



UNDERSTANDING LAND INVESTMENT DEALS IN AFRICA

SAUDI STAR IN ETHIOPIA

LAND DEAL BRIEF | JUNE 2011

Background

Saudi Star Agriculture Development Plc, owned by Saudi-Ethiopian billionaire Mohammed Al-Amoudi, acquired 10,000 hectares of land along the Alwero River in the Gambella region of Ethiopia.

Saudi Star's 60-year, 10,000-hectare (ha) lease came free of land rent. This cost incentive fueled the company's planned acquisition of 500,000 ha of land in Gambella and other states to grow a projected 1 million tons of rice, as well as maize, teff, sugarcane and oilseed.

Rationale Behind the Lease

Saudi Star has emphasized they will use specialized techniques to decrease the amount of water required for rice farming. They also stated that while the rice they produce is primarily for export, rice that is not of export quality (less than 7 mm) would be sold on domestic markets.

Ground Reality

Because of Saudi Star, forests have been cleared, farmland has been lost, and there are plans to dam the Alwero River. Many of the communities impacted by the land deal are being targeted for forced relocation and have no land tenure security over their ancestral lands. The people of these regions must now compete with an influx of laborers and farmers from the highland areas of Ethiopia, furthering competition over land.

According to the Gambella Investment officials, Saudi Star would not be given land in tourist areas, forest reserves, protected regions or pre-existing farms. Upon further questioning, officials continued to assert that there are no reserves or tourist areas in the region. In fact Saudi Star has largely cleared an area that was commonly understood to be a part of Gambella National Park, but which was never formally gazetted. The Ethiopian Wildlife Conservation Authority (EWCA) estimates that some 438,000 ha of land have been awarded to investors, in early 2008 in the vicinity of the Gambella National Park, all without Environmental Impact Assessments. Wetlands, with abundant fish populations and birdlife, are presently being altered for rice production while extensive forest cover in nearby areas has been completely cleared.

Food Security & Livelihoods: The land now controlled by Saudi Star has economic and historical significance for local people. In Podeki, farms along the riverbank produced maize for local consumption using shifting cultivation techniques.



Villagers also used the now-cleared forest area for gathering food, fuel and medicines in times of food insecurity. During the Anuak massacre in 2003,¹ the forests were used by the Anuak for protection. One village elder described the significance: “The forests protected our children during times of war.”

One of the purported benefits of large-scale commercial agriculture is the creation of a large number of jobs. Saudi Star stated it would need 4,000-5,000 employees for operations in Ethiopia. However, their numbers mask the seasonal and short-term nature of any jobs that would be created. Today, smaller farms like one 500-ha sesame farm visited by Oakland Institute researchers employ up to 900 people on a seasonal basis (approximately three weeks total). As a comparative measure, these jobs constitute approximately 50 full-time positions.

Water Issues: Saudi Star intends to build 30 kilometers of canals to transport water from the Alwero river to its fields. It also plans to build a dam on the Alwero to increase the total amount of water available for irrigation. No formal

Environmental Impact Assessments (EIAs) have been undertaken for determining the impact of these activities on local and downstream communities. So far, the dam is broadly projected to limit local communities’ fishing and fresh water supply as well as their ability to use the river as a method of transportation. There are still no calculations of the impact on the millions who live further downstream both within Ethiopia and outside. Undertaking the project without an impact assessment risks increased tension and heightened conflict between Ethiopia and its neighbors.

Resettlement & Compensation Issues: Several small villages (including Oriedhe and Oridge) within the lease area were told to relocate to Pokedi, a village of about 1,000 people across the Alwero River from Saudi Star’s operations. While the Gambella’s regional government maintains that these relocations are voluntary, members of one village informed the Oakland Institute that if they did not move, “the federal police would arrest us.” The vast majority of villages consulted stated that they did not want to relocate but were compelled to move by the government.

The history of resettlement and “villagization” in Ethiopia is politically charged, long, and controversial. The process is being undertaken again – this time in the same place as commercial land investment. Lands currently in the federal land bank and land investment marketing efforts are predominantly in the Benishangul, SNNPR, and Gambella region. Regional government officials told the OI research team that *all* indigenous peoples in Gambella and Benishangul (approximately 45,000 households in Gambella and 90,000 households in Benishangul) are being relocated from their ancestral lands to small villages of 400-500 households.

The first relocations in Gambella were occurring just as the research team visited the area. The vast majority of villages consulted stated that they did not want to relocate but were compelled to move by the government. One of the major fears expressed is the lack of food at the new locations, with their farming impacted. Currently, villagers grow food on permanent plots along the river and use shifting cultivation techniques on higher ground to grow maize. This shifting cultivation, together with fishing and harvesting of forest resources, provided buffers against times of food insecurity. With the relocations, their only buffer will be food aid from the government.

At least one village was told not to worry about food. If no food was available the government would provide it. This puts the very survival of these villagers in the hands of a regional government that has limited budgets, capacity, and is prone to the shifting priorities of regional politics.

“There will be no food. They say there will be lots of water, small place for tukuls, and backyard for vegetables. They said they will provide relief food for the rest, but they never keep their promise, and here we can grow our own food. We will not go. They will have to kill us first.”

It is also evident that the cultural identity of indigenous groups in Gambella and Benishangul will be changed forever. Their cultural identities are intimately connected with their ancestral lands, their forests, and their patterns of food production. These forced relocations will erode their cultural identities, their self-reliance, and their food security strategies. These villagers are frustrated, angry, and nervous about the future.

¹ See HRW report at <http://www.hrw.org/node/11813>

“Haile Salassie was bad, Derg did the resettlement which was also not good, but it was never like this. They never forced us to leave. See this big forest behind us, during the massacre people hid there. Now it will be gone. What is the future for our kids? They will be slaves. The worst part is the people did not come here to talk to us. If they did we could have told them this is our ancestral land.”

— A villager in one of the leased areas.

Lack of Governance and Consultation: Neither the government nor Saudi Star consulted villagers that would be impacted by the project. Instead, villagers were notified their land had been “leased” only when bulldozers arrived onsite. Lands around the Saudi Star concession were also leased to small-scale domestic investors. These investors have frequently cleared the forests used by the generations of local people in order to sell the wood for charcoal.

Gambella lacks a formal system of land tenure and property rights. Thus, when villagers voiced dissent about the clearing

of their ancestral lands, they were notified, “You don’t have land, only the government has land.”

The village of Podeki serves as an example of the consequences of Saudi Star’s operations. Domestic investors are encroaching on land to its north side while Saudi Star has cleared the land to its south. The damming of the Alwero river will affect the village’s local industry just as it receives a population influx from relocated communities. Combined with ongoing raids by neighboring tribes, Podeki’s economic and social future looks bleak.