

Assessment on Opportunities, Gaps and Challenges on Land-Based Investment in Oromia Region

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1. INTRODUCTION

1.1 Background

Strengthening the capacity for improved governance of land tenure empowers national and regional level government and non-state actors and communities to facilitate the recognition of tenure rights. With this motive, the *Land for Life* (LfL) initiative was established in 2018 to strengthen existing multi-actor partnership working on land governance. While the initiative was initially established to work as LfL-Ethiopia but focused for its initial operations only in Oromia, it has now the potential to be a national network. The initiative has a steering committee and three technical working groups working on three priority thematic areas: issues of pastoral land governance, land policy-making practice in Ethiopian, and opportunities, gaps and challenges on land-based investment. Abamela Business Plc, a development consulting firm, is commissioned to undertake a study on the third thematic area in the Oromia region. The outcome of the report is expected to enhance the capacity of CSOs to monitor national laws and policies on agricultural investment effectively. The study is intended to be used for advocacy work at national and regional levels. The reflections from the study are, hence, expected to support CSOs including LfL to engage at different levels of influencing and putting pressure to duty bearers to implement progressive legislative and policy frameworks to facilitate responsible investment.

1.2 Objectives of the Study

- identify major land laws and policy frameworks affecting agricultural investment in Ethiopia, particularly in Oromia;
- identify gaps in national land laws and policy frameworks negatively affecting both smallholder farmers and investors;
- assess how smallholder farmers and the local population are affected by investment practices;
- assess in what extent, the Africa Union policy Framework and Guideline (F&G), the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGTs) and investment principles (Guiding Principles on Large Scale Land Based Investments in Africa (AU), principles on responsible agricultural investment) are domesticated in national laws; and
- produce and develop a policy-brief document, on significant findings of opportunities, challenges, gaps and implementation bottlenecks of agricultural investment and provide possible recommendations for duty bearers and implementing stakeholders

1.3 Methodology

The study primarily used desk review of global, national, and regional policy and strategy documents and the available relevant study reports, which was supplemented by in-depth interviews with duty

bearers (such as offices of investment, agriculture, and land administration at regional and woreda level) and community leaders and smallholder farmers in selected woredas of Oromia region. The Woredas were selected based on the Oromiya region Investment guide and information obtained from senior staffs of the Oromiya Regional Bureau of Land Use and Administration. Initially, the following seven woredas were identified as locations with a higher concentration of investments: Dodota, Adama, Lome, Bora, Sebeta, Sululta, and Aleltu. Four of these woredas Adama, Bora, and Lome from East Showa zone and Sululta from Finfine Zuriya zone were selected, and managers and staffs from Rural Land use and Administration office, Investment desk, and Agriculture offices were consulted to provide the required information related to the practice on land-based investments in their respective Woredas.

The assessment obtained valuable field-level data about the following: strategies used to improve smallholder sector efforts to increase productivity; efficiency of the investment land delivery system; effect of the investment on smallholder farmers and the local population; integration of the investment practices with smallholder farmers; challenges, gaps and implementation bottlenecks of agricultural investment; the community's response to the success of the investments; and monitoring and evaluation process of the economic, social and environmental impacts of land-based investments. Available relevant studies were reviewed, interviews were conducted with officials of relevant offices, and feedbacks were gathered from few community leaders and smallholder farmers.

While the qualitative information was obtained from the relevant offices in four of the visited woredas (Lome, Adama, Bora, and Sululta), empirical data on the type and performance of investment projects was obtained from Lome and Sululta Woredas regarding the investment projects. The investment data obtained from Sululta Woreda includes names of the investors, locality, land size, investment sector, and current status of the project. The data obtained from Lome Woreda had further information such as the year of the acquisition of the investment land, investment capital, and the number of job opportunities created according to gender.

1.3 Challenges and Limitations

Political tension in the assessment areas and the sensitivity of the land issue was the challenge during the field data gathering phase of the assessment. Most officials were not available in the office, investors were either unwilling to be interviewed, or their projects were not operational that relevant personnel were not on site. Lack of institutional strength of investment desks at a Woreda level also makes access to comprehensive data difficult. However, it was possible to interview the owner of one of the major investment project in Lome Woreda. It was possible to interview the intended targets to moderately satisfy the scope of the assessment.

2. LAWS, POLICY FRAMEWORKS, AND DEVELOPMENT PLANS AND STRATEGIES RELATED TO LAND-BASED INVESTMENT

2.1 African Union Policy Framework, Guidelines and Land-Based Investment Principles

The Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (WFS, 2012) is developed to serve as a reference and to provide guidance to improve the governance of tenure of land with the overarching goal of achieving food security for all in the context of increasing concerns over population growth, food insecurity and environmental degradation and climate change. The guideline closely follows the format of other FAO voluntary instruments¹ that set out principles and internationally accepted standards for responsible practices. The guideline draws on international and regional instruments, including the Millennium Development Goals that address human rights and tenure rights. The guidelines contribute to the global and national efforts to eradicate hunger and poverty as it is based on the principles of sustainable development. These guidelines are voluntary and are interpreted and applied per the existing obligations under national and international laws and national legal systems and their institutions.

The voluntary guideline puts the general principle and responsibilities of the state and private businesses in that the state is expected to recognize and respect all legitimate tenure right holders and their rights; safeguard legitimate tenure rights against threats and infringements; promote and facilitate the enjoyment of legitimate tenure rights; provide access to justice to deal with infringements of legitimate tenure rights; resolve disputes over tenure rights; provide affordable and prompt enforcement of outcomes; and provide prompt, just compensation where tenure rights are taken for public purposes.

The principle underscores that business enterprises should act with due diligence to avoid infringing on the human rights and legitimate tenure rights of others; cooperate in non-judicial mechanisms to provide a remedy, including effective operational-level grievance mechanisms; and identify and assess any actual or potential impacts on legitimate tenure rights in which they may be involved.

The principles of implementation essential to contribute to responsible governance of tenure of land, fisheries and forests ensure that women and girls have equal tenure rights and access to land independent of their civil and marital status and consultation and participation with the legitimate tenure rights holders before decisions are taken responding to their contributions.

