

## CASE STUDY 3

**A “south-south” (developing country – developing country) demonstration of concern over land deals: Ethiopia***(sourced from The Guardian 2012<sup>41</sup>)*

This example is centred on Ethiopia’s leasing of 600,000 ha (1.5 million acres) of prime farmland to Indian companies. Further deals involving approximately 200 million ha of land are believed to have been negotiated in the past few years, mostly to the advantage of speculators and often to the detriment of local communities. This has led to environmental destruction, and the imprisonment, intimidation, repression, detentions, rapes, and beatings of journalists and political objectors, according to a new report by the United States-based Oakland Institute.

Nyikaw Ochalla, director of the London-based Anywaa Survival Organisation, said, “People are being turned into day labourers doing backbreaking work while living in extreme poverty. The government’s plans ... depend on tactics of displacement, increased food insecurity, destitution and destruction of the environment.” Ochalla, who stated that he was in daily direct contact with communities affected by “land grabbing” across Ethiopia, said the relocations would only add to hunger and conflict, “Communities that have survived by fishing and moving to higher ground to grow maize are being relocated and say they are now becoming dependent on government for food aid. They are saying they will never leave and that the government will have to kill them. I call on the Indian authorities and the public to stop this pillage.”

Karuturi Global, the Indian farm conglomerate and one of the world’s largest rose growers, has leased 350,000 ha in the Gambella province for under USD 1.10 ha/year, to grow palm oil, cereals, maize, and biofuel crops. They declined to comment on these claims, and spokesman for the company stated, “This has nothing to do with us.”

In response to the controversy, the Ethiopian government defended its policies publicly. “Ethiopia needs to develop to fight poverty, increase food supplies, and improve livelihoods, and is doing so in a sustainable way,” said a spokeswoman for the government in London. She pointed out that 45% of Ethiopia’s 1.14 million km<sup>2</sup> of land is arable, but only 15% is in use. In contrast, Asish Kohtari, author of a new book on the growing reach of Indian business, noted that the phenomenon of Indian companies “grabbing” land in Africa is an

extension of what has happened in the last 30 years in India itself. “In recent years the country has seen a massive transfer of land and natural resources from the rural poor to the wealthy. Around 60 million people have been displaced in India by large scale industrial developments. Around 40% of the people affected have been indigenous peoples”, he said. The land developments have included dams, mines, tourist developments, ports, steel plants, and massive irrigation schemes. Thus far, this complexity is not yet resolved in either nation.

*In this case, the winners are both the Ethiopian government and Indian investor, and the losers are the Ethiopian farmers. The problem is a lack of a redistribution mechanism in place so that farmers can also benefit from the deal. One potential action that could provide a win-win situation would be for either the government or investor to provide compensation to farmers. A total economic valuation of land could help this strategy by:*

- *determining how much compensation is needed for farmers to be at least as well off after the deal as before, and*
- *determining what fraction of the investor’s profits should go back to the government and/or farmers, thereby reducing social unrest.*

*This assumes that farmers are those holding the property rights over the land they use and that these property rights can be financially recognised. Land property rights can help determine whether compensation to farmers should be paid by government or the investors: whether the government or investor provide the financial compensation to farmer depends on the modalities defined in the land deal agreement, and more specifically how responsibilities have been legally allocated between the two parties in the agreement.*