Size, Distribution, and Practices of Large-Scale Agricultural Investment in Ethiopia: Past and Present

Amanuel Kussia*, *Degefa Tolossa**and ***Esubalew Abate**

Abstract

The main aim of this study is to systematically analyze the size, distribution, and practices of large-scale agricultural investment (LSAI) in Ethiopia between the 1950s and 2000s. This period coincides with the Ethiopian modern regimes of Emperor Haile Selassie I, Derg, and the Ethiopian People's Revolutionary Democratic Front (EPRDF). This article is based on both primary and secondary data obtained from various sources and complemented by data collected through interviews. Particularly, a systematic review of the pertinent literature was carried out to understand the issue at hand. LSAI was founded and grew in size and number during the Imperial regime, but they were crushed by the successor government, which followed a socialist development model. However, such investment was invigorated by the EPRDF regime, got a new identity, and became an integral component of its economic development policies and strategies. Lowland areas occupied by pastoralists and agro-pastoralists have been the focus of the three regimes. Even if LSAI is significantly increased in terms of number, size, type, and distribution, especially during the EPRDF era, its benefit to the country and local people has been an area of debate and empirical investigation. Provided that there is a growing pressure on the land and livelihood systems of the local people, serious attention should be given by all development actors to the issue of LSAI.

Key Words*:* Large-scale agricultural investment, magnitude, Haile Selassie, Derg, EPRDF, Ethiopia

*Ph.D. candidate at Addis Ababa University, College of Development Studies, Centre for Rural Development; P.O.Box 5648, Ethiopian Civil Service University, Addis Ababa, Ethiopia; E-mail: amankussia@yahoo.com or yayatolla@gmail.com; Phone No. +251 911 823534

**Ph.D. Associate Professor of Geography and Development Studies at Addis Ababa University, College of Development Studies, Centre for Rural Development; P.O. Box 150229, Addis Ababa, Ethiopia; E-mail: degefatd@gmail.com or degefa.tolossa@aau.edu.et; Phone: +251 911899660.

***Ph.D. Assistance Professor at Addis Ababa University, College of Development Studies, Centre for Rural Development; P.O. Box 1176, Addis Ababa University, Addis Ababa, Ethiopia; E-mail: esubalewabate@gmail.com; Phone: +251 911407956.

1. Introduction

In Ethiopia, as it is factual in developing countries, natural capital plays a crucial role in economic growth and the development of the country. Ethiopia is a highly agrarian nation and the agricultural sector, which profoundly depends on this capital, has been a major contributor to the Gross Domestic Product (GDP), employment, food security, and exports in the country (ATA 2016). The sector is a foundation of the Ethiopian economy and the livelihoods of the people (Bereket 2014). Amdissa (2006:1) clearly notes that "those who went to school 50 years ago read about it, wrote about it, and the present generation does the same". The implication of this account is that Ethiopia is unable to transform the sector in a way that changes the plight of its people and fundamentally contributes to the economy. Rather, the country has been handing down this cliché from generation to generation and from one government to another. However, since the reign of Emperor Haile Selassie I, Ethiopia has been trying to hasten the transformation of its agricultural sector from smallholder subsistence farming to commercial based agriculture through large-scale commercial farming, yet with gainsay approaches of the regimes.4

Emperor Haile Selassie adopted a capitalist development approach that was often judged as urban-biased and gave little attention to the agriculture sector, in spite of its significance in driving economic growth and development (Ofcansky and Berry 1991). The Imperial regime perceived industrialization as the sole engine of high economic growth (the central thesis of modernization theory) and a short-cut pathway to bring structural and economic transformation to the country (World Bank 2000). The regime promoted large-scale commercial farms for the purpose of feeding a growing urban labor force, supplying raw materials for the industrial sector, and generating foreign currency (Cohen 1987). Large-scale commercial farming, thus, became one of the pillars of the Imperial regime's development policy and strategy. Particularly, during the 1960s, there was a rapid expansion of

4Likewise, we have used terms "regime" and "government" interchangeably.

private large-scale commercial farming in the lowland areas of the country, mainly in the Awash Valley and Setit Humera (Kline and Donahue 1969).

A military government called the "Derg"5 that purged the Imperial regime and took power in 1974 had reversed the development policies and strategies of the former government. The Derg adopted an entirely converse development approach, arguing that the eradication of poverty and capitalist exploitative systems can only be possible through nationalization that can be accomplished through state intervention in, and control over, the economic system as well as making the state an ultimate representative of the Ethiopian people (Henze 1985). However, the Derg, like the Imperial regime, adopted an industry-led development strategy (albeit a socialist one) that saw smallholder peasant agriculture as backward, inefficient, and powerless to take advantage of economies of scale, and thus a barrier to the country's long-term industrial development. Accordingly, the Derg created large-scale mechanized state farms through confiscation and nationalization of all private commercial farms of the Imperial regime (Dessalegn 2009; Firew 2015), based on the Moscow Sovkhoz Model (Henze 1985). Besides these farms, the regime adopted an expansionary policy to establish new farms and considerably increased the agricultural area and the number of state farms (Chala &Terefe, 2015). In general, by the end of the 1980s, despite tremendous attention and an enormous public resource injection into state farms, almost all of them were found to be bankrupt (Dessalegn 1984; Cohen 1987; Girma 1987).

The Ethiopian People's Revolutionary Democratic Front (EPRDF) led regime which came to power in 1991 had introduced a range of political and economic reforms for the purpose of transforming the economy of the country except changes in the land issue where the state retained ownership of the land (Sharp et al. 2007; Dessalegn 2009). Unlike previous regimes, the new government had maintained a strong position in favor of smallholder agriculture by encouraging agricultural intensification in such a way that thrive smallholder farmer’s productivity (Sharp et al. 2007). The

5 Derg is an Amharic term referring to a ‘committee of soldiers’

government's strong focus on smallholder agriculture is unequivocally specified in its long-term development strategy known as the 'Agricultural Development Led-Industrialization (ADLI)'. The regime had given due attention to large-scale agricultural investment since the 1990s, where it devised various policy and legal frameworks as well as incentive packages to create a favorable investment climate and attract private investment into the agricultural sector (MAI 2012; Dessalegn 2011). Consequently, the government has leased millions of hectares of land to both domestic and foreign private investors.

Various scholars have studied the issues of LSAI in Ethiopia at different times. However, their works were scattered across literature (books, journal articles, reports, etc.). This has created serious difficulties for readers and the younger generation of researchers to access the writings and deeply understand the historical background of LSAI in Ethiopia. This implies that there is an urgent need to bring these works together in such a way that assists the new generation of readers and researchers to access the materials in a combined document and save their time, effort, and money. Moreover, there are significant discrepancies (mainly, during the EPRDF regime) in data reported by various researchers and organizations on the size[6] and distribution[7] of the investment in the country. This also calls for the collection of data from a variety of sources in ways that close this gap and provide up-to-date information on the issue of LSAI. It is in line with this background that this article seeks to examine the size, distribution, and practices of large-scale agricultural commercial farming in Ethiopia over the last six decades. This article tries to answer the following research questions: how much land was allocated to large scale commercial framing during the Imperial, Derg, and EPRDF regimes? Which areas of the country were targeted for LSAI during the three regimes? How did the regimes govern investment land and

6 Size in this study refers to the area of land (in hectare) allocated to large scale agricultural investment projects in the country during the Imperial, Derg, and EPRDF regimes.

7 Distribution of LSAI in the context of this study refers to the location and spread of the investment over different areas of the country during the Imperial, Derg, and EPRDF regimes.

projects? What were the profiles of the investors and number of licensed projects during the three regimes?

We argue that if LSAI is cautiously managed and integrated into smallholder farming, it is vital to modernize and transform the national economy in general and the rural economy in particular. However, we also argue that even if a political factor plays a key role in resource allocation, it should not be used as a controlling and exploitation instrument to annihilate the livelihoods of the weakest segment of society in the name of investment.