The agricultural sector is a critical component of the structural transformation of Africa's economies. Guiding Principles on Large Scale Land Based Investments (LSLBI) in Africa (African Union, 2014) is designed to improve land governance to secure land rights and livelihoods, increase productivity and enhance environmental stewardship. The guiding principles of LSLBI are the outcomes of the desire

¹ Voluntary Guidelines on the Right to Food; Code of Conduct for Responsible Fisheries; International Code of Conduct on the Distribution and Use of Pesticides; Responsible Management of Planted Forests: Voluntary Guidelines; and Fire Management Voluntary Guidelines: Principles and Strategic Actions.

by African Union Member States to ensure improved land governance in the context of LSLBI and derive the most benefit for the state and the key stakeholders from investments through making well-informed decisions on such investments. The fundamental principles are:

- LSLBI respect human rights of communities contribute to the responsible governance of land and land-based resources, including respecting customary land rights and are conducted in compliance with the rule of law.
- Decisions on LSLBI are guided by a national strategy for sustainable agricultural development which recognizes the strategic importance of African agricultural land and the role of smallholder farmers in achieving food security, poverty reduction and economic growth.
- Decisions on LSLBI and their implementation are based on good governance, including transparency, subsidiarity, inclusiveness, prior informed participation and social acceptance of affected communities.
- LSLBI respect the land rights of women, recognize their voice, generate meaningful opportunities for women alongside men, and do not exacerbate the marginalization of women.
- Decisions on the desirability and feasibility of LSLBI are made based on an independent, holistic assessment of the economic, financial, social and environmental costs and benefits associated with the proposed investment, throughout the lifetime of the investment.
- Member States uphold high standards of cooperation, collaboration and mutual accountability to ensure that LSLBI is beneficial to African economies and their people.

The Principles for Responsible Investment in Agriculture and Food Systems (CFS, 2014) represents the first time global agreement on what constitutes a responsible investment in agriculture and food systems that contribute to food security and nutrition. The principle for responsible investment makes a significant contribution to enhancing sustainable livelihoods (in particular for smallholders, and members of marginalized and vulnerable groups) creating decent work for all agricultural and food workers, eradicating poverty, fostering social and gender equality, eliminating the worst forms of child labour, promoting social participation and inclusiveness, increasing economic growth, and therefore achieving sustainable development.

A significant increase in responsible investment in agriculture and food systems is pertinent to address the four dimensions of food security and nutrition - availability, access, stability, and utilization. Responsible investment in agriculture and food systems refers to the creation of productive assets and capital formation, oriented to support the realization of food security, nutrition and sustainable development, including increased production and productivity.

Accordingly, the objectives of the principles endorsed by the Committee on World Food Security (CFS) at its 41st Session on October 15th, 2014 is to promote responsible investment in agriculture and food systems aimed at contributing to food security and nutrition, thus supporting the

progressive realization of the right to adequate food in the context of national food security. The principles serve as a framework to guide the actions of all stakeholders engaged in agriculture and food systems by defining principles that promote much needed responsible investment, enhance livelihoods, and guard against and mitigate risks to food security and nutrition. The principles in the responsible investment in agriculture and food systems are based on several documents² of the UN agencies. The core principles contribute to food security and nutrition; sustainable and inclusive economic development and the eradication of poverty; fostering gender equality and women's empowerment; engaging and empowering youth; respecting the tenure of land, fisheries, and forests, and access to water; conserving and sustainably manage natural resources, increase resilience, and reduce disaster risks; respecting cultural heritage and traditional knowledge, and support diversity and innovation; promoting safe and healthy agriculture and food systems; incorporating inclusive and transparent governance structures, processes, and grievance mechanisms; and assessing and address impacts and promote accountability.

A wide range of stakeholders can undertake responsible investment – the key considerations for this review include the state, business enterprises, the smallholder farmers, and pastoralist communities as their livelihoods and cultural identities are impacted by large-scale investments. The principles for responsible investment give states a key role in enabling, supporting and complementing investments by smallholders and empowering them to invest responsibly in a gender-sensitive manner supported by policies, laws and regulations, and strategies. Smallholders are the prominent investors in the land under their possession and play a vital role in food systems that they should apply the principles, with particular attention to promoting gender equality. The principle for responsible investment also outlines responsibilities of business enterprises that they have the accountability to comply with national laws and regulations and any applicable international laws, and act with due diligence to avoid infringing on human rights. Business enterprises involved in agriculture and food systems are also encouraged to inform and communicate with other stakeholders, conduct due diligence before engaging in new arrangements, conduct equitable and transparent transactions, and support efforts to track the supply chain.

2.2 Laws and Policy Frameworks related to Land-Based Investment in Ethiopia

The laws and policy frameworks in this section broadly portray the framework for land-based investment in Ethiopia. These include rural land administration laws, expropriation compensation

² Universal Declaration of Human Rights - Adopted by the UN General Assembly on 10 December 1948 and human rights treaties which are binding for the respective State Parties; International Labour Organization Declaration (ILO) on the Fundamental Principles and Rights at Work - Adopted by the International Labour Conference in June 1998; Voluntary Guidelines on the Progressive Realization of the Right to Adequate Food in the Context of National Food Security - Adopted by FAO in 2004; United Nations Declaration on the Rights of Indigenous Peoples - Adopted by the United Nations General Assembly on 7 September 2007; Guiding Principles on Business and Human Rights - Endorsed by the UN Human Rights Council in June 2011 and the ten Principles of the UN Global Compact in 2000; Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security - Adopted by the CFS in May 2012; Voluntary Guidelines for Securing Sustainable Small-scale Fisheries in the Context of Food Security and Poverty Eradication -Endorsed by the Committee on Fisheries at its 31st Session in June 2014; Global Strategic Framework for Food Security and Nutrition(GSF) of the CFS; Rio Declaration on Environment and Development, proclaimed by the UN Conference on Environment and Development in June 1992; and The Outcome document on the UN Conference on Sustainable Development The Future We Want adopted UNCSD in June 2012.

and resettlement laws, investment laws, development plans and strategies such as the growth and transformation plan II (GTP II) and Ethiopia's agricultural sector policy and investment framework (PIF).

2.2.1 Rural Land Administration Laws

In its history of the near past, Ethiopia experienced diverse land tenure systems. According to a study presented at the annual World Bank conference on land and poverty (Gebeyehu, 2013), the Ethiopian land tenure system was classified into pre- and post the downfall of the feudal system. During the feudal system, land ownership was a mix of private, government, church and communal landholdings coexisted, and the post-1974 period is characterized by public ownership of all land. In March 1975, the Ethiopian ruling military council (Derg) proclaimed a far-reaching land reform, which aimed at transforming the country's complex land tenure system and its social and political structures. The reform fundamentally altered the then agrarian relations and makes those working the land the use right holders. Public Ownership of Rural Lands, Proclamation No. 31/1975 Article 3 proclaims public ownership of rural lands that it puts all rural lands to be the collective property of the Ethiopian people (Article 3-1); no person or business organization or any other organization can hold rural land in private ownership (Article 3-2); no compensation shall be paid in respect of rural lands and any forests and tree-crops thereon; provided that fair compensation be paid for only movable properties and permanent works on the land. The proclamation abolished all private and communal landholding rights, and individuals and communities were given only use rights. The current government that took power in 1991 introduced several political and economic changes, though land remained public property. The Constitution of the Federal Democratic Republic of Ethiopia (FDRE) unequivocally states:

The right to ownership of rural land and urban land, as well as of all natural resources is exclusively vested in the state and the peoples of Ethiopia. Land is a common property of the nations, nationalities and peoples of Ethiopia.
(Transitional Government of Ethiopia: Article 40-3)

Ethiopia has not yet enacted a land policy. Instead, the constitutional provision and the federal and regional land administration and land use proclamations are serving as policy documents that it provides an unlimited period of use right to farmers, pastoralists and semi-pastoralists. The land use right is stated in the rural land administration and land use proclamations of the Federal Government (2005) and regional state proclamations of Amhara (2006), Oromia (2007), SNNP (2007), and Tigray (2007). The proclamations give rights to the rural landholders to inherit, bequeath and lease. However, there are restrictions and differences in the modalities of transfer rights between regions. The lack of land ownership, as suggested by proponents of land rights, is the primary constraint to the financing of businesses, leads to low agricultural productivity and environmental degradation by encouraging intensive production, and discourages investment in improving the quality of the land.

