005	
EXTENT OF FOREST AND OTHER WOODED LAND 2010	LAND AREA						Inland water	Country area
	Forest		Other wooded land		Other land (1 000 ha)			
	1 000 ha	% of land area	1 000 ha	% of land area				
	12 296	11	44 650	41	52 685	-	799	110 430

TRENDS IN EXTENT OF FOREST 1990-2010	Growing stock in forest								Growing stock on other wooded land	
	Forest area (1,000 ha)				Annual change rate					
	1990	2000	2005	2010	1990-2000		2000-2005		2005-2010	
					1 000 ha/yr	%	1 000 ha/yr	%	1 000 ha/yr	%
	15 114	13 705	13 000	12 296	-141	-0.97	-141	-1.05	-141	-1.11
FOREST BIOMASS 1990-2010					(tones)	2005				
	289	254	236	219	18	-4	-4	-3		

FAO'S ASSESSMENT OF ETHIOPIA'S NATURAL FOREST RESOURCRES FOR 2010

TRENDS IN REMOVALS OF WOOD PRODUCTS 1990-2005	Industrial round wood				Wood fuel				
	Total volume(1 000 m ³ over bark)				Total volume(1 000 m ³ over bark)				
	1990	2000	2005	Of which from forest 2005 %	1990	2000	2005	Of which from forest 2005 %	
-	2 812	3 368	100	19 381	100 376	108 548	100		
FOREST POLICY & LEGAL FRAMEWORK 2008	Policy			National forest program			Forest law		
	Natio- nal	Sub- national	Exists	Exists	Year	Status	Type	Year	Exists
	Exists	Year							
	YES	2007	NO	YES	2008	In formulation	No forest law	-	NO

Data adapted from Global Forest Resources Assessment 2010, FAO, 2010

CONCLUSION

Investment is not a question of charity. The driving vehicle of any investment is money making. Sheik Al-Amoudi's charity of putting 40 percent of his produce to the domestic market is, let say, a good gesture in difficult times such as severe problems with availability of food for the government to buy and distribute. As a businessman, he is fully aware that this will not empower the Ethiopian people or stop hunger and poverty. The best solution, as the saying has it, is to give fishing tools and equipment, instead of fish. That cannot be emphasized sufficiently as the primary role of government to create conditions for that.

A little over a year ago, we heard from Asegide Haile, a former Ethiopian government minister, now a senior official in Al-Amoudi's company saying, Saudi Star is "examining the possibility of handing over some of the land in Gambela to local families once it has been developed," according to the *Irish Times* of 31 January 2010. Mary Fitzgerald, who travelled to Gambella and interviewed MIDROC officials as well as Sai Karuturi, further heard from Asegide saying, "We are doing a study on it at the moment,"... assumed to be probably "allocating one hectare per family....It will be a type of outsourcing . . . Our interest is not only to harvest rice, wheat and corn, it is also to develop the region." If they stick by this pledge, it is an idea whose time has come, subject to the small prints.

Sai Ramakrishna Karuturi of the Karuturi Global is at least frank. He said in 2010, he wants to become the largest global food producer. He sees himself as person on a mission. He told Mary Fitzgerald, "We are on a mission to make a difference . . . when we produce three million tonnes it will be nearly half a per cent of the world's cereal production," he says. "How many people will have the opportunity to do something which meaningfully impacts on humanity like that?"

I have no problem with that, so long as he builds his food empire without denying possibilities to others, especially those who work for him and their families, and does good by the region.