2. Methods

To address the aforementioned questions, we have used extensive secondary and primary data obtained from various sources and carried out a systematic review of the pertinent literature. This article employed a descriptive type of research design given that it aims to portray the size, distribution, administration, and nature of LSAI in Ethiopia. Secondary data were gathered from the Ethiopian Investment Commission (EIC), Federal Horticulture and Agriculture Investment Authority (FHAIA), and Oromia and Gambella regional states investment commission authorized sources. Data were presented using tables and figures and analyzed through descriptive methods. Primary data were also acquired via interviews that were held with experts working at the federal (four) and regional (four) levels. The data collected via interviews were analyzed using content analysis. Moreover, secondary data (on the size, distribution, and practices of LSAI during the three regimes) were acquired from a number of sources such as scientific journal articles; books; working papers; policy, plan, and program documents; reports of government and non-governmental organizations; proclamations; electronic materials; and other related documents. A systematic review of the literature was also used to synthesize the size, distribution, and practices related to large-scale agricultural farming in Ethiopia.

3. Results and Discussion

3.1. Practices, size, and distribution of large-scale agricultural investment during the Imperial regime

The Imperial government was the first participant in commencing large-scale farming, where it owned pilot state and research farms based on the Yugoslav farming model. This practice of the state had encouraged the establishment and expansion of private commercial and state farms in various areas of the country (Habekiristos 2016). After the Imperial regime paved the way, large-scale commercial farming took a variety of shapes and forms in terms of structure, scale, and orientation based on the theoretical, legal, and policy changes of the regime. On the whole, the Imperial regime's investment policy that allowed importation of agricultural inputs, equipment, and tools such as fertilizers, pesticides, tractors, harvesters, and fuel-free import duties had decidedly encouraged the quick growth of large-scale commercial farming (mainly, in the form of Foreign Direct Investment) in Ethiopia (Dessalegn 2009). The Imperial regime's policies that emphasized export promotion and import substitution and, later, the development of irrigated agriculture around the Awash Valley and the Tekeze River encouraged the expansion of large-scale commercial farming in Ethiopia (FAO 1965; Emmanuel 1975).

Besides, Proclamation No. 51, which extended incentive packages to domestic investors, had encouraged new local capitalists emerging from regional nobles (Kline and Donahue 1969). In general, the Awash and Rift valleys, Setit Humera basin, and the then Arssi province were the areas that attracted the attention of both foreign and domestic investors during the 1960s (Dessalegn 2009). Initially, high priority was given to the development of the Awash Valley via mechanized agriculture due to its eminent potential for irrigated agriculture (172,000 ha of land, of which 24,000 ha is found in the Upper, 78,000 in the Middle, and 70,000 in the Lower Valleys) (Addis & Hailue n.d.); favorable location close to the major domestic markets; and transportation facilities (Kloos 1982).

The Dutch HVA was the first foreign company to install its earliest sugar plantation in 1954 in the Upper Awash at Wonji and expanded its sugar estates in 1960 and 1965 to Shoa and Metahara, respectively (Desta 1979;

Kloos 1982; Michael and Sileshi 2007; Asebe 2016). The company was granted a concession of 5,000 ha of land in the Wonji plain and got an extra 1,600 ha of land in Shoa, and a concession of 11,000 ha of land in the Metahara flood Plains (Michael and Sileshi 2007). The company had a major investment share (almost 80%) in the sugar industry in the country. The company was initially set up as a joint venture with the Imperial government, though some evidence indicates that the company was exclusively owned by the Dutch investor (Bondestam 1975). Albeit the company introduced modern farming to the country, tried to meet the ever-increasing demand of the people for sugar, and greatly reduced the country's dependence on the importation of sugar, it was highly criticized for being capital intensive, capital flight, insensitive to the local employment and environment (chemical discharge to the river and air), paying extremely low wages (1-2 Birr a day – payment for survival purpose rather than labor contribution) and stagnant wage for over a decade (Bondestam 1975). Most of all, the HVA Sugar Cane Estates were condemned for taking the grazing land from the pastoralist communities, and displacing them without compensation (Kloos 1982; Nicol *et al.* 2000). This event mainly blocked pastoralists' access to grazing land and water points and fueled inter-conflict in the Awash Valley basin, mainly due to the scarcity of resources during dry seasons (Nicol *et al.* 2000). This implies that the investment was not carried out in such a way that considered local context, livelihoods, and involved the local community before, during, and after the commencement of the project.

A company named the Tendaho Plantation Share Company, with a share of nearly 2.5 million dollars, was established as a joint venture between the Imperial regime and a British firm called Mitchell Cotts at the end of the 1950s. The company was granted virtually 10,000 ha in the Lower Awash Valley of Dubti, Dit Bahari, and Logia areas, yet it utilized only 5,800 ha of land (Nicol *et al.* 2000). The company promised the Imperial regime to satisfy the total local demand for cotton and increased its production from 2,000 metric tons to 8,000 metric tons between 1959 and 1969, albeit the importation of the cotton continued due to high local demand for cotton consumption (Kloos 1982). The company was one of the booming private commercial enterprises of the time (Kline and Donahue 1969) that harvested

net profits of all but 67% of the value of the production in one year, 1973 alone (Bondestam 1975).

The Tendaho Plantation Share Company had adopted an out-grower business model, where the smallholders in 1966 supplied roughly 30,000 quintals of raw cotton to the company (Kloos 1982). This indicates that the company had benefited the local community (mainly the settlers) residing within the vicinity of the catchment area. The introduction of modern commercial farming in the Lower Awash Valley also encouraged the local people (mainly the Malokti - those who have control over and access to land and water resources in the Afar community) to commence and practice such farming and become capitalist farmers (Nicol et al. 2000). In particular, the Lower Awash Valley was considered as the property of the Awssa fiefdom, who (the Sultan) exercised control over the land within his territory and eventually transformed himself into a giant capitalist via modern commercial farming (cotton plantation) (Dessalegn 2009). However, like the Dutch HVA,the British firm Mitchell Cotts and company paid awfully low wages (1 Birr a day) for daily laborers, while it remunerated the highest wage (80 Birr a day), mostly to foreigners (Bondestam 1975).

After the Dutch and British, Italian and Israeli companies got access to the Awash Valley via concessions. In general, the Dutch, British, Italian, Israeli firms acquired 10,840, 8,200, 2,000, and 2,800 hectares, respectively, of cultivated land in the Awash Valley (Desta 1979). To administer the natural resources of the Awash Valley in general and facilitate the inflow of foreign direct investment (FDI) into the agricultural sector and land allocation to investors, the Imperial regime established an institution called the Awash Valley Authority (AVA) in 1962. Following this, by 1971, the authority had managed to lease 31,000 hectares to foreign investors in the Awash Valley. Shortly after three years, the total land leased to investors in the area reached 52,270 ha – 11,200, 9,860, and 31,210 ha in the Upper, Middle, and Lower Valleys, respectively (Desalegn 2009) (see Table 1). However, Markakis (2011) estimated the size as 60,000 ha and Kloos (1982) as 57,500 ha, showing the incongruity of data. Other sources indicated that the total amount of land cultivated in the valley comprised medium-sized commercial farmers and out-growers (smallholder farmers) but the exact number of such farmers

and their respective farm size were unidentified (Dessalegn 2009). Nevertheless, according to some evidence, large-scale commercial enterprises held 57% of the total cultivated land; medium-sized enterprises held 10%, and the remaining 33% were held by out-growers (AVA 1971). Moreover, about 20,000 hectares of cultivated land in the Valley were controlled by the Ali Mirra, of which nearly 25% comprised mechanized farms (Kloos 1982; Dessalegn 2009). Table 1, as adapted from Dessalegn (2009) based on the AVA, summarizes the total area of land cultivated in the Awash Valley up to the beginning of the 1970s.