According to Proclamation No. 456/2005, rural land administration entails a process whereby rural landholding security is provided, land use planning is implemented, disputes between rural

landholders are resolved, and the rights and obligations of any rural landholder are enforced. Information on farm plots and grazing landholders are gathered analyzed and supplied to users. The law states that rural land use right of peasant farmers, semi-pastoralists and pastoralists has no time limit (Article 7-1) and holders of rural land evicted for public use shall be given compensation proportional to the development made on the land and the property acquired, or shall be given substitute land thereon (Article 7-3).

Concerning the transfer of rural land use right, Article 8 of the proclamation provides conditions how landholding of the rural farmer be transferred for investment purposes in addition to the transfer of rural land use right through inheritance to members of the right owners family. Accordingly, Article 8-1 states that peasant farmers, semi-pastoralist and pastoralist who are given holding certificates can lease to other farmers or investors land from their holding of a size sufficient for, the intended development in a manner that shall not displace them, for a time to be determined by rural land administration laws of regions based on particular local conditions. Article 8-3 of the law also has provisions that farmers using the land use right can undertake the development of the land in a joint venture with an investor following the contract that has to be approved and registered by the competent authority. Article 17 of the federal law gives the authority to each regional council to enact rural land administration and land use law consisting of detailed provisions necessary to implement Proclamation No. 456/2005. The federal law also gives power to regional states to establish institutions at all levels to implement rural land administration and land-use systems.

The current Rural Land Use and Administration Proclamation of Oromiya Regional State (Proclamation No. 130/2007) recognizes the need for an efficient and sustainable land management system as smallholder agriculture is the primary source of livelihood to the majority of its population. Proclamation No. 130/ 2007 is an amendment to the previous proclamations (proclamation No. 56/2002, 70/2003, 103/2005) that intends to harmonize problems such as distortions and miss-interpretation encountered while implementing the previous laws regarding, rights, obligations and security of rural land. The regional law grants rural landholders the right to rent out up to half of the holding (Article 10-1) for not more than three years for those who apply traditional farming, and for a maximum of fifteen years for mechanized farming investments (Article 10-2). The regional law also has a provision that any landholder, having the right to use the land, can make a special agreement with any investor to develop his holding (Article 10-8). The agreement, however, should be registered and approved by the relevant office of Land Administration and Use.

Five years later, after the regional state enacted the proclamation, the regional council issued a regulation for the implementation of land use and the administration that entered into force as of November 7th 2012. No clear definition of rent is provided in both at the proclamation and regulation level. The contiguous concept related to sharecropping is found in article 6 (14) of the Proclamation No. 130/ 2007, which says "aged, disabled, orphans, and women, and also those in the same situation can use their holdings by hiring labour, renting, or entering an agreement to share income with a developer". Whether other members of the society can enter into sharecropping agreement is not clearly stated. The law is concerned with providing articles on rent rights and the need for registration. For instance, article 10 (1-3) specifies about renting duration, size and the

need for registration without explaining if sharecropping is part of renting. Article 9 of the regulation No.151/2012 of Oromia region provides specific guidelines on how registration and approval of rural land rental should take place without mentioning sharecropping nor offer further instructions. Also, the regulations provide that the Bureau of Rural Land and Environmental Protection shall provide information on the current market price on the land to rent out and anticipated profits during the rental periods for the landholder – however, no such provision is practised. The rural land policy in Oromia implicitly implies that the objective of the land rental market is to provide a chance for a renter to produce for their consumption and the policy forces subsistence farmers to tie to their land as they are allowed to rent only half of their land to sustain their livelihoods rather than opting for off-farm livelihood alternatives.

The regulation provides further details relevant for the current study, such as on the use of rural land for investment and duties and responsibilities of the regional bureau and Woreda level offices, among others. According to Article 6 of the regulation, the responsibility of undertaking the necessary study and preparation of land for investment under the rural land use plan (Article 6-1), preparation of holding a certificate of investment land (Article 6-3), and follow up of payments of compensation and rehabilitation of the landholders expropriated from the land (Article 6-5) is given to the regional Bureau of Land Use and Administration. Article 6-2 of the regulation accentuates that farmers, pastoralists or semi-pastoralists have provisions that they can use their holdings for investment; execution of this provision was legislated in September 2019 in the Investment Regulation of Oromia (Regulation No. 208/2019)³.

Except for the constitutional provisions and the federal and regional land administration and land use proclamations, Ethiopia has not yet enacted a land policy to guide the overall development of the nation. Land policy is, however, an essential tool to guide development. The World Bank document (Deininger, 2003) shows the importance of land policies concerning land that can help improve both efficiency and equity. According to the World Bank document for most of the poor in developing countries, the land is the primary means for generating a livelihood and a central vehicle for investing, accumulating wealth, and transferring it between generations. Property rights affect economic growth in that it increases the incentives of households to invest, and provide them with better credit access, something that will not only help them make such investments and also provide an insurance substitute in the event of shocks. Greater tenure security, therefore, increases households' ability to control land that has an impact on empowering them, giving them a greater voice, and creating the basis for more democratic and participatory local development.

Rural land administration, as defined in Proclamation No. 456/2005, is a process whereby rural landholding security is provided, land use planning is implemented, disputes between rural landholders are resolved, and the rights and obligations of any rural landholders are enforced, and information on farm plots and grazing landholders are gathered analyzed and supplied to users. Rural land in Ethiopia has been used in an unplanned and uncontrolled fashion without due regard to the land's best potential use and without due consideration for conservation of natural resources

³ See details in section 2.2.3

and safeguarding the environment (Gebeyehu, Woldegiorgis, Belete, Abza, & Desta, 2017). As illustrated in Article 2(6) of Proclamation No. 456/2005 rural land use plan is a practice whereby the options that give greater economic benefits without causing land degradation and environmental pollution are determined and implemented from among the different use options a rural land can give on the basis of physical, economic and social information. Implementation of land use planning is, hence, a prerequisite to achieve developmental goals in land-based investments and to realize efficiency in rural land administration as it is a process whereby rural land is conserved and sustainably used in a manner that gives the better output as defined in the federal proclamation.

