



# UNDERSTANDING LAND INVESTMENT DEALS IN AFRICA

HALF A MILLION LIVES THREATENED BY LAND DEVELOPMENT FOR  
SUGAR PLANTATIONS IN ETHIOPIA'S LOWER OMO VALLEY

LAND DEAL BRIEF | SEPTEMBER 2011

## Background

Since 2003, Ethiopia's Lower Omo Valley, one of the most culturally and ecologically unique areas of Sub-Saharan Africa, has been thrust into the international spotlight due to the launch of the controversial Gibe III hydroelectric project. Unfortunately, the massive commercial agriculture developments and resulting state-sponsored human rights violations – all made possible by Gibe III – have escaped international attention.

It's time to halt land development plans before more harm comes to the inhabitants of the Lower Omo Valley and the area itself. Human suffering and environmental devastation of this magnitude cannot be the cost of development.

Since 2008 over 350,000 hectares (ha) of land has been earmarked for commercial agricultural production in the Lower Omo Valley. This includes the recently announced development of a massive 245,000 ha state-run sugar plantation. Prime Minister Meles Zenawi summed up the relevance of the project in early 2011: "In the coming five years there will be a very big irrigation project and related agricultural development in this zone. I promise you that, even though this area is known as backward in terms of civilization, it will become an example of rapid development."<sup>1</sup> This "rapid development" has meant involuntary resettlement and human rights violations towards the Mursi, Suri, and Bodi agro-pastoralists at the hands of the Ethiopian Defence Forces (EDF). There are serious concerns about the impact that "rapid development" will have on the environment and on the livelihoods of the 500,000 indigenous people that rely on the waters and adjacent lands of the Omo River and Lake Turkana.

## The Lower Omo Valley

The Lower Omo Valley in Southern Ethiopia is internationally renowned for its unique cultural and ecological landscape. A UNESCO World Heritage Site, the Lower Omo Valley contains two National Parks, and is home to approximately 200,000 agro-pastoralists made up of some of Africa's most unique and traditional ethnic groups, including the Kwegu, Bodi, Suri, Mursi, Nyangatom, Hamar, Karo, and Dassenach among others. Historically, the area has been very isolated, and the agro-pastoralists have little experience with industrial agriculture. While livelihoods differ along the length of the Omo Valley and between ethnic groups, the majority are agro-pastoralists, practicing flood-retreat agriculture on the banks of the Omo River, while also raising cattle for which the annual flooding of the Omo River replenishes important grazing areas. For many of these ethnic groups, cattle are a source of pride, wealth, food, and are intimately tied to cultural identity. The annual flooding of the Omo River dictates the rhythms of life and culture that permeate the area. But with the announcement of the Gibe III dam, the livelihoods and culture of the indigenous people of the South Omo Valley face decimation.

## Gibe III Dam: the Precursor to Industrial Agriculture

At 240 meters the Gibe III will be the tallest dam in Africa, with an electrical output of 1870 Mw/year.<sup>2</sup> Lake levels in Kenya's Lake Turkana (which is fed by the Omo River), the world's largest desert lake and a UNESCO World Heritage Site, would drop by two meters in the first year, increasing salinity levels, and adversely impacting fish stocks, which "will condemn the lake to a not-so-slow death."<sup>3</sup> The impact of a mega-project on such a culturally and ecologically significant area is difficult to overstate. The dam would have potentially devastating effects on the agro-pastoralists of the Lower Omo Valley who rely on the annual flooding of the Omo River to provide nutrient rich sediment to the riparian areas and to replenish grazing lands,



and on the 300,000 people (including the Elmolo, Turkana, Gabra, Dassenach, Rendille and Samburu) whose livelihoods depend directly on Lake Turkana.<sup>4</sup>

Dogged by various controversies<sup>5</sup> from its very inception, the dam has come under international condemnation by academics, international NGOs, and indigenous rights organizations.<sup>6</sup> The plans behind the dam are for Ethiopia to export electricity to Kenya (although no formal agreement has been signed), Djibouti, and South Sudan. While most of the international attention has been focused on the impact of Gibe III, the impact of “development opportunities,” made possible by the dam, have so far avoided attention.