Table 1. Area Cultivated by Investors in the Awash Valley Basin (in hectare)

Upper Valley		Middle Valley		Lower Valley	
Farm	Area	Farm	Area	Farm	Area
Wonji	7000	Abadir	2800	Logia	140
Tibila	800	Metahara	4000	Dubti	6500
Nura Era	2600	Melka Sedi		Dit Bahari	5560
Others	800	Amibara	2100	Assaita	
		Awara Melka	560	Berga	18200
		Kesem-Kenena	400	Others	810
Total	11,200	Total	9,860	Total	31,210
Grand Total (All farms)			52,270		

Source: (AVA, 1971 cited in Dessalegn, 2009, p.88)

The major types of crops produced in the Awash Valley include cotton seed and sugar cane (by large-scale mechanized farms and out- growers); and fruits, maize, and wheat (by small and medium farms). As far as jobs created by operating firms are concerned, Bondestam (1975) estimated that 75,000 seasonal and 50,000 permanent jobs were created in the Valley as a whole. Besides, about 20,000 highland settlers participated in the Valley's investment (mainly in the Middle and Lower Valley) as out-growers, contact farmers, and tenants (Bondestam 1975). However, almost all of the beneficiaries of employment (seasonal and permanent) came from other areas of the country and occupants of the Awash Valley (the Afar and Kereyu) were entirely missing from the job creation schemes (Dessalegn 2009). Furthermore, the expansion of mechanized agriculture displaced more than 20,000 pastoralists in the Awash Valley. It also adversely affected the

livelihoods of the inhabitant community by reducing livestock forage resources, blocking seasonal migration routes, and jamming access of the pastoralists to the livestock watering points (Kloos 1982; Nicol *et al.* 2000).

Large-scale commercial farming was commenced in the Awash Valley and quickly expanded in the area without the knowledge, consent, and compensation of the pastoralist community (Dessalegn 2009). This was mainly owing to the Imperial regime's denial of land ownership and rights to the pastoralist community. During the Imperial regime, all laws, including the constitutions of 1931 and 1955, considered pastoralists' land as 'unoccupied land' or 'no man's land' and so declared it as the property of the Imperial government. For example, Article 130 sub-article 'd' of the 1955 constitution declares "all property not held and possessed in the name of any person, natural or legal, including all land in escheat, and all abandoned properties, whether real or personal, as well as all products of the sub-soil, all forest, and all grazing lands, water resources, lakes and territorial waters, are state domain." Even if land in highland areas of the country was considered as private property, the communal land of the pastoralists was conceived as state property showing a clear discriminatory and marginalization policy of the Imperial regime. The successor regimes of the Imperial government had adopted the same policy of considering pastoral communities' land as 'unoccupied' and/or 'ideal' and vastly promoted large-scale commercial farming in these areas of the country.

In general, in the mid-1960s, the number of large-scale commercial farming was limited and the scope was also restricted to the Awash Valley and some constricted lines of the Setit Humera basin around the Sudanese border (Ottaway 1976). However, by the late 1960s and early 1970s, such farming was expanded to the Rift Valley, Arissi province (Chilalo district), the vicinity of Addis Ababa (such as the Ada district), and Kaffa province, where coffee plantations were being changed into modern commercial enterprises (Ottaway 1976; Dessalegn 2009). At the end of 1974, on the eve of the downfall of the Imperial era, there were about five thousand large-scale commercial farms in Ethiopia, covering up three-quarters of a conceivable million hectares (Ottaway 1976).

Setit Humera, which is located on the borders of Gonder, Eritrea, and Sudan, was identified as one of the most potential agricultural development areas for production of the export commodity in the early 1960s. The area comprises 782,000 ha of land (of which over half, that is, 420,000 ha was believed to be arable land) and has traditionally been used by pastoralists, both native and transitory (Dessalegn 2009). In the early 1960s, commercial farming was started and swiftly stretched in the area by mechanized farmers and smallholder ox-cultivators that came from the highland areas of Gonder and Tigray. By the early 1970s, about 72% or 300,000 ha of the total arable land was under cultivation. In particular, 58% (176,000) ha of cultivated land was managed by modern mechanized farmers and the remaining 42% (128,000 ha) was plowed by ox-cultivators. The majority of the land (45%) was devoted for production of the export commodity (sesame seed), 12% to cotton, and 35% to sorghum that was either consumed or locally marketed (Dessalegn 2009). The Setit Humera agricultural scheme played a major role in the country's export performance (it contributed 75% of the total exports).

The Rift Valley8 was also one of the implausible agricultural mechanization areas in the country. Some evidence shows that there were more than 150 commercial farmers, of which large-scale commercial farming (both rain-fed and irrigated, state and private) was carried out on the 20,000 ha of land (Gillian 1974). Pulses, cotton, maize, sisal, sorghum, fruit, and pepper were the main frequently produced crops in the area (Getachew 2007; Asebe 2016). For example, the Imperial regime established Arba Minch State farm in 1958 for cotton plantation (Asebe 2016). However, the investment had resulted in the confiscation of Guji community from their pastoral land and the displacement of some Gamo peasants from their farmland. Moreover, the farm had ignited and exacerbated an inter-ethnic conflict between Guji and Gamo communities (Asebe 2016). Overall, the Imperial regime was unable to transform the Ethiopian economy through large-scale commercial farming as envisaged in its policy and strategy documents (Adams 1970; Cohen 987; Dessalegn 2009).

8Which was extended from the Meqi and Zwai areas and went through the vicinity of Shashemene and Hawassa expanses, Billate river basin, and patted Arba Minch.

3.2. Practices and magnitude of large-scale agricultural investment during the Derg regime

The Derg launched a land reform program on March 4, 1975, by enacting a proclamation No. 51/1975 entitled "Public Ownership of Rural Lands Proclamation" based on the Leninist slogan that says "all land to the tillers" (Henze 1985: 24). The reform principally abolished landlordism, where land belonged to landlords and was expropriated without compensation, eliminated all forms of tenancy, evenly distributed land to the peasants, and banned the employment of agricultural labor within the private sector (Dessalegn 2009).The proclamation explicitly declared land as the property of the state and people. For example, article 3 of the proclamation declared that "all rural lands shall be the collective property of the Ethiopian people". Since the government is an administrative body within a state and runs the state on behalf of the people, this item implies that the government has ultimate power and authority over the administration and control of the land. Private ownership, sales, lease, mortgage, or similar means were prohibited (Article 4), except for use right or usufruct right. The proclamation restricted the maximum size of land held by a household to a maximum of ten ha.

Following the radical land reform proclamation, the Derg made a vigorous attempt to set up state farms by nationalizing private commercial farms of the imperial regime based on the socialist model of the newly formed post-revolt republic. Accordingly, the agricultural development strategy of the socialist regime essentially created two agriculture sectors: state and cooperative farms (the socialist sub-sector)—which were desperately prioritized by the regime—and smallholder farms (the peasant sub-sector—the dominant but depressed and deserted by the regime (Dessalegn, 2009). The Derg argued that eradication of poverty and a feudo-capitalist exploitative system can only be possible through nationalization, which can be accomplished only when the state, as the ultimate envoy of the Ethiopian people – representing the interest of the mass peasant and workers – unswervingly owns, manages, and controls the natural resource, financial, industrial, and commercial sectors of the country (Henze 1985).

Similar to the Imperial regime, the Derg had adopted an industry-led development strategy (albeit a socialist approach) that perceived smallholder peasant agriculture as backward, inefficient, powerless to take advantage of economies of scale, and so a barrier to the long-run industrial development of the country. It was based on this socialist government's prejudiced attitude and the 1975 land reform proclamation that large-scale state farms were born with a unique personality. The newborn large-scale mechanized state farms9 were created by the confiscation and nationalization of all private commercial farms of the Imperial regime and establishing the new ones (Dessalegn 2009; Firew 2015) based on the Moscow Sovkhoz Model (Henze 1985) (that gave a new personality to formerly capitalist commercial farms). These farms were managed by different agricultural development corporations, which were ruled by Public Enterprise Proclamation No. 20/1975 and Regulation No. 5/1975 (Negarit Gazette No. 21, 1976).