Besides access to rural land for investment according to a proclamation to determine expropriation of landholdings for a public purpose, payments of compensation and resettlement (Proclamation No.1161/2019⁴) the provision in Article 8(3) of the federal law (which has also been similarly stated in Article 10 (8) of Proclamation No. 130/ 2007 of the Oromia Region) gives provision for a landholder to undertake a development activity jointly with an investor. The Oromia Region Rural Land Administration and Use Regulation (Regulation No.151/2012) provides a bit further the provision of the right to develop rural landholding jointly by making a contract with a private investor through combining their resources, knowledge and technologies for modern or traditional agricultural development (Article 5). Similar to land rental provision, the term of the contract in the joint venture shall be up to 3 years for traditional farming and 15 years for the modern farming, with the possibility of extending the period upon agreement of the parties. However, this version of the rural land supply is not yet implemented in Oromia.

Inheritance right is the other source of access to rural land. The right to inherit rural land use right to members of a family is implemented without restrictions in Oromia and SNNPR that it allows any of the siblings to inherit land use rights of their deceased parents. Whereas, the land use and administration law in Amhara and Tigray allow inheritance right only to rural residents and to those living elsewhere if they are impoverished and their earning is very low. The land administration law in Amhara and Tigray regions has put a sanction backflow of resources from natives who migrated and earned financial resource and skills to invest in their birthplace.

The institutional arrangement is a concern as the implementations of issues related to land-based investments are dealt with substantially by the authorities in land administration and investment office. As land is the principal resource for investment, access to its delivery is significantly guided by a political intervention the decisions are largely of collective responsibility of committees at woreda, zonal and regional level. The relevant land-related laws in Oromia are legislated, and guidelines are drafted to be implemented in either by the land administration or the investment offices. The link between offices is blurred, and exclusive responsibility of each is not well established. The incomprehension in this regard substantially affects the service delivery and makes it difficult to provide efficient response to investors with an application for investment land. As a result, the land delivery process appeared to be hugely dominated and brokered by the informal structure and is hugely susceptible to corruption.

⁴ See section 2.2.2 for details

2.2.2 Expropriation Compensation and Resettlement Laws

Ethiopia's economic growth has created unprecedented demands for land for urban expansion, infrastructure, manufacturing, corporate farming and mining. The government is trying to meet these rising demands of foreign and local investors through two main routes - invoking an unoccupied land, which in most occasions entails the designation of communal lands as state-owned land where the use of expropriation is unnecessary and use of the power of expropriation which primarily focuses on expropriation of land from smallholders. Legislations were enacted to regulate in detail compensation of smallholder farmers whose landholding has been expropriated for a public purpose as provided under Article 40(8) of Ethiopian Constitution.

Proclamation No.1161/2019 replaced expropriation of Landholdings for Public Purposes and Payment of Compensation Proclamation (Proclamation No. 455/2005) cited as "Expropriation of Landholdings for Public Purposes Payments of Compensation and Resettlement of Displaced People" as of September 23rd, 2019. According to the law, expropriation is legal if it is for a public purpose. The core of the legislation of expropriation is coined around the concept of 'Public Purpose'. Proclamation No.1161/2019 Article 2-1 defines "Public Purpose" as a decision that is made by the cabinet of a regional state or the appropriate federal authority based on the approved land use plan or development plan or structural plan under the belief that the land use will directly or indirectly bring better economic and social development to the public. Concerning decision on expropriation for a public purpose, regional states may delegate a Woreda or City Administration to decide on land expropriation for a public purpose (Article 5-5). In contrast, the power to order evacuation and takeover of the land decided to be expropriated for a public purpose is given to the City or Woreda administration (Article 6).

Proclamation No.1161/2019, in accordance with the principles that compensation for the expropriated land shall sustainably restore and improve the livelihood of displaced people (Article 4) sets the compensation framework in five pillars: *property compensation* (payment to be made in cash or in-kind or in both to a person for his property or permanent improvements situated on his expropriated landholding), *displacement compensation* (payment to be made to a landholder for the loss of his use right on the land as a result of expropriation), *displacement assistance* (payment to be made for a landholder who permanently or temporarily displaced in order to help him adjust to the new place), *economic loss compensation* (payment to be made to those who are not displaced but who suffer loss of employment, trade; or rentals, or similar activities as a consequence of expropriation of land for public purposes), and *social ties discontinuance and moral damage compensation* (payment to be made to displaced people for the breakup of their social ties and moral damage suffered).

One of the significant features of the new proclamation is that it gives priority rights to develop land for the landholders (Article 7). Rural landholders for agricultural use have the priority rights to develop their landholdings according to land use plan either individually or in groups (Article 7-2). However, the landholder preserve the priority to develop the land if he/she can develop the land as per the plan is presented (Article 7-3). The details of the right to develop and the time frame are,

however, set to be determined by a regulation in the future. Oromia region investment regulation No 208/2019 has included these provisions that granted smallholders to invest in their landholding. According to Article 13 of the proclamation, a permanently displaced landholder shall be given a substitute for a reasonable proportion of the land taken from the area, if substitute land is available (Article 13-1a). Where equivalent substitute land is not available, the landholder shall be paid displacement compensation which is equivalent to fifteen times the highest annual income he generated during the last three years preceding the expropriation of the land (Article 13-1c). Regional states are expected to establish a fund for compensation payment and rehabilitation and to develop resettlement packages that enable displaced people to resettle (Article 16-1&2). The duty to resettle the people displaced based on the resettlement package and allocated budget is given to the Urban or Woreda Administrations. In situations where the land expropriation is for investment (it is regarded as public purpose) the law gives the people who are displaced to own shares from the investment (Article 16-4). However, if the smallholders do not get shares from the investment, the law states that economic incentives shall be devised by the investor and the administration, the details of which are expected to be determined by a regulation. The Oromia region investment regulation No 208/2019 has also included these provisions that granted smallholders to invest in their landholding.

According to Proclamation No. 456/2005, rural land administration entails a process whereby rural landholding security is provided, land use planning is implemented, disputes between rural landholders are resolved, and the rights and obligations of any rural landholder are enforced. Information on farm plots and grazing landholders are gathered analyzed and supplied to users. The law states that rural land use right of peasant farmers, semi-pastoralists and pastoralists has no time limit (Article 7-1) and holders of rural land evicted for public use shall be given compensation proportional to the development made on the land and the property acquired, or shall be given substitute land thereon (Article 7-3).

A vaguely defined concept of 'Public Purpose' is pro-investor affecting the rights of smallholder farmers. The Proclamation No.1161/2019 and other relevant laws in Ethiopia presuppose the trickledown effect of a gain in investment projects to bring better economic and social development to the public. Article 6 of the regulation No.151/2012 of Oromia region provides specific guidelines provides the responsibility of undertaking the necessary study and preparation of land for investment under the rural land use plan (Article 6-1), preparation of holding a certificate of investment land (Article 6-3), and follow up of payments of compensation and rehabilitation of the landholders expropriated from the land (Article 6-5) is given to the regional Bureau of Land Use and Administration.

