FAQs on Indian Agriculture Investments in Ethiopia

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Why has the recent surge of foreign land acquisitions and leases been dubbed a "global land grab"?

Since the food price crisis of 2007, there has been a rapid increase of foreign acquisition of land in developing countries by foreign governments, private agro-enterprises and private equity funds for commercial farming ventures. In 2009 alone, foreign investors acquired 60 million hectares (ha) of land—the size of France—through purchases or leases of land for commercial farming. Before 2008, the expansion of global agricultural land was less than 4 million ha annually. Nearly 75 percent of the deals are taking place in sub-Saharan African countries that have high rates of food insecurity and agricultural systems, especially small-scale farming and pastoralism, that are adversely impacted by decades of neglect by governments. Most of the large-scale land deals are negotiated without the Free Prior and Informed Consent of the populations living on the land. In the worst cases, people are forcibly evicted from their land with little or no compensation. In addition to farms, the land acquired by investors includes grazing land, forest, and water sources, which are all essential for the livelihoods of millions of rural people.

Which sub-Saharan African countries are attracting the most interest?

Many African countries are attracting investor interest and witnessing large-scale land grabs. Ethiopia, Liberia, Mozambique, Sierra Leone, South Sudan, Tanzania, Zambia, Uganda, Nigeria, and the Democratic Republic of Congo are among those attracting the most foreign interest. Ethiopia is one of the preferred destinations for agricultural investments in Africa. Between 2008 and 2011, 3,619,509 ha were transferred to domestic investors, state owned enterprises, and foreign companies, including Indian agro-enterprises.

What make land deals in Sub-Saharan African countries attractive is the supposed availability of fertile land, forests, and water resources as well as the mouthwatering conditions offered by many governments in terms of cheap land leases over long-term periods, fiscal exemptions, and other incentives allowing a maximization of the profit that foreign companies can make out of their investment. India's largest investor in

Ethiopia, Karuturi, is acquiring land at a rate as low as 20 birr (Rs. 59/$1.10) per hectare. A host of other investors with significant land claims have acquired land at rates between 111 to 158 birr (Rs. 324/$6.05 to Rs. 461/$8.62)

Why are nation-states and private foreign enterprises investing so heavily in sub-Saharan African land?

The global land rush is the reaction of investor countries to the food price crisis of 2007, which was partly brought on by increased speculation in food commodities and a decline in the growth rate of world agricultural production, a result of several factors, including lack of investment in agriculture, climate change, and crops and cropland being diverted to biofuels.

In response to immediate concerns wrought by the recent financial crisis, wealthy private investors have also directed investments into offshore farmland as a way to increase profits in newly carved out biofuels and soft commodities markets.

Where in Ethiopia are investments taking place? Where are Indian firms concentrated?

The largest share of investments is taking place in 5 administrative regions in Ethiopia: Afar and Amhara in the North, Oromia in Central Ethiopia, and Gambella and the Southern Nations, Nationalities and Peoples Regions (SNNPR) in the South.

Indian enterprises are largely concentrated in Gambella and Afar. Karaturi Global is the largest investor in Gambella with plans to farm palm oil, cereals, and pulses on 300,000 ha of land in the region. Indian investments take generally place in regions where the government offers extra tax incentives. Incidentally, these are regions that are targeted by the villagization program.[1]

Only a few direct Indian investments have been identified in Lower Omo, where 445,000 ha have been taken away since 2008 from local populations to grow mainly sugar and cotton. The region is primarily developed by state owned companies for the production of sugar but India is playing a key role in this region with EXIM bank (see below).

[1] According to the consolidation of the findings by The Oakland Institute and Human Rights Watch: the Oakland Institute report identifies four regions concerned (Gambella, Benishangul Gumuz, South Omo, Afar) and the HRW reports identifies four regions (Gambella, Benishangul Gumuz, Afar or Somali). See Oakland Institute, "Understanding Land Investment Deals in Africa, Country Report: Ethiopia," 39 (2011); Human Rights Watch, "Waiting Here for Death: Displacement and 'Villagization' in Ethiopia's Gambella Region," 2 (2012).