### State-Run Sugar Plantations in South Omo

One of the most alarming developments made possible by Gibe III are plans for the irrigated development of approximately 245,000 ha for sugar plantations in South Omo – made up of three separate blocks of approximately 80,000 ha each. Sugarcane is a water intensive crop, and development of such large-scale plantations will further exacerbate the already serious water scarcity problems downstream and into Lake Turkana. In contrast to the other major land deals that have occurred in Ethiopia since 2008, these sugar plantations are state-owned. In 2006, the *Ethiopian Sugar Development Company* came into being as a proclamation of Parliament with the objective to “implement the government sugar development policies and to make public sugar enterprises efficient, modern & competitive.”<sup>7</sup> Earlier in 2011, it was renamed the *FDRE Sugar Corporation* - a state-owned enterprise that would operate the plantations. Other state-run enterprises are involved in various aspects of this development.<sup>8</sup>

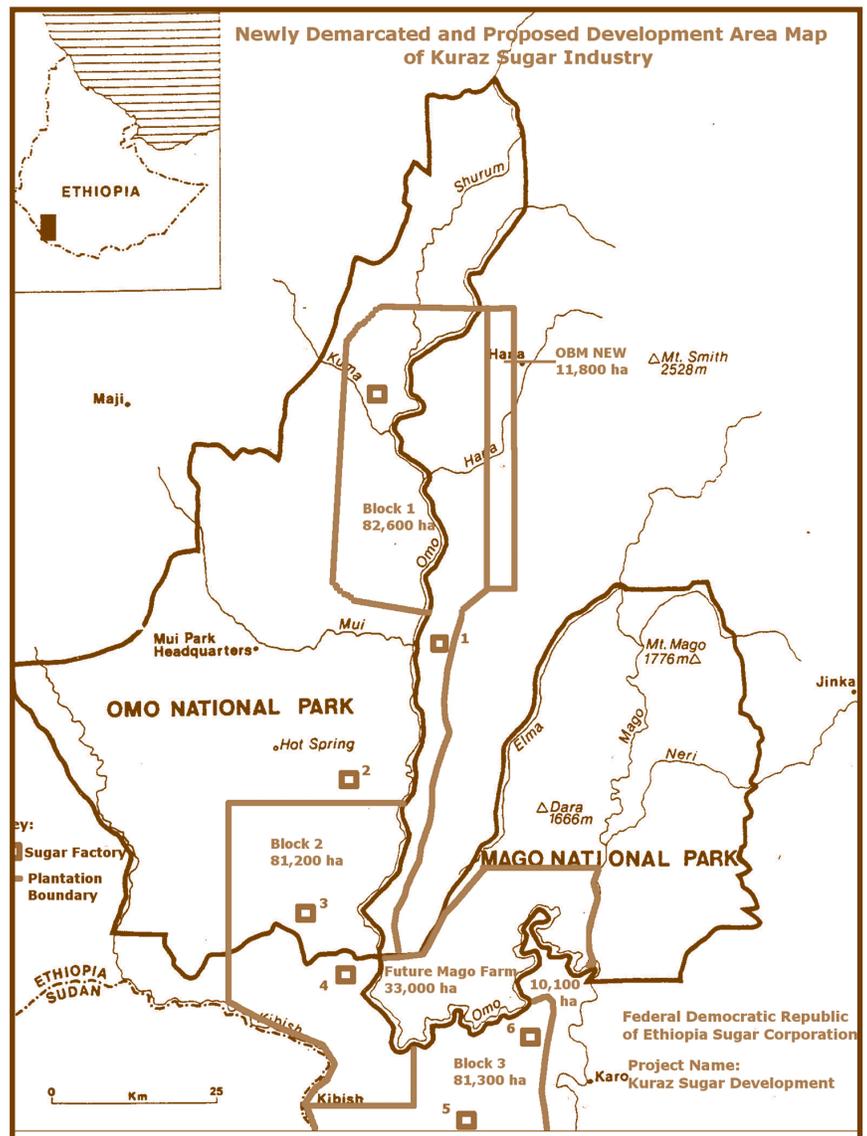
The development of the first block of the “Omo Kuraz Sugar Factories Project” started in May 2011 with road construction, site preparation, and camp development with plans for the development of six factories (at a reported cost of USD 225 million each). This development has begun in the Northern portion of the South Omo Valley. Tenders are already out for some of the required infrastructure.<sup>9</sup> All planned sugar plantation blocks are adjacent to the West bank of the Omo River encompassing some of the most important grazing and agricultural land for the local indigenous people. Information available shows a network of roads to be built