Although the Proclamation No.1161/2019 has addressed several issues that have never been considered previously, there is still a gap regarding valuation of improvements on the land (such as buildings) to be compensated. According to the proclamation Article 2 (8), it considers regards use of a common valuation method (assessment value) to calculate the value of a property on expropriated land. For the reason that most houses of the smallholder households are dilapidated structures, the

assessed value may not replace the construction of a habitable house. Replacement cost may need to be used as it is the estimated cost to construct, at current prices, a building with an equal utility to the building being appraised. The other issue of a concern is that the law states the landholder shall be paid displacement compensation which is equivalent to fifteen times the highest annual income he generated during the last three years preceding the expropriation of the land. However, such payments are not considering the high rate of inflation, which is well above 10% in the country in recent years. The income estimation should, therefore, consider the potential of the land to produce than the annual income in the past.

2.2.3 Investment Laws

The recently revised Investment Proclamation of Ethiopia (Proclamation No. 1180/2020) is focused on increasing the role of private sector investment in all sectors of the economy. The proclamation is aimed at enabling different sectors to accelerate the economic development of the country, ensure its sustainability, strengthen domestic production capacity and thereby improve the living standards of its people. The legislation also emphasizes the need to create an economic framework that fast-tracks the global competitiveness of the national economy, increases export performance, generates more and better employment opportunities, and facilitates sustainable linkage among various economic sectors. In relation to procedures with respect to the provision of investment land, the law gives the power to regional bodies to handle land requests for investments in the manufacturing, agriculture, and other sectors in an efficient manner by establishing a transparent and predictable system for the handling land requests (Article 51-1). It also states that regions shall identify and classify land to be used for investment projects, organize such land centrally under one Regional State Administration body and transfer the information to the appropriate investment organs (Article 51-2). The responsibility to coordinate with regional bodies and appropriate investment organs in the facilitation and follow-up is given to the Federal Investment Commission (Article 51-3). Regions are also given the provision to establish procedures consisting of pertinent bodies to respond to land allocation request made by an investor holding investment permit within two months where the investment is in the manufacturing sectors and within three months where the investment is in other sectors. However, investment land delivery has never happened within the set time period in the Oromia region due to the process being too lengthy, and institutional efficiency is low.

Oromia regional government has recently revised the investment regulation (Regulation No. 208/2019) that gives exclusive provisions to farmers, pastoralists or semi-pastoralists to use their landholdings for investment purpose. According to Article 13 (1-8) of the regulation, smallholders with legal use rights of the rural farmland are given the privilege to apply for investment certificate on their landholding. However, the landholder household must fulfil requirements listed under Article 15-1 that includes, among others, application letter, residence certificate, land ownership certificate, proof of 20% of the required capital (ETB1.5 million for individual and 3 million for cooperatives), and feasibility study of the intended project. Article 14 (1) of the regulation also has provisions for the evicted landholder to have a share in the investment; if the smallholder is not able

to have shares the investor is expected to facilitate other income-generating opportunities to members of the displaced households (Article 14-2). Article 16 provides a detailed procedure of the application process to the investment desk. Article 17 (1-13) presents a list of a support package (such as technical aid, tax privilege, loan facilitation, access to the utility, marketing links, etc.) that smallholder investor can benefit.

The investment desk is structurally available at all administrative structure (Region – Zone – Woreda) the final decision on investment land (including requests by the farmers, pastoralists or semi-pastoralists according to the new law - Regulation No. 208/2019) is, however, made centrally by the Investment Commission of the region. Unpacking the legal provision allowing the development of a smallholder land through a joint venture with potential investors could be an essential means to maximize productivity with the application of resources and technology considering that the issue of land use planning is addressed. The joint venture option in accessing investment land in rural areas is believed to improve land supply significantly and enhance productivity. The role of the government and regional administrations need to be more on improving service delivery in establishing a system to protect the rights of the smallholders (prepare and distribute land certificates and registration of agreements) and to facilitate land supply to land-based investors.

2.2.4 Development Plans and Strategies related to Land-Based Investment

Ethiopia adopted Growth and Transformation Plan II (GTP II) 2016-2020 in May 2016 and replaced GTP I that covered a period of 2011-2015. GTP II is a comprehensive strategy guiding the country's development built on sectoral policies, strategies and programs, lessons drawn from the implementation of GTP I, the post-2015 sustainable development goals (SDGs), and taking into account global and regional economic situations with an impact on the national economy. The overarching objective of GTP II is to sustain the accelerated growth and establish a springboard for economic structural transformation and thereby realizing the national vision of becoming a lower-middle-income country by 2025.

Two of the strategic directions of the growth and rural transformation during the GTP II period, relevant for the current study, are the target set to enhance the development of smallholder agriculture and provision of the necessary support for domestic and foreign investors' in the transformative agriculture sub-sectors such as crop, flower, vegetables and fruits and livestock development. By the end of the GTP I in 2014/15 the area of land transferred to investors was 2.4 million hectares, which is planned to increase to 3.1 million hectares by the end of the GTP II plan period (end of 2019/20). The other significant targets set concerning rural land administration during the GTP II includes carrying out the second level of certification for 28.6 million farmlands (parcels) in 359 Woredas; preparation of national rural land use master plan; and preparation of land administration and utilization master plan for each regional state.

Ethiopia's Agricultural Sector Policy and Investment Framework (PIF) 2010-2020 provides a policy guideline the country followed during the past ten years. Of the total of about 51.3 million hectares of arable land with potential for agricultural development, only about 11.7 million hectares of land is

currently being cultivated, which is slightly over one-fifth of the total arable area. According to the policy document, nearly 55% of all smallholder farmers operate on one hectare or less, which is dominated by subsistence, low input-low output, rain-fed farming system.

According to the June 2018 Midterm Review of the Second Growth and Transformation Plan (GTP II) Report of the National Planning Commission, rural land ownership registration and administration, during the fiscal year 2016/17, it was planned to issue second-level land-use certificates for 1.4 million household landowners, and it was possible to issue second-level land-use certificates for 880,000 households with the accomplishment rate of 62.8%.