The major motivations of the Derg regime for favoring large-scale mechanized state farms include foreign currency earning via export, the supply of raw materials for industry, job creation, and addressing a continually rising local demand for food (Girma 1987; Firew 2015). This shows that the agriculture sector was promoted for the purpose of 'resource extraction' rather than used as a prime mover of economic development in general and rural development in particular. To achieve its intentions, the Derg adopted an expansionary policy and significantly increased the agricultural area operated as the state farms. For example, initially (in the mid-1970s) around 448 state farms of varied size cultivated a total of 131,000 hectares (of which 75,000 hectares were nationalized private commercial farms) (Firew 2015), which later (in 1984) considerably augmented to 245,000 hectares (Girma 1987). The Derg had a big ambition to radically increase (to double) the agricultural land of state farms to about 468,000 hectares by 1994, which could account for 6.4% of the cultivated land (Chala and Terefe 2015). State farms produced both cash crops such as cotton,

9 In this article, "Large-Scale Mechanized Commercial State Farms" refers to farming enterprises that use machinery (mechanical power) to cultivate land for a minimum of 100 hectares; are controlled, owned, managed, and operated by the government; and supply their products to either local or international markets.

coffee, pulses, fruit, and vegetables, as well as food crops including Teff, Sorghum, Millet, and leguminous crops (Girma 1987).

Even though these farms supplied a significant part of their products to local markets and consumed a colossal amount of agricultural inputs, they on average just produced 6% of the total agricultural output in 1978 (which was reduced to 2% at the end of 1980) on 5% of the total cultivated land in the country (Ofcansky and Berry 1991; Habekiristos 2016). On the other hand, from 1980 to 1982, they consumed 82% of fertilizers, 80% of the farming credit, 73% of improved seeds, and a huge amount of imported oil to supply fuel to over 3,500 tractors cultivating the land (World Bank 1983, as cited in Girma 1987). This implies that the socialist sub-sector (the large-scale state farms) had enjoyed a range of incentives and subsidies at the expense of smallholder peasant sub-sector that was responsible to supply over 94% of agricultural output to continually rising urban and rural population of the country.

However, the investment return of these state enterprises was found to be low, and their efficiency in improving national agricultural production was found to be weak. For example, evidence shows that in 1987, state farms registered a loss of 65 million Ethiopian Birr, which drastically climbed to 115 million in 1989 (Zerhun 1995). It was also reported that the efficiency of the socialist sub-sector was considerably lower than that of the peasant sub-sector. For instance, average coffee production per hectare of land on peasant farms was 35% higher than on state farms. The average production of state farm pulses was found to be just 33% of the peasant farmers' production. The average production of basic food and leguminous crops was also reported as lower on state farms than on peasant ones (Girma 1987).

In general, by the end of the 1980s, despite tremendous attention to and an enormous public resource injection into the state farms, almost all of them were bankrupt and their survival entirely depended on the government that was busy dealing with the horrendous intra-state war, showing that the attempt of the Derg to transform the Ethiopian economy via large-scale state farms failed (Dessalegn 1984; Cohen 1987; Girma 1987). Lack of skilled manpower; corruption; lack of proper feasibility study; poor planning and groundwork; superfluous inexperienced workforce (disguised

unemployment); lack of ethical workforce; inefficiency due to uneconomic use of inputs; over-mechanization; weak monitoring, follow-up, and controlling systems were found as the major reasons for the poor performance of the state farms (Dessalegn 1984; Cohen 1987; Girma 1987).

3.3. Practices, size, and distribution large scale agricultural investment during the EPRDF regime

Following the fall of the Derg regime in 1991, the new EPRDF government took different measures to improve the economic, social, and political conditions of the country. In the economic sphere, the incumbent government initiated a new Economic Reform Program (that coincided with the Structural Adjustment Program of the World Bank and the International Monetary Fund) in 1992 to repeal the previous regime's economic policy and tackle macroeconomic, structural, and non-structural economic setbacks created by the Derg (Samuel 2003). Especially, a free market economy, economic liberalization, and decentralization policies were adopted by the new regime. However, there was no change in the land ownership system given that, like the Derg regime, the new government retained possession of the land and only transferred long-term usufruct rights to the peasants (Sharp *et al.* 2007; Dessalegn 2009). It was within these policy reform measures of the 1990s (which were largely driven by the Neo-liberal Washington Consensus Model) that large-scale commercial farming was regenerated with new forms and structure.

The new regime has maintained a strong position in favor of smallholder agriculture by encouraging agricultural intensification to increase smallholder farmers' productivity (Sharp *et al.* 2007). The government's strong focus on smallholder agriculture is unequivocally specified in its long-term development strategy known as the "Agricultural Development Lead-Industrialization (ADLI)". The main intention of ADLI is to promote small-scale farmers and (agro) pastoralists in such a way that enables them to use the relatively copious labor and land resources in a more efficient and viable manner, increase agricultural productivity through the use of modern technologies, and adopt agricultural extension systems (MoFED 2000, 2003).

To promote the role and participation of the private sector in the economy, the new regime established the privatization and the investment agency (where the later was re-named as the Investment Commission by Proclamation No. 146/1998 and Regulation No. 269/2012). The privatization agency was given the mandate to administer the privatization process of state farms and other enterprises that were nationalized by the Derg regime. The policy measures mentioned above, accompanied by the establishment of these new institutions, led to the re-emergence and growth of LSAI in Ethiopia (Samuel 2003). The short-term strategy of the EPRDF government during the 1990s was to distribute some of the ex-state farms to peasants and dispose some of them, which were considered unfeasible for technical reasons. The medium-term strategy was to privatize state farms, which were judged as unbeneficial, and focus on the production of non-strategic commodities. Alternatively, the long-term plan of the government was to retain some of the state farms that were found to have strategic significance to the economy of the country and required profound investment (Zerihun 1995).

A new mechanized LSAI is mainly envisaged to be promoted in the lowland areas of the country (often considered as 'unused', or 'unoccupied' or 'idle' by the new regime) (MoFED2010a: 23) – the perception and attitude similar to the past regimes (Dessalegn 2011; Keeley *et al.* 2014). In general, horticulture, plantation of cotton, palm trees, rubber trees, coffee, tea, sugarcane, oilseeds, livestock, apiculture, and high-value crops such as barley for malting were identified as priority areas for agricultural investment (EIC 2017). This suggests that the primary goal of large-scale commercial farming in Ethiopia is to produce high-value crops for export or to supply raw materials for domestic industries, rather than to contribute to local food security, which has been a critical issue for several decades.

Besides the two institutions mentioned above, in 2009, a department called the Agriculture Investment Support Directorate was established under the Ministry of Agriculture (by Proclamation 29/2001) due to remarkably soaring demand for large-scale agricultural land acquisition, both locally and globally. The directorate was mandated to handle all matters with regard to agricultural investment and was given the responsibility to administer investment land covering over 5,000 hectares across the country. In 2013, the

government upgraded and renamed the directorate as the "Agricultural Investment Land Administration Agency," following Council of Ministers Regulation No. 283/2013. The primary responsibility of the agency is to facilitate agricultural investment, land administration, and transfer processes more efficiently than before. All over again in 2017, the agency was transformed into the Horticulture and Agricultural Investment Authority (HAIA), which is directly accountable to the Prime Minister's Office (Council of Ministers Regulation, No. 396/2017). Even if the government claims that such rapid institutional changes are initiated to cope with and efficiently administer the ever-growing large-scale agricultural investment in the country, the level of their effectiveness and the need for such swift changes require a cavernous systematic empirical investigation.