across the area including around 750 km of internal roads (in an area with virtually none at present) and two extensive irrigation canals that run the length of the Omo River.<sup>10</sup>

According to Ethiopia’s ambitious “Growth and Transformation Plan” (GTP) Ethiopia plans to increase its sugar production seven-fold from 314,000 tons (in 2009/10) to 2.3 million tons by 2015.<sup>11</sup> Approximately 1.2 million tons are intended for export (with the goal to achieve a 2.5% global share by 2017).

### Other Land Development Plans in the South Omo Valley

In addition to the state-owned sugar plantations, there are plans for another 15 land concessions, encompassing 111,000 ha in the South Omo area that have been awarded since 2008 – the vast majority of which are for cotton production.



Interestingly enough, while in Ethiopia's other regions, investments under 5,000 ha are administered by the regional governments, in the SNNPR *all* land investments appear to be administered by the federal government. Table 1 outlines the details of selected investments in the South Omo Valley.<sup>12</sup> According to information obtained by the Oakland Institute, 89,000 ha still remain available for further agricultural investment in the federal land bank.

**Table 1: Details of land investment deals in South Omo**

Name	Size (ha)	Purpose	Investor
Block 1	82,600	sugar	State-owned
Block 2	81,250	sugar	State-owned
Block 3	81,300	sugar	State-owned
Daniel Fasil Bihon*	5,000	cotton and grains	Diaspora
Lucci*	4,003	cotton	Ethiopian
Mela*	5,000	cotton	Ethiopian
Whitefield Cotton Farm*	10,000	cotton	Indian
Reta*	2,137	cotton and grains	Diaspora
Rahwa*	3,000	cotton and grains	Ethiopian
Tsegaye Demose Ag Development*	1,000	cotton, sesame and soybean	Diaspora
Tamil Hadgu*	5,000	cotton, seeds	Diaspora
Adama*	18,516	cotton	Diaspora
Other agricultural investments	57,695	NA	NA
Land available from Fed land bank	89,000		
<b>Total agricultural investment lands</b>	<b>445,501</b>		

\* contracts available at <http://media.oaklandinstitute.org/land-deals-africa/ethiopia>

The private contracts call for rent of 158 birr/ha (USD 9.30) over the 25 year life of the contract (payable to the federal Ministry of Agriculture and Rural Development), a requirement to submit an Environmental Impact Assessment (EIA) within 3 months of execution of the agreement, contract renewal procedures, and a requirement to develop at least 25% of land in the first year and 100% of land within 4 years. Despite these land development requirements, the current extent of land development is not known. These conditions/agreements presumably do not apply to the large state-run plantations.

In addition to Gibe III and industrial agriculture, other development plans include major road infrastructure with a proposed North-South road to act as a critical part of the Addis-Nairobi-Mombasa corridor while proposed East-West roads will strategically connect Ethiopia with emerging markets in South Sudan. Add to this, petroleum exploration of a 29,465 km<sup>2</sup> concession block currently focused in the Dassenach/Nyangatom area,<sup>13</sup> and a changing climate, and it is evident that the devastating impacts on the Valley's indigenous people and the land base upon which they derive their livelihoods are potentially irreversible.