During the 1990s, the government of Ethiopia launched a large-scale land demarcation programme known as first level land certification (FLLC). FLLC certificates contained information on the parcel size and landholders' details. FLLC certificates did not, however, include specific information on the boundaries of landholders' parcels. One of the significant SLLC program, land Investment for Transformation (LIFT), which is a £72.7 million programme funded by the UK Department for International Development (DFID) operates in four regions of Ethiopia: Amhara, Oromia, the Southern Nations, Nationalities, and People's Region (SNNPR) and Tigray. LIFT is supporting the registration and certification of over 14 million land parcels, recognizing the rights of all legal landholders, through its second-level land certification (SLLC) process. LIFT performance makes it one of the most extensive land registration programmes in the world and a global leader in large-scale land registration. The benefits of SLLC are that it ensures through the demarcation process the details of the landholders, as well as the boundary parcels, are verified and documented so that certificates include this information to reduce disputes between neighbouring landholders over the boundary. The LIFT program in Ethiopia is also supporting rural land rental markets through the introduction of standard land rental contract forms, promoting registration of transactions on the digital Rural Land Administration System (RLAS). Key achievements of LIFT Programme are that 15.2 million parcels demarcated, 13.3 million certificates approved, 12.9 million certificates available for collection, and 10.9 million certificates distributed to landholders. Overall 92% of the certificates are distributed to the land right holders are held by women in joint or sole ownership, 127 woredas in four regions (Oromia, SNNPR, Amhara, and Tigray) have a computerized rural land administration system installed⁵.

2.5 Land-Based Investments in Oromiya Region

According to the information from the Sululta Woreda investment desk, a total of 45 investments were registered. Among which 33 were operational, 5 under construction, 5 terminated their operation, and 2 of the investment sites were vacant. Looking into the composition of the investments the majority of them were in dairy production (14) followed by agro-processing (7), manufacturing industries including cement and gypsum (7), other farming activities⁶ (7), poultry (3), mineral water (5), and other minerals (2). A total of 310 hectares of land is used for investments in Sululta woreda. The plot size per each investment project varies by the type of the project, the

⁵ <https://liftethiopia.com/programme-themes/land-administration/>

⁶ Flower, horticulture, animal rearing, etc

lowest of which is half a hectare - dairy farms (0.5-2 hectare), poultry (0.7-1 hectare), gypsum factories (1-10 hectare), and the cement plant occupies 130 hectares of land.

The investment situation at Lome Woreda differs from Sululta in both the number and type of investments. The leading investment projects at Lome were those in the fattening (59), dairy farms (14), and poultry farms (12), followed by fattening and meat processing (6), manufacturing (6), fruit and vegetable (4), meat processing (4), and flower farms (3). Based on the available investment-related information from Lome Woreda, the following analysis is made to show how land-based investments are operating in Oromia.

Table 1: Descriptive statistics of land size, capital, and number of employees of land-based investment projects at Lome Woreda

| | Minimum | Maximum | Sum | Mean | Std. Deviation |
|------------------|---------|---------|--------|-------|----------------|
| Land size | 0.50 | 33.50 | 255.35 | 2.36 | 4.982 |
| Capital | 0.1 | 143.2 | 881.1 | 8.47 | 19.007 |
| Male employees | 0 | 120 | 538 | 5.22 | 13.039 |
| Female employees | 0 | 560 | 858 | 8.41 | 55.818 |
| Total employee | 0 | 680 | 1396 | 13.69 | 68.010 |

The investment projects have created job opportunity for 1396 employees (538 male and 858 female workers). The gender difference is due to flower farms, and farms producing fruits and vegetables prefer females over males. According to the data, more than three fourth (78%) of the workers in the flower farms, and about three fourth (72%) in the vegetable and fruit farms were females. The plot size per each project varies by the type of the project, the lowest of which was similarly half a hectare while the largest is 33.5 hectare used for irrigation farming. As shown in Table 2, flower farms and farms producing fruits and vegetables have taken a larger size of land, an average of 20.8 and 18.8 hectares respectively. Flower farms and meat processing plants were those involving the highest investment capital at an average of ETB 64 and 31 million, respectively.

Table 2: Descriptive statistics of land-based investment projects at Lome Woreda

| Investment project type | Average land size in hectares | Investment capital | Number of employees | | | Number of investment projects |
|-------------------------------|-------------------------------|--------------------|---------------------|--------|-------|-------------------------------|
| | | | Male | Female | Total | |
| Fruit and vegetable | 18.8 | 6.4 | 9.0 | 24.0 | 33.0 | 4 |
| Fattening | 1.2 | 5.2 | 3.7 | 1.4 | 5.1 | 59 |
| Poultry | 0.8 | 5.3 | 4.3 | 2.5 | 6.8 | 12 |
| Dairy | 1.4 | 3.1 | 2.4 | .9 | 3.3 | 14 |
| Meat processing | 2.1 | 31.1 | 3.0 | 1.0 | 4.0 | 4 |
| Flower farms | 20.8 | 64.4 | 56.7 | 310.0 | 395.0 | 3 |
| Other manufacturing | 1.1 | 16.3 | 1.2 | .4 | 1.6 | 6 |
| Fattening and meat processing | 1.0 | 12.5 | 4.0 | 2.8 | 6.8 | 6 |
| Total | 2.4 | 8.5 | 5.2 | 8.4 | 13.7 | 108 |

Figure 1 presents the number of investments by the year the investment was given to the investors at Lome Woreda. Three fourth of the investment land was distributed between 2007 and 2011. According to the available data, the investment land delivery in the woreda has significantly declined after 2012.

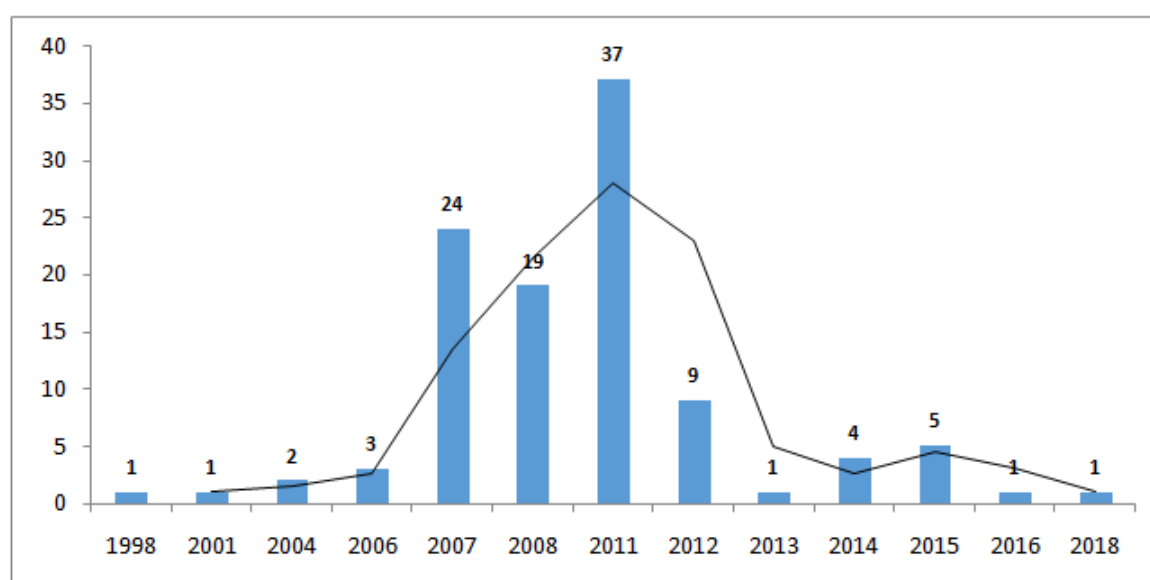


Figure 1: Number of projects acquired with investment land by the year at Lome Woreda

Examining the current status of the investments at Lome Woreda, two-third of them (67.6%) were operational while the operation of 15.7% of the investments was interrupted (the cause mentioned was due to the recent violent conflict).