3.1.1. The Supply Side of Large-Scale farmland

Even though the Ethiopian constitution grants regional states the power and authority to administer land within their respective areas (Article 52, 2d), the Council of Ministers enacted a proclamation (Proclamation 29/2001 Ethiopian Calendar) to centrally administer the plots of land exceeding 5,000 ha by federal authorities such as AISD (Dessalegn 2011; Keeley *et al.* 2014). Following this (the upward delegation), the federal land bank was established based on this proclamation by focusing on the lowland areas on the ground that they lacked experience and capacity to manage the investments (mostly the international ones) (Ojot 2013; Keeley *et al.* 2014) and were characterized by extensive rent-seeking and corruption (Abbink 2011; Schoneveld 2013). However, the view is strongly challenged by some of the regional states, such as Oromia and Amhara, which have relatively strong management capacity. And so, regions (mainly in lowland areas) were urged by the federal government to transfer investment lands exceeding 5000 ha to the federal land bank, which would be administered by the central authorities on behalf of them. Subsequently, more than 3.5 million hectares of land were transferred to and registered by the federal land bank. At the start, the bank was managed by the AISD and then by the Agricultural Investment Land Administration

Agency (Dessalegn 2011). Nevertheless, it was found from the interview that the local government had no knowledge about the land transfer process as well as the amount of land transferred to the federal land bank due to lack of local stakeholders' involvement in the land identification and assessment processes.

The land in each region was identified by satellite pictures and was thus inaccurate regarding the communities occupying the land or vital natural resources on the ground (Keeley *et al.* 2014). This upward delegation was also greatly criticized by various scholars on the grounds that it violated the principle of regional autonomy, which has been the foundation of ethnic federalism (Lavers 2012a; Ojot 2013). Regional governments were given a mandate to administer farmlands below 5000 ha, but the boundaries between land under the command of regional governments and that held in reserve bank by the federal government are not clear. This division of responsibility and power has also resulted in confusion, conflicts (overlaps in land allocation), and inefficiencies in large-scale agricultural investment management (Keeley *et al.* 2014; Maru and Rutten 2015; OPM, 2017). This indicates that the government does not only recentralize land administration responsibilities and power but also intervenes in regional states' land issues, which is an overt breach of the constitution. The following figure shows the amount of land affirmed to have been shifted to the federal land bank by each regional state.

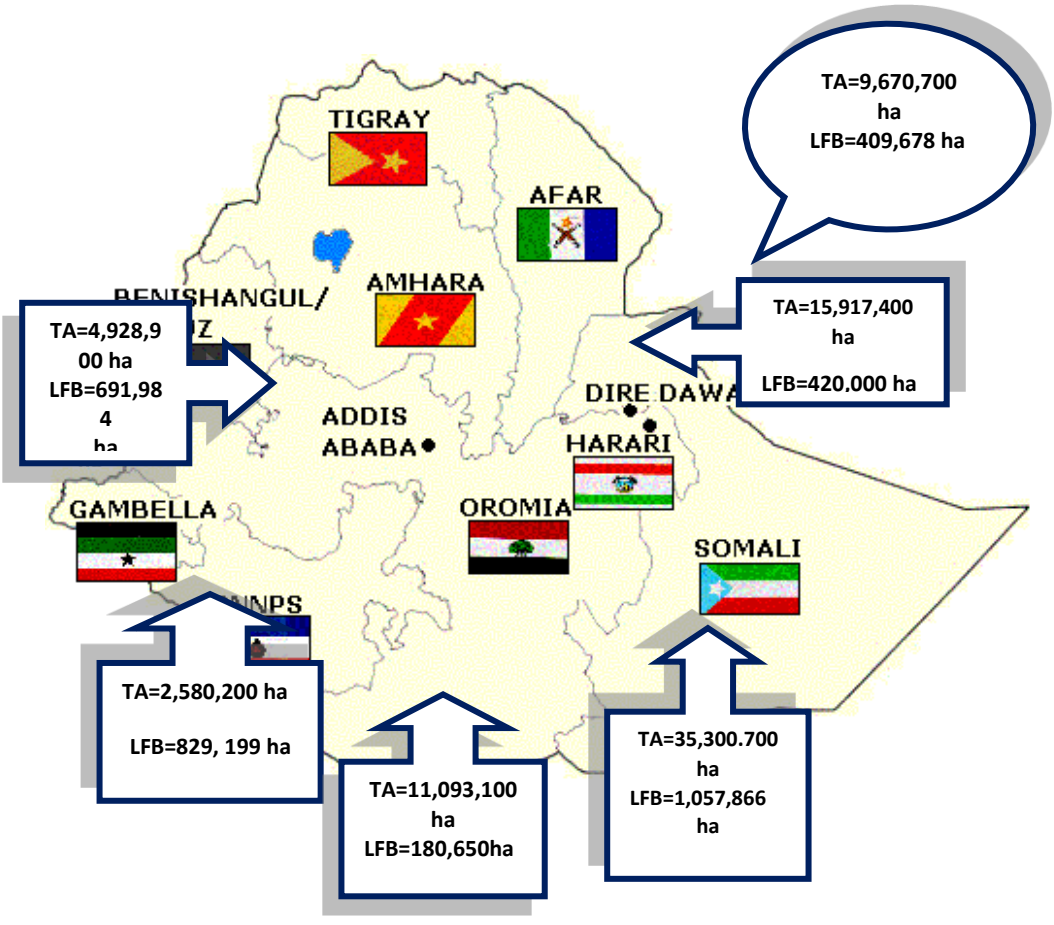


Figure 1: Investment Land Transferred to the Federal Land Bank in Hectares

Source: *The map is adopted from Mbaya (2015) and the data are adapted from MoARD (2009 & 2010); Dessalegn (2011); and Keeley et al. (2014).*

Note: ***TA*** stands for 'Total Area of Land' where as ***LFB*** represents 'the Total Land Transferred to the Federal Land Bank.

As indicated in Figure 1, the analysis of the proportion of the total land transferred to the federal land bank across different regions shows Oromia regional state had transferred the largest investment land (a total of 1,057, 866 ha or 29.5%), followed by Gambella and Benishangul Gumuz regions that transferred a total of 829,199 (23%) and 691,984 (19.3%) ha of land to the federal land bank, respectively. However, in terms of the proportion of the total area of the region that is transferred to the federal land bank, Gambella

(which transferred 32.14% of its total land size), Benishangul Gumuz (14% of its total land size), and Afar (4.2% of its total land size) ranked first, second, and third, in that order. This evidence shows that the government has taken grave action to realize its oratory claim that there is abundant "unused" or "idle" land suitable for large-scale commercial farming in pastoralist and agro-pastoralist areas of the country. However, various studies show that the 'idle' land narrative of the government is a myth on the ground that lands in pastoralist areas cannot necessarily be 'empty' but rather are used by the community for various economic activities such as grazing, collection of honey, food, wood, or other forest products (Desalegn 2011; Galaty 2012; Lavers 2012a; Nalepa 2013; Institute for Poverty, Land, and Agrarian Studies 2014).

Making the right decision requires accurate, complete, and relevant information. Particularly, this is a pressing issue in countries like Ethiopia, where land tenure systems are complex and require in-depth analysis ahead of hastened decisions that could badly affect the economy, environment, and community. In Ethiopia, there are huge inconsistencies and variations in the land-related data reported by government agencies (both intra and inter-agency data) as well as by some international organizations (such as the World Bank), indicating a lack of a realistic and proper land assessment methodology in the country. For example, the document released by the Ministry of Agriculture and Rural Development (MoARD) in 2008 pointed out that the country has 74.3 million ha of arable land that is suitable for crop production (MoARD 2008). Another document produced by the Ministry in 2009 indicated that the country has 56 million ha of agricultural land suitable and available for crop production (MoARD 2009). The estimates of the proportion of this arable land that is actually utilized for agricultural production are reported to be 16.6 ha (MoWR 2002) and 18 million ha (MoARD 2009), showing the discrepancies in data among government agencies. These inconsistencies in land estimations are a robust indication of poor land data management and coordination practices, which could lead to poor land administration and have an adverse impact on the economy, environment, and society.