Is India implicated in providing support to private Indian investments?

While the Indian government does not currently offer direct financial support to firms to invest abroad, EXIM bank has opened a $640 million line of credit to the Ethiopian government to expand the country's sugar sector. Currently, sugar is mostly produced by state owned enterprises in the Lower Omo region. Land is currently being leased in the country's lower Omo region to sugar growers to boost production. The credit line commits Ethiopia to import 75 percent of the goods and services, such as consultancy services, from India.

Some Indian entrepreneurs, like Rana Kapoor, CEO of YES bank and a member of the Government of India's Board of Trade, as well as the Federation of Indian Chambers of Commerce and Industry (FICCI), have championed the overall investment activity.

How much land has been acquired by the Indian enterprises in Ethiopia? What crops do they plan to grow?

Indian firms have acquired over 600,000 ha of land. Most investors plan to grow edible oils and crops while a few have plans to grow cotton.

Company	**Size in ha**	**Crops**	**Land Lease Rate**
Karaturi Global	300,000 (100,000 in first phase, 200,000 in second phase)	Palm oil, cereals, pulses	20 birr/ha for 50 years
Emami Biotech	100,000	Jatropha and edible oil seeds	
S&P Energy Solutions	50,000	Biofuels, edible oil crops	143.4 birr/ha for 50 years
Shapoorii Pallonii	50,000		
Almidha	28,000	Sugar	
BHO Agro Plc	27,000	Cereals, pulses, edible oils	111 birr/ha for 50 years
CLC Industries	25,000	Cotton	665.85 birr/ha for 50 years
Ruchi Soya	25,000	Soya bean	111 birr/ha 25 years
Sannati Agro Farm Enterprises	10,000	Rice, cereals, pulses	158 birr/ha for 25 years
Whitefield Cotton Farm	10,000	Cotton	158 birr/ha for 25 years
Vedanta Harvests	3,012	Tea and allied crops	111 birr/ha for 25 years
Total	**628,012**		

What is the current situation of food security in Ethiopia? How are the investments likely to impact Ethiopia's food security?

Ethiopia currently suffers endemic poverty and food insecurity. It is the fifth "hungriest" nation in the world, according to IFPRI's 2012 Global Hunger Index. Whereas 80 percent of the population is engaged in agriculture, over 8 million Ethiopians (over 10 percent of the population) are deemed chronically hungry. Every single year, 10 to 15 million people—over 15 percent of the population—depend on food aid for their survival.

In this context, the Ethiopian government argues that foreign investment in agriculture will bring economic development and eventually reduce hunger and poverty. The government claims that investments are necessary to modernize agriculture, bring new technologies, and create employment.

However, investigations by the Oakland Institute (OI) and other NGOs show that large-scale plantations create little employment and bring limited benefits for the local populations. On the contrary, taking over land and natural resources from rural Ethiopians is resulting in a massive destruction of livelihoods and making millions of locals dependent on food handouts. Furthermore, the low rental fees and the generous incentives provided to investors raise serious questions about the returns in terms of public revenue from these investments.

Do these investments involve human rights violations?

The US Department of State's 2011 human rights report[2] noted that the Ethiopian regime is responsible for massive human rights violations including arrests of hundreds of opposition members, activists, journalists, and bloggers. Other human rights violations identified include torture, beating, abuse, and mistreatment of detainees by security forces; harsh and at times life-threatening prison conditions; arbitrary arrest and detention; restrictions on freedom of assembly, association, and movement; and police, administrative, and judicial corruption.