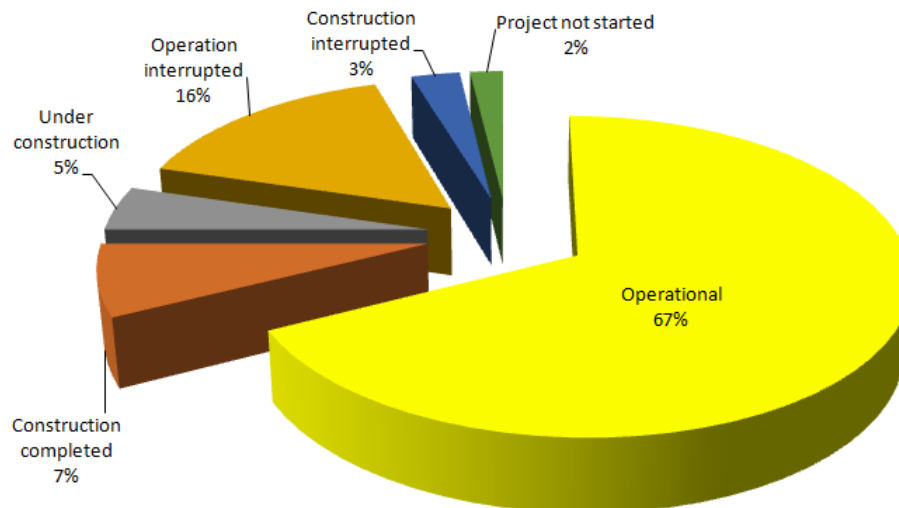


Figure 2: Current status of land assigned for investment projects in Lome Woreda

Global land rush which sparked primarily by the food price crisis then is driven by factors including increased demand for food and speculation — is remaking the face of agriculture and land use in the developing world (Vhugen & Gebru, 2012). A study on agricultural finance in Africa revealed that Ethiopian government entering into long-term contracts to lease large areas of prime farming land to other sovereign nations limits the land supply available to domestic farmers (Coates, Kitchen, Kebbell, Vignon, Guillemain, & Hofmeister, 2011). According to this study, the government's commitment to agricultural development through comprehensive policies (though the path for implementation is not so clearly mapped out) and budget allocations despite being undermined by the poor implementation that policy development (within in a rivalry political environment), public sector co-ordination (such as competing agendas and contradictory policies in relation to agriculture) needed improvements.

Ethiopia has been among the most popular countries for investors as it has actively sought investment in the agricultural sector. Oromiya region is not immune from such land grabbing problem. Karuturi Global Ltd is one of such a foreign company to mention started business in Ethiopia in 2004 through its 100 per cent subsidiary, Ethiopian Meadows Plc. Karuturi had two production farms: 100 ha of land in Holeta (40 km from Addis Ababa, the capital city), where the net cultivable area is 60 ha; and 385 ha of land in Woliso (90 km from Addis Ababa), where the net cultivable area is 200 ha (IDE-JETRO).

The Indian multinational (Karuturi) that made its name in the global cut flower industry had also been acquired more than 300,000 hectares of land in Gambella region to produce food for foreign markets, which is about one-tenth of the total amount of land that the government has made available to domestic and foreign investors. The Indian flower export multinational widely accused of land grabbing in Ethiopia and Kenya has been declared bankrupt by a Dutch court in 2014 (Chatterjee, 2014). The Surya Blossoms Plc was established by Karuturi global; it started its operation by leasing 376 hectares of the land and registered 531,150,000ETB capitals (Alemayhu, 2015). By May 2014, Karuturi stopped shipping flowers to Flora-Holland, and its two subsidiaries - Ethiopian Meadows Plc and Surya Blossoms Plc had been sold off to a company in Dubai (International-Trade-

Centre, 2014). However, the Surya Blossoms Plc flower farm in Woliso remained abandoned since 2014.



Figure 3: Surya Blossoms Plc flower farm site at Woliso Woreda



Figure 4: Abandoned flower farm at Woliso Woreda

2.6 Effect of Investment Practices on Smallholder Farmers in Oromia Region

Smallholder farmers in Africa contribute over 70% of agricultural output along with tremendous challenges such as limited access to productive resources, inputs and markets (ECA, 2014). Agricultural production in Ethiopia, in general, is characterized by subsistence farming, low productivity, low level of technology and inputs, lack of infrastructures and market institutions, and

vulnerability to rainfall variability (Bekabil, 2014). The manifestation of which as seen in Oromiya region during the recent past resisted the policy because they have been evicted from their lands, denied employment opportunities and non-fulfilment of other promises that investments were supposed to bring (Gurmu, Saiyosapon, & Chaiphar, 2017). Farm fragmentation has increasingly emerged as one of the critical problems of subsistence farming of Ethiopia (Gebreselassie, 2006).

Transaction in land rental markets through crop sharing and cash rental is gaining importance in different parts of the country, including Oromia. Smallholder farmers choose these markets as a way to pool resources and risks, and balance factors of production at farm level (farm inputs such as oxen, fertilizer, and labour). The Oromia region land use and administration proclamations allow that peasant farmers, semi-pastoralist and pastoralist who are given holding certificates have a legal right to rent out up to half of their holding to other farmers or investors, and also can undertake the development of the land in a joint venture by registering at the relevant office.

A study on socio-economic preferences for sharecropping and understanding the legal and institutional factors affecting the formalization of sharecropping transactions under the LIFT programme (DAI-LIFT, 2020) identified four common types of land rental arrangement in Oromiya. These are (1) Cash-based land rental: With this arrangement, the landholder will be paid the agreed land rental fee upfront, and the renter will utilize the land to the agreed purpose during the lease period. The landholder in this typology bears no risk. This type of rental arrangement is common to both the study woredas. (2) In-kind land rental: with this type of land rental arrangement, the landholder will be paid the rental fee in kind based on the agreement made. The agreement could be, for example, three quintal of wheat or two quintals of teff per hectare of land. The in-kind rental payment can be made upfront or during the harvest time, depending on the agreement. The landholder in this typology won't bear any risk. This form of rental arrangement is commonly practised at both the study woredas. (3) Sharecropping with equal input and output contribution: In this arrangement, the sharecropper covers all costs related to labour, seeds, fertilizer and other supplies as needed. The sharecropper will deduct the amount spent on the inputs and equally shares the remaining with the landholder. In this arrangement, not only the yield but risks are also equally shared between the sharecropper and the landholder. This is the most widely practised sharecropping arrangement in both the study woredas. (4) Sharecropping with labour only contribution: In this arrangement, the landholder contributes seeds, fertilizer, oxen, and covers the living expense of the sharecropper. The sharecropper will contribute only his labour and takes a quarter of the yield during the harvest. This type of sharecropping arrangement is practised in the lowland part of Nono woreda, along the Ghibe Valley.