## Who are the Investors?

Just one of the agricultural investments signed with the federal Agricultural Investment Support Directorate (AISD) is with a foreign company (India) – the rest are either Ethiopian or diaspora companies. While the 245,000 ha of sugar plantations are state-owned, India is playing a significant role in financing Ethiopia's growing sugar industry. The Indian Export-Import Bank has pledged USD 640 million of credit over five years for Ethiopia's sugar industry (at a low rate of 1.75% with five interest free years to be paid back in 20 years). However, one of the conditions of this credit is that at least 75% of the contract value of goods and services must be imported from India.<sup>14</sup>

## Human Rights Violations in the Name of Agricultural Development

Since early May 2011, the Oakland Institute has received reports from locals, during field visits as well as through phone/email communication, that the development of sugar plantation infrastructure has been accompanied by abuse from the Ethiopian Defense Forces (EDF) against local populations, instilling a sense of fear regarding any opposition to sugar plantation plans. This pattern of government harassment and human rights abuses is consistent with recent discoveries by journalists from the BBC and the Bureau of Investigative Journalists who have uncovered oppressive behavior by the EDF in other parts of Ethiopia with villagers who do not show support for the government.<sup>15</sup>

Local sources report that the EDF (occasionally with government officials) arrive at Omo Valley villages (and in particular Bodi, Mursi, and Suri villages) questioning villagers about their perspectives on the sugar plantations. Villagers are expected to voice immediate support, otherwise beatings (including the use of tasers), abuse, and general intimidation occurs. This pattern has been reported to the Oakland Institute research team from numerous villages and sources. Many arrests have been made in these villages with seemingly little cause. Sentences are swift and severe. OI, in the course of its fieldwork, discovered that the long-rumored resettlement of local pastoralists into more permanent villages is beginning. Those that are encountered outside of villages are told to relocate to the villages immediately. Villagers are being told to limit cattle numbers and the area their cattle graze in. There are also numerous reports of troops killing and confiscating cattle, among other forms of intimidation. Given limited access to the region it is difficult to assess how widespread these actions are presently but it is evident that these abuses are on the increase and are taking

place in the same areas and at the same time as state-run sugar plantation development is occurring.

“This is the end of pastoralism in southern Ethiopia.”

—*Suri pastoralist, May 2011*

## Industrial Agriculture: Who Benefits?

In addition to the human rights violations, there are numerous other social impacts from these developments on the 500,000 agro-pastoralists. One of the key benefits often voiced about commercial agriculture is wage employment. Several reports suggest that as many as 150,000 full-time/part-time jobs will be created through the plantation development<sup>16</sup> (although the number seems very high based on examples from other sugar plantations in Sub-Saharan Africa). There are concerns from the local and indigenous population that the majority of these jobs will be filled by outsiders from other parts of Ethiopia, and that this massive influx of newcomers into a relatively underdeveloped region will bring with it the suite of social problems seen in other similar situations – increased rates of prostitution, STDs, conflict, land degradation, and loss of cultural identity – in addition to the potential complete loss of livelihood for half a million people. This includes loss of access to grazing lands, areas of wild food harvest, loss of the ability to grow food along the Omo River, sacred/culturally significant lands, and water sources, with no indication of how these livelihoods will be replaced.

Several of these villages were told by the EDF that they need to end their pastoral ways and settle in one place, and that when settled they can either work on the sugar plantations or become outgrowers. There is nothing voluntary about this resettlement, or the sudden shift from agro-pastoralism to more sedentary forms of agriculture. Anecdotally, the areas where they have been told to permanently settle in are dry and arid although the government has claimed they will deliver water to the villages for people and their cattle. Such an involuntary and rapid shift from one livelihood to another can have devastating consequences at multiple levels unless proper steps are undertaken to ensure a smooth transition. Experience elsewhere in Ethiopia shows that these steps are not likely to be taken. Mr. Abera Deressa, from the Ethiopian Commodity Exchange sums up the government perspective regarding pastoralism: “...at the end of the day, we [do] not really appreciate pastoralists remaining in the forest like this....pastoralism is not sustainable...we must bring commercial farming, mechanized agriculture, to create job opportunities to change the environment.”<sup>17</sup>