Data inconsistencies are also extensive within the regions between various government institutions that are responsible for administering LSAI. For example, in Gambella Regional State, the regional investment bureau reported that a total of 806 investors were issued project licenses, but the Bureau for Environmental Protection and Land Use and Administration and the Woreda Agriculture Development Offices reported the numbers as 780 and 623, respectively. Unbelievably, the Federal Investment Commission claimed that the number of investors that issued project licenses in the Gambella region was only 192 (OPM 2017). The information provided by Woreda Agriculture and Natural Resource Development Offices was found to be close to reality (OPM 2017). This is clear evidence of poor data recording and management, regrettable weak coordination and integration, skimpy monitoring and evaluation systems, guesswork, and ignorance of the natural resources and the local community at large.

Figure 2 indicates land that is identified as suitable and made available for large LSAI in each regional state based on a range of crop types. It shows that a total of about 10 million ha of land in all regions of the country was made available for LSAI albeit Ethiopian Investment Agency (EIA) announced the number as 11.5 million ha (EIA 2013). The three relatively developed regions, such as Amhara (comprised 25.4% of total suitable land), SNNPS (24.1% of total suitable land), and Oromia (18.1% of total suitable land) are identified as having the most suitable and available land for LSAI, respectively, in the country. These are followed by Benishangul Gumuz (which comprised 13% of total suitable land), Gambella (7.3%), and Somali (5.8%) regional states (Figure 2). Although the largest land suitable and available for agricultural investment was identified in the relatively developed regional states, lowland areas have been the hot spots of the LSAI in the country. For example, 85.7% and 82.3% of licensed large-scale agricultural investment projects in the country are located in Gambella and Benishangul Gumuz regional states, respectively (Maru and Rutten 2015), and 80% are located in SNNPRS (Keeley et al. 2014). This indicates that the EPRDF government, which often calls itself a "developmental state," is expanding its power, strengthening its sovereignty, and showing its hegemony through its enclave development model that transformed the conceptual mapping of abundant "idle" land in the periphery areas of the

country into a "cartography" of commercial land use (Makki and Geisler 2011).

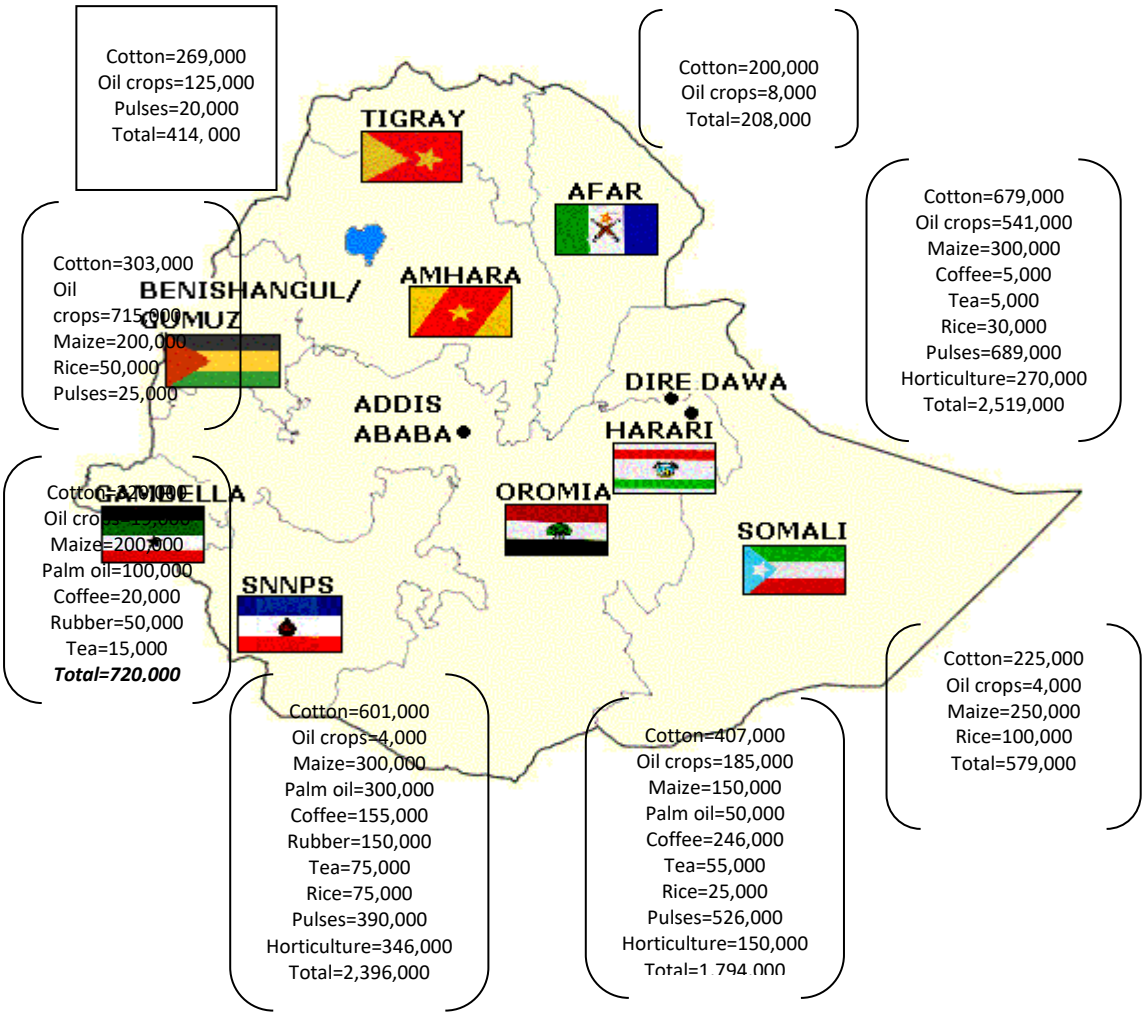


Figure 2: Total Land Available for Investment by Crop Type

Source: *Adapted from MoARD, 2009*

In terms of the proportion of the total area of the region that is suitable and available for LSAI, the largest percentage was registered in Gambella (28%), followed by the Benishangul Gumuz (26.3%), SNNPR (21.6%), and Amhara

(15.8%), respectively. From the crop type view, the biggest share of land identified as suitable for crop production was allocated to cotton (30%), which was followed by pulses (16.6%), oil crops (16.1%), maize (14.1%), and horticulture (7.7%), in that order. Except for maize (which is often used for local food), the majority of land (85.9%) identified as suitable and available for crop production has been allocated for non-food production (cash crop plantation) (Figure 2), which may aggravate food insecurity by making poor farmers vulnerable to unpredictable or undesirable market conditions such as inflation and shortages of food supply. Furthermore, both domestic and foreign investors are free to choose which crops to cultivate and where to sell without interference from their host regions, and they are strongly encouraged to export the majority or all of their output (Dessalegn 2011). This condition justifies the prime interest of the government in promoting export by growing high-value export commodities rather than focusing on local food security, integration of the local community into the national, regional, and/or global market, and environmental protection issues. For example, the government of Ethiopia clearly declares its focus, saying that *"While supporting private investment in large-scale farms, the government's focus is to ensure that the products produced from these farms are primarily for export or raw materials for domestic industries. For these reasons, emphasis will be put on cotton, date palm, tea, rubber trees, and similar types of crops" (MoFE, 2010a: 55).*

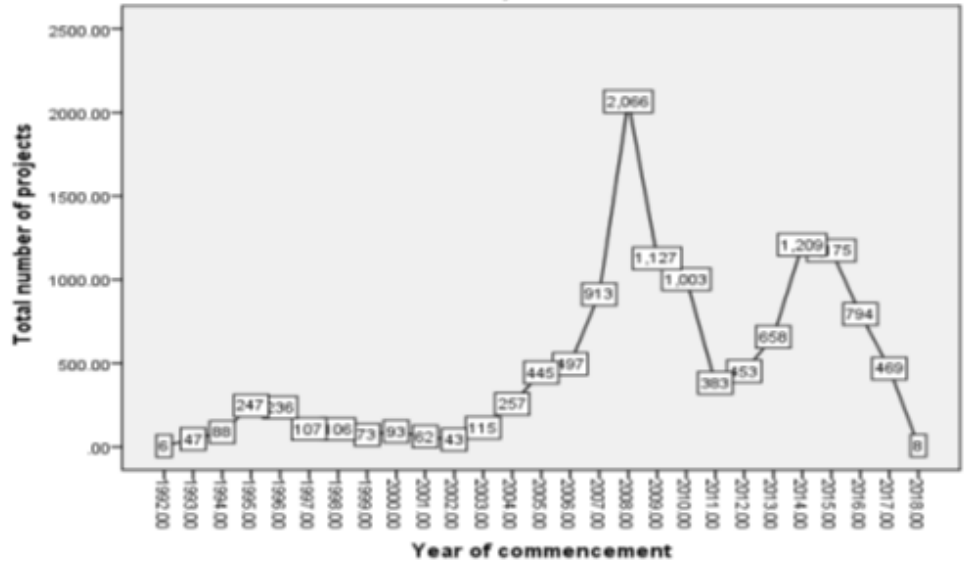
3.1.2. Demand Side of Large-Scale Investment Land