The Federal and regional governments have taken several actions to help the development of land markets such as the provision of SLLC certificate to secure individual landholding rights and supporting land administration systems. In addition to cash-based land rent, sharecropping registration is also underway in some of the Woredas in Oromia protecting the rights of small landholders by providing better information about transactions.

When asked what strategies are being used in their respective woredas to improve smallholder sector efforts to increase productivity the responses from the agricultural offices of the study woredas were very similar that they believe as though facilitation of the supply of fertilizer and improved seeds alone can augment the productivity of smallholders. According to our observation, the complexities of the factors in the low productivity of smallholder farmers in the study areas are not well perceived at the Woreda level. If smallholder agriculture is to persist more comprehensive rural development changes need to accompany land-related policy measures such as improving public investments in productivity-enhancing technologies suitable for smallholder farming including investing in agricultural research; a parallel growth in the non-farm economy to make rural livelihoods rely on agriculture as only one component of the portfolio of activities; and a detailed assessment of rural comparative advantage and promotion of niche agricultures which may offer decent returns.

Investors, most of the time, prefer to communicate with the government offices than the smallholder community in that the integration of investments with smallholder households is low. As described by an expert in the investment desk of Lome Woreda, there is no practice of integrating investments with smallholders. Weak integration with investment is a problem disrupting the attainment of sustainable development. As the question of the local communities differs from that of the investors, investors often focus on profits and growth of their projects, not giving heed to solving the problems prevailing in the community. When they want to expand, take their inquiry to the land administration office, and if they are refused, they just go elsewhere to expand or drop their investment plan. There are yet some investments with an adequate level of integration with residents. The integration of investments with the local community in the study areas is generally weak, and this has effects on both the profitability of the investments and the livelihood improvement of the local community. The Adama Woreda Agriculture office head mentioned that they had arranged a series of meetings among both parties (smallholders and investors) to develop integration and a habit of working in unison. Several benefits of investment projects were mentioned by the respondents such as the construction of educational and health facilities, including equipment and supplies, and the creation of job opportunities for the local community was mentioned. Sher Ethiopia at Bora Woreda of East Shoa zone and SBGI and Acer Agro-Industry at Sululta Woreda were few of the investments closely working with the local community. At Lome Woreda also there are some investments mentioned that they have better integration with the local community in activities such as the distribution of improved poultry breeds to local farmers, collection of raw milk from smallholders for dairy processing, and shared utilization of irrigation facilities.

In all the visited Woredas respondents mentioned that most of the investment land was acquired from fields used by the communities for grazing and other purposes while others are taken from smallholders. Those evicted from their landholdings were given compensations which are meant to rehabilitate them on their remaining plot of land; none of these smallholders was free from discontent concerning the amount of compensation. Ideally, before compensation is paid, the landholders are invited to participate in conversations with the land and investment desk. The

practice is that the level of community participation was sporadic and non-existent in some circumstances, especially when it comes to decisions to expropriate smallholders. The feedback obtained from a leather manufacturing industry at Lome Woreda is presented as follows.

A case of investment on leather products in Lome Woreda

The leather products plant aimed at satisfying both local consumption and foreign export was established in 2014. The plant is owned by George Shaw. The land is obtained from the federal government on a leasehold basis. As the land was provided to the project by the government, we were not aware whether there had been displacements of smallholders or not. The land acquisition process took about three months, and we had no discussion or negotiation with the local community members throughout the whole process. The company has 50 skilled workers and 300 employees staffed as workers while there are 8 management-level staff members. Half of the employees are members of the local community; these include the previous owners of the land and their families.

The regional land policy supports and nurtures investment, as that is the case the land acquisition process was completed on time. There were no difficulties concerning bureaucracy during the implementation of the project. However, there were instances where disagreements occur during the implementation of the project during fencing the premise. The disagreement was mainly due to complaints on the amount of the compensation paid by the government. There has also been dispute due to water supply pollution during the operational period. The problem was thus addressed by installing water treatment facilities and by providing additional compensation to those with grievances concerning boundaries. The project still has the ambition to expand, but the peace and security issue in the country has been a significant hindrance. When peace subsides, the company has a plan to acquire more land for expansion of the project.

There are mutual benefits shared between the investment and the community as the company recruits members of the community, and provides them with training. The community members also support the project by providing security around the manufacturing plant. Based on what we experienced, investors must communicate with the local communities concerning any issue, while the government should also take corrective measures to address issues that arise concerning compensation payments.

The investment desk at a Woreda level has formal mechanisms to tackle the challenges encountered in supplying land for investment projects, in negotiating with the smallholders, and in taking corrective actions where investments fail to abide by the lease contracts. As described by the Sululta Woreda investment office, the Woreda level investment desk and the investment committee are expected to monitor investment projects and report to zonal investment desk, and decisions are yet

to be made only at a regional level. The long chain of the decision-making process is the main challenge that complaints (of both investors and the community) are not addressed on a timely basis.

The Woreda investment desk monitors the activities of each investment projects in their jurisdiction. There are times where manufacturing investment projects (such as leather industries) fails to conform to the agreed-upon standards, such as incorporating environmental standards of waste disposal mechanisms. Those that did not conform are expected to take corrective measures and to be eventually seized and closed if they fail to abide by the law. Some investments have limitations when it comes to operating responsibly, and this has economic, social and environmental effects.

Failure to meet environmental standards is commonly seen across manufacturing investments at almost all the woredas assessed; some of the investments are reluctant to install solid and liquid waste management systems. Investment's lacking waste disposal mechanisms and continuing polluting rivers and the air is one major cause of discontent among the communities. In such circumstances, decisions are not usually made promptly based on the monitoring results from the Woreda investment committee. One such sober case was mentioned by the Sululta Woreda investment that a leather factory that released polluted chemicals to the local river has been a cause for the death of livestock in the area. The factory was unwilling to take corrective measures in response to the grievance from the community as it affected their livelihood. Addressing the problem required three years before actions were taken due to a lengthy process and sluggishness in making decisions. In general, the rural community's outlook toward local investment is low, and varying disputes occur between community members and the investors, the cause for the disputes were mostly on the boundaries of the investment land the pollution of water points and pollution of air quality as the case reported in Chanco town due to a cement factory. And yet many of the community members have a positive attitude towards investment projects as