## Sacrificing National Parks

It is also clear that a significant percentage of the 245,000 ha of state-owned sugar plantations lies within the boundaries of the internationally renowned Omo National Park – one of two national parks in the Lower Omo Valley. Information publicly available shows that approximately 90,000 ha of the plantations fall within Park boundaries.<sup>18</sup> Other sources suggest that between 30,000 and 40,000 ha of the other national park in South Omo – Mago National Park – are to be given to investors in the future for industrial agricultural development. Combined, these two areas represent approximately 130,000 ha of National Park turned over to industrial agriculture. The clearing of 130,000 ha of prime natural habitat and culturally critical grazing lands has further detrimental impacts on the livelihoods of the South Omo indigenous peoples. It also shows a disregard for areas of outstanding ecological or cultural value as Ethiopia rushes to convert land to industrial agriculture.<sup>19</sup> These National Parks are areas that the government saw fit to protect in the past, and (in the case of Omo) is recognized as a UNESCO World Heritage Site.

“About jobs on the sugar plantation: I never accept that benefit, not for us. You give me 1 billion birr and I would still rather have my cattle. That is who we are.”

—*Bodi pastoralist, May 2011*

## The Future

The impact of current developments in South Omo is difficult to overestimate. If these projects are implemented as planned, livelihoods of some 200,000 indigenous agro-pastoralists of the Lower Omo River and another 300,000 indigenous people who rely on the waters of Lake Turkana will be destroyed forever. Current developments violate the basic rights of these populations and will have irreversible consequences for them. It is to be expected that these people will join the cohorts of over 13 million Ethiopians who already rely on international assistance for their survival.<sup>20</sup>

This travesty in the name of development is taking place as the Ethiopian government continues to receive massive financial and political assistance from donor countries. In fact, Ethiopia is one of the largest recipients of US aid in Africa – with United States being the largest donor to Ethiopia. Average US aid to Ethiopia is \$600 million a year,<sup>21</sup> far more than any other donor.

Ethiopia is also an important ally of the US in the “global war on terror,” which led US-backed Ethiopian troops to invade Somalia in 2006.<sup>22</sup> The United States, however, cannot and should not turn a blind eye to the massive human rights violations resulting from land grabs in South Omo as well as in other regions of Ethiopia.

Often heard is the argument that current projects are the way to develop the country and move Ethiopians out of poverty and hunger. This goes against the basic facts and evidence

showing growing impoverishment experienced on the ground. These developments also, sadly, annihilate years of investment by USAID and other donors to support the rights and the livelihoods of pastoralists in Ethiopia.<sup>23</sup>

Without significant and timely intervention, the rich cultural traditions of these people will be gone forever, raising immediate questions about their future livelihoods and identity. As one Suri pastoralist puts it “This is the end of pastoralism in southern Ethiopia.”

The views and conclusions expressed in this publication are opinions of the Oakland Institute alone.