The demand for LSAI in Ethiopia can be exhibited by the interest or request of the investors or their expression of intent to invest in the agriculture sector of the country. Figure 3 shows the trend of large-scale agricultural investment flows into Ethiopia since 1992. This period coincided with the EPRDF government reform initiatives that were undertaken in the early 1990s to liberalize the economy and encourage private sector involvement in the economy in general and the agricultural sector in particular. This period can be considered as the rebirth and burgeoning moment of private agricultural investment in the country after the Derg exterminated private enterprises initiated by the Imperial regime. The increment in the trend of

agricultural investment interests or intents in the country indicates a high demand for LSAI land acquisitions.

The analysis of the data shows that private investment in the agriculture sector was trifling in the 1990s but displayed a dramatic increment between 2007 and 2010, showing that investment intensity was very high during these periods. A high peak in the surge in agricultural investment was seen in 2008 (Figure 3). Correspondingly, the total investment land requested by both domestic and international investors skyrocketed from one million ha in 2005 to more than 4.3 million ha in 2008 (EIC, 2018). This striking rise in investment flow was believed to be driven by the global triple crises of food, finance, and energy, which began in 2007/08 (Görgen *et al.* 2009; Rahmato 2011; World Bank 2011; Cotula 2012) and resulted in a surge in international large-scale agricultural investment in Africa, where Ethiopia became a hotspot.

Figure 3: Trend in Licensed agricultural Investment by Year (Since 1992 to March 2018)



***Source**: Own computation based on Ethiopian Investment Commission Data (2018)*

After 2008, the flow of investment started to decline and again rose in 2014 and 2015. Since then, however, it has been piercingly declining. This declining trend may be associated with the powerful and callous

condemnations that have been blasted by national and international activists and researchers under the umbrella of "land grabbing" and reports on the potential danger of investment to the natural environment and local people's livelihoods (Maru and Rutten 2015). An improvement in the global triple crisis (chiefly energy and food prices) as well as political instability observed in the country since 2016 may also be among the factors that slowed down the intensity of investment flows and activities in the country. As noted by all of the interviewees, the region's poor investment administration (mainly in Gambella and Benishangul Gumuz), the poor performance of some of the giant firms (such as Karuturi Agro Products PLC and BHO Agro PLC.) and their desertion from the investment has also made the government very vigilant in accepting and hosting new investments. For example, according to the interviewees, rather than simply granting a very large size of land (for instance, 100,000 ha and above) to investors as per their request, the government has started to transfer the land phase by phase based on the actual performance and progress of the investors. Since November 2017, the federal government has also relinquished its authority and responsibility for administering large-scale investment land parcels larger than 5000 ha and transferred the mandates to regional states (Interview with HAIA officials and experts, July 2018).

3.1.3. Actually Allocated Investment Land

A number of sources of information summarize the size of land investment in Ethiopia, but to different degrees of correctness, truthfulness, and thoroughness of statistics. For example, the total amount of land transferred to diverse investors in Ethiopia varies between 603,000 ha (Cotula et al. 2009) and 4.2 million ha (Getnet 2012) (Table 2). Likewise, the estimated number of projects ranges from 70 (Land Matrix 2018) to 4698 (Maru 2016). Table 2 below summarizes some of the variations (in terms of time and size) in estimates made by various researchers and institutions.

Table 2. Estimates of Land Transferred in Ethiopia Reported by Different Sources

Source	Time Period	Land size (>ha)	No of Projects	Total land transfer ('000 ha)
Cotula, et al. (2009)	2004-2009	1000	157	603
Oakland Institute (2011)	Unknown-2011	Indefinite	1,349	3,620
The World Bank (2011)	2004 - 2009	500	406	1,200
Schoneveld (2013)	2008-2012	2000	83	1,692
Getnet (2012)	1995-2011	Indefinite	1,055	4,219
Keeley, et al. (2014)	2005-2012	1000	131	1,060 (including sugar estates)
Maru (2016)	1992-2013	500	4,698	2,500 (including sugar estates)
Land Matrix (2018)	2000-2016	200	70	1,005
Dereje et al. (2016)	2007-2013	Indefinite	Indefinite	2,500

Source: Modified based on Maru (2016)

Since 2008, there has been a hot debate about LSAI between proponents of "land grabbing", who oppose such investment and those who considered it as "development opportunities". The figures indicated in Table 2 are often cited as evidence to support or invalidate the arguments, albeit with massive discrepancies. Keeley *et al.* (2014) undertook a thorough analysis regarding specific factors that led to such huge variations. The authors have identified the following factors as key reasons: the figures may only be indicated in memorandums of understanding (where leases do not actually exist); figures may only be an expression of requested land (the reason mostly mentioned by some of the relatively strong regional states)10; the lease may have been canceled; double counting (either by regional states or the federal government

10 An interview with experts in the Oromia Investment Commission indicated that the number of projects and amount of land transferred to the investors reported by various researchers and institutions are based on the investors' interest expressed during the time they fill in investment request forms at the Federal Investment Commission. According to the interviewee, the actual size of land transferred in the region is very small when compared to what is reported by the majority of researchers and some institutions.

or both); recording errors; delay in updating data; and the cultivation of merely a small amount of land. On the whole, as per the interviewees and Keeley *et al.* (2014), land for LSAI projects is allocated in three major ways: by the federal authorities to investors from the federal land bank; by regional governments to the investors, and by the federal governments for state-run sugar concessions. Table 3 shows figures of land transferred to private investors from the federal land bank via HAIA. The Authority has transferred a total of 587,139.3 ha of land to various domestic and foreign investors from the federal land bank (Table 3).

Table 3: Allocation of land (in ha) by region from the federal land bank

Region	No of deals	Size of Land allocated	Average Land Size	Percent of Land allocated**
Gambella	47	273,812	5,825.8	46.6
Benishangul Gumuz	72	199,485	5,115	34
SNNPS	23	96,659.3*	8,054.94	16.5
Amhara	1	6,183	6,183	1.05
Somali	2	6,000	6,000	1
Oromia	1	5,000	5,000	0.85
Total	***146***	***587,139.3***	***36,178.74***	***100***

Source: Federal HAIA, 2017

*The number does not include State Sugar Cane Plantation Estates

**The number is rounded to the nearest

In terms of the number of deals, a total of 146 private-owned projects were allocated land with a minimum of 200 ha in Benishangule Gumuz regional state and a maximum of 100,000 ha in Gambella regional state. Even if the authority has been given a mandate to transfer land exceeding 5000 ha, it granted land as minimum as 200 ha. For example, 88.6%, 75.5%, and 60% of the total land transferred in Benishangule Gumuz, Gambella, and SNNPR, respectively, to private investors was found below the threshold of 5000 ha stated by the federal government. In terms of the share of investment lands to the total land transferred from the federal land bank in diverse regions, Gambella (46.6%), Benshanguel Gumuz (34%), and SNNPR (mainly the lowland areas) (16.5%) regional states were the first three regions where a massive proportion (97.1%) of virgin farmland was transferred to private investors from the centrally administered land bank (Table 3). However, regional states such as Oromia (which transferred more than 1 million ha of land to the federal land bank) and Amhara (which transferred about 420,000 ha of land) have almost allocated a very small amount of farmland via HAIA,

showing that the target of the government is peripheral regions which could be controlled and exploited without any challenges. It also shows that relatively developed regions are autonomous in administering large-scale farmlands located within their jurisdiction.