Land acquisitions are one area of widespread human right violations in Ethiopia. In its aggressive pursuit of agricultural investment, and through its so-called villagization program, the Ethiopian government has forcibly displaced hundreds of thousands of indigenous people from their lands, and has arbitrarily arrested and beaten individuals who have refused to comply with its policies.[3] Rapes and killings involving security forces have also been reported in Lower Omo and Gambella regions. In the process of villagization, the government has destroyed livelihoods, and has rendered small-scale

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[2] Ethiopia Report on Human Rights Practices for 2011, United States Department of State, Bureau of Democracy, Human Rights and Labor.

[3] Interview with Obang Metho, Executive Director, Solidarity Movement for a New Ethiopia (Nov. 20, 2012); Interview with Nyikaw Ochalla, Coordinator, Anywaa Survival Organization (Nov. 20, 2012). See also Human Rights Watch, "Waiting Here for Death: Displacement and 'Villagization' in Ethiopia's Gambella Region," 19-20 (2012), available at http://www.hrw.org/reports/2012/01/16/waiting-here-death.

farmers and pastoralist communities dependent on food aid and fearful of their own survival. These actions are in direct contravention of Ethiopia's obligations under international human rights law.

Through the "Villagization Program Action Plan," the Ethiopian government plans to relocate 1.5 million people by 2013 in the country's Gambella, Afar, Somali, Lower Omo, and Benishangul-Gumuz regions. Officially, the program's objective is to provide people with access to new farmland, schools, health facilities, and basic infrastructure. The reality shows that the regions targeted for villagization are also those where the government is trying to bring investors through specific incentives provided to those investing there.

Against all evidence, the Ethiopian government insists consultations are being held with host communities in all instances where land deals are occurring, no farmers are being displaced, and the land being granted is unused. OI field investigations, however, found that consultations with local communities did not occur and that the principle of Free and Prior Informed Consent (FPIC) is being largely violated.

Although Ethiopian officials claim that villagization is a voluntary program, OI investigations reveal that the government has forcibly resettled indigenous communities from land earmarked for commercial agricultural development, rendering them food insecure and fearful for their survival.

The Ethiopian government's actions around villagization, forced displacement, and land acquisition are in clear violation of international law: the government has failed to show proof that alternative policies have been properly considered, failed to secure Free Prior and Informed Consent from displaced indigenous communities, failed to provide affected groups with mechanisms for redress, and failed to provide anything approximating fair compensation.

Are Indian investors playing a role in the displacements?

Investors such as Karuturi reject any liability or responsibility with regard to the villagization program and related human right violations. Yet, support has recently emerged for the "Protect, Respect, Remedy" framework, which would require corporations and other business enterprises to avoid infringing on human rights and address the negative human rights impacts of their operations. In 2011, the U.N. Human Rights Council endorsed the "Guiding Principles for Business and Human Rights," which outline: "1) the state's duty to protect against human rights abuses by third parties, including business enterprises; 2) the responsibility for a corporation to respect human rights…; and 3) the need for improved remedies for human rights abuses by business entities." In fulfillment of their responsibility to respect human rights, transnational corporations and other business enterprises should "avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved." Second, corporations should also "[s]eek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts." Third, corporations must exercise due diligence to "become aware of, prevent and address adverse human rights impacts."

The corporation's obligation to respect human rights can sometimes extend to the activities of actors over whom the corporation has leverage. "Where a business enterprise contributes or may contribute to an adverse human rights impact, it should take the necessary steps to cease or prevent its contribution and use its leverage to mitigate any remaining impact to the greatest extent possible." Moreover, in order to comply with its obligations, corporations and other business enterprises "should establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted."

Foreign states, like the Indian government, also have extraterritorial human rights obligations vis-à-vis the Ethiopian populace. The Maastricht Principles lay out guidelines to ensure at minimum that governments do not create—or permit their own domestic actors to create—adverse human rights effects in foreign countries. In fact, under the Maastricht Principles, states are expected more comprehensively to respect, protect and fulfill the human rights of those residing in other states.

The dire situation of many indigenous communities in Ethiopia under the ongoing villagization program should trigger serious concerns under the Maastricht Principles for foreign governments that host corporate investors with a hand in Ethiopian land deals.