## ENDNOTES

- 1 Meles Zenawi, 13th Ethiopian Pastoralist Day speech, January 2011.
- 2 International Rivers, “Ethiopia’s Gibe 3 Dam: Sowing Hunger and Conflict” [http://www.internationalrivers.org/files/Gibe3FS\\_051509final.pdf](http://www.internationalrivers.org/files/Gibe3FS_051509final.pdf) (Accessed March 2011).
- 3 BBC News, “The dam that divides Ethiopians” March 26, 2009, <http://news.bbc.co.uk/2/hi/africa/7959444.stm> (Accessed July 2011).
- 4 African Development Bank Group, “Hydrological impacts of Ethiopia’s Omo basin on Kenya’s Lake Turkana Water Level and Fisheries of Gibe III on Lake Turkana” [http://www.friendsoflaketurkana.org/images/docs/report\\_nov\\_2010\\_s\\_avery\\_turkana\\_small\\_file.pdf](http://www.friendsoflaketurkana.org/images/docs/report_nov_2010_s_avery_turkana_small_file.pdf) (Accessed June 2011).
- 5 Due to the potential environmental and socio-cultural impacts from this dam and the pressure brought about by international NGOs, the government of Ethiopia has had difficulty finding significant funders.
- 6 Please see [http://www.friendsoflaketurkana.org/index.php?option=com\\_content&view=article&id=60&Itemid=31](http://www.friendsoflaketurkana.org/index.php?option=com_content&view=article&id=60&Itemid=31) for more information related to the dam, the likely impacts, and the international response.
- 7 Proclamation No. 504/2006 <http://www.ethiopia.gov.et/English/MOTI/Information/Pages/EthSugarDevelopment.aspx>, (Accessed June 2011).
- 8 For example the Ethiopian Waterworks Design & Supervision Enterprise (EWDSE), the Southern Ethiopia Design & Supervision Enterprise (SEDSE), and the Metal and Engineering Corp (MetEC), see <http://allafrica.com/stories/201106281072.html> for more information.
- 9 FDRE Sugar Corporation, “Invitation for the Construction of Plant Tissue Culture and Micro-propagation Research & Development Centers at Kuraz (near Omo or Jinka) site” <http://www.2merkato.com/latest-ethiopian-tenders/2011/07/14/16883> (Accessed July 2011).
- 10 Zewdie, Workineh, “Omo Kuraz Sugar Factories Project Kicks Off,” <http://allafrica.com/stories/201106281072.html>. (Accessed July 2011).
- 11 Government of Ethiopia’s Growth and Transformation Plan 2010.
- 12 The actual contracts for eight of these land investments can be found on the OI’s website at <http://media.oaklandinstitute.org/land-deals-africa/ethiopia>.
- 13 Ironically, the block’s former 100% owner White Oil Ltd sold many of its East African oil holdings in order to focus on commercial agricultural. White Oil Ltd has however retained a 20% stake. The concession is owned by a consortium made up of Africa Oil Corporation (30%), Tullow Oil (50%) and White Nile (20%). The same geological basin is also being explored on the Kenyan side of the border by the same company. Concession information can be found at <http://www.africaoilcorp.com/s/Ethiopia.asp?ReportID=352253>. This company also has 4 concession blocks in the Ogaden, where various human rights atrocities have taken place under the guise of counter-insurgency against the ONLF. See <http://www.hrw.org/en/features/ogaden-war-crimes-ethiopia-o> for more information. Concession info at <http://www.africaoilcorp.com/i/pdf/PPT-April2011.pdf>.
- 14 Ethiopian Investor, “Ethiopia to release USD 91 million Credit Line” [http://www.ethiopiainvestor.com/index.php?view=article&catid=69%3Aarchives&id=2119%3Aindia-to-release-usd-91-million-credit-line&tmpl=component&print=1&page=&option=com\\_content&Itemid=88](http://www.ethiopiainvestor.com/index.php?view=article&catid=69%3Aarchives&id=2119%3Aindia-to-release-usd-91-million-credit-line&tmpl=component&print=1&page=&option=com_content&Itemid=88) (Accessed June 2011).
- 15 See the BBC’s article: “Ethiopia ‘using aid as weapon of oppression’” <http://news.bbc.co.uk/2/hi/programmes/newsnight/9556288.stm> (Accessed 1 September 2011).
- 16 See for example: Zewdie, Workineh, “Omo Kuraz Sugar Factories Project Kicks Off,” <http://allafrica.com/stories/201106281072.html>. (Accessed July 2011).
- 17 BBC interview with Mr. Abera Deressa, Ethiopian Commodity Exchange, November 2010.
- 18 As compared to the map at: [http://www.mursi.org/images/map-03.gif/image\\_view\\_fullscreen](http://www.mursi.org/images/map-03.gif/image_view_fullscreen).
- 19 The same has been done in nearby Gambella, where the area encompassing Gambella National Park has almost completely been given to agricultural investors.
- 20 This figure includes 8 million people receiving aid through the Productive Safety Net Programme and 5 million people receiving humanitarian aid every year since 2008.
- 21 2005-2009 average, 26 percent of total international aid.
- 22 According to Wikileaks cables, the US pressured Ethiopia’s President Meles Zenawi to invade Somalia. This is consistent with the fact that the US has been providing military aid and training to Ethiopian troops for a number of years.
- 23 Regional Learning and Advocacy Programme for Vulnerable Dry Lands Communities (REGLAP), “Addressing Chronic Food Insecurity in the Horn of Africa: Good Practice Identified but Commitment Needed?” 2010.