Table 4 describes the size of farmland that has actually been located for investors by regional states since 1992. It shows that the largest land (more than 1.5 million ha of land) has been allocated by regional governments. Regional states' land allocations show a somewhat similar picture to that of federal government allocations (see Table 3). The largest amount of land (52.2%) is allocated by the relatively less developing regions such as Gambella (26.4%) and Benishangul-Gumuz (25.8%), which is followed by SNNPR (which allocated 13.8%). This implies that lowland areas have been the focus of LSAI in Ethiopia. The government of Ethiopia explicitly stated in its five-year consecutive plans that *"Large-scale farming will be undertaken by private investors in lowland areas where abundant and extensive land exists [....] The necessary arrangements will be made to increase the private investors' participation by identifying areas that are not inhabited but are suitable for agriculture"* (FDRE 2010a: 54). However, various studies have shown that there is no land that could be considered as unoccupied given that land in lowland areas is often used by pastoralists and/or agro-pastoralists for a variety of purposes and forms a part of their land use systems or shifting cultivation systems (Dessalegn 2011; Keeley *et al.* 2014).

Table 4: Farmland Allocated by Regional Governments (1992-2017)

Region	Amount of Land Allocated (ha)	Regional Distribution (%)
Gambella	409,706	26.4
Benishangul-Gumuz	400,769	25.8
SNNPR	214,842	13.8
Oromia	173,128.1	11.1
Amhara	165,772	10.7
Tigray	109,318	7
Afar	54,000	3.5
Somali	26,000	1.7
Total	***1,553,535***	***100%***

Source: Keeley *et al.* 2014; HAIA 2017; Prime Minister Office 2017; Oromia Region Investment Commission 2017; Gambella Region Investment Commission 2018

The total area of land allocated to LSAI (to both private and public) is summarized in Table 5. The EPRDF government leased more than 2.1 million ha of land to private investors in the country from 1992 to 2017. The government itself has been investing in sugar estates on over 400,000 ha of land across six regional states since 1992. The total land allocated for both private and public agricultural investment was found to be over 2.5 million ha (Table 5). The total land allocated includes more than 500,000 ha from the federal land bank; over 1.5 million ha by regional governments; and more than 400,000 ha for state-run sugar plantations (Table 5). There is no land that is allocated by the federal government in Tigray regional state, which may be due to the earlier supremacy of the Tigray People's Liberation Front in the country. Likewise, no land is allocated in the Afar region by federal authorities, perhaps because of the high risk of land conflict with pastoralist clans in the area (Keleey *et al.* 2014).

Table 5. Total Large-scale land allocation in Ethiopia since (1992 -2017)

Region	Land Allocated by Federal Government (ha)	Land Allocated by Regional States (ha)	Land Allocated for Sugar Plantation (ha)	Total (ha)	Regional Distribution (%)
Gambella	273,812	409,706		683,518	26.9
Benishangul-Gumuz	199,485	400,769	20,000	620,254	24.3
SNNPR	96,659.3	214,842	175,000	486,502.3	19.1
Amhara	6183	165,772	93,000	264,955	10.4
Oromia	5000	173,128.1	20,000	198,128.1	7.8
Tigray		109,318	50,000	154,318	6.1
Afar		54,000	50,000	104,000	4.1
Somali	6000	26,000		32,000	1.3
Total	***587,139.3***	***1,553,535.1***	***408,000***	***2,548,674.40***	***100%***

Source: Own Compilation from Various Recent Sources

3.1.4. Distribution of projects by investment profile

Table 6 presents the total number of projects approved by federal and regional governments. The results show that about 4839 large-scale agricultural investment projects have been issued licenses in eight regional states since 1992. Of the total approved projects, 95.6% of them were accounted for by

the domestic investments that have been undertaken by Ethiopians on the land exceeding 1.3 million ha (60.8%) of total land allocated to LSAI in the country.

Table 6: Total Number of Projects by Investment Type (1992 -2017)

Region	Total No of Projects	Distribution by Investment type			
		Domestic		Foreign	
		No of Projects	Land size (ha)	No of Projects	Land size (ha)
Gambella	623	613	468,506	10	215,012
Benishangul-Gumuz	306	265	356,841	41	243,350
SNNPR	1408	1358	104,135.3	50	207,316
Oromia	751	718	147,457.22	33	30,670.88
Amhara	1290	1262	137,235	28	34,720
Tigray	397	361	52,228	36	57,030
Afar	48	40	28,850	8	25,150
Somali	16	7	6,600	9	25,400
Total	***4839***	***4624***	***1,301,852.52***	***215***	***838,649***
	Proportion (%)	***95.6***	***60.8***	***4.4***	***39.2***

Source: Own Compilation from Various Recent Sources

The number of investment projects that are being undertaken by foreign investors constituted only 4.4%, yet they utilized about 39.2% of the total farmland (838,649 ha) allocated by both federal and regional governments. This number is fairly higher than the one reported by Keleey *et al.* (2014) as 594,000 ha and slightly lower than the one reported by Maru (2016) as 999,410 ha. The difference observed between our estimates and that of Maru (2016) is due to the data divergence reported by regional states (mainly the Oromia region). For example, Maru (2016) indicated that foreign investors have acquired about 193,432 ha of land in Oromia regional state. However, our recent data (2017) obtained from the Oromia Regional State Investment Commission shows that only 30,670.88 ha of land was allocated to foreign investors. Interviewees from the investment commission of the region explained that this figure (30,670.88 ha) is the actual land allocated to foreign investors, though other figures reported by various researchers are the intent of interest expressed by the investors during the initial stage of registration at the federal investment commission.

4. Conclusion and Recommendation

Ethiopia has practiced LSAI for at least six decades to transform and modernize the agricultural sector based on the rulers' political interests and ideologies. It was noted that thousands of hectares of land were allocated to private investors (during the Imperial regime) and state commercial farms (during the Derg regime). The size of land allocated to private investors significantly rose and reached millions of hectares during the EPRDF regime. The regimes had similar perceptions and practices regarding the areas of investment. All of them perceive that the country has large areas of "empty" or "unused" arable land and adequate water resources to irrigate this land in peripheral areas of the country. Consequently, all of them directed large-scale commercial farming (be it state or private-owned) in these areas, though evidence shows that there is very little or no land and natural resources that are not being used or are unoccupied. This shows that there is a huge mismatch between governments' perception and reality on the ground that is mainly emanating from the ideological myth and short-sightedness of the regimes. It is possible to conclude that the focus of all regimes was on the availability of natural resources rather than on the people (local communities, who are the ultimate and only recipients of development results) and on short-term goals (profit and foreign currency earning).

The core foundation of LSAI in all of the three regimes seems to be related to the quest to achieve "economic growth" via a resource extraction approach rather than integrating local communities into investment in a way that enhances their livelihoods. Investment land and project administration practices of the regimes were also found to be very poor. Moreover, it is clear from the analysis of the three regimes' practices that the contemporary global agenda of "land grabbing" is not a new phenomenon in Ethiopia; rather, it has been practiced for several decades in the name of investment, either by the state or the private sector. The analysis in this article thus concludes that the three regimes are unable to transform and modernize the agricultural sector as per the intention of the people and their development plans.

Based on the lessons learned from the practices of LSAI in Ethiopia, it is recommended that offering enormous areas of farm land for LSAI needs

proactive and integrated rural farmland management systems and practices; proper and transparent land and environmental evaluation systems; prudent land governance and monitoring systems; responsible public and private sectors; a participatory governance system; and the capacity to execute envisioned investment policies, laws, programs, and projects. Besides, we strongly recommend further comprehensive studies that will investigate the socio-economic returns of LSAI compared to other land use systems in the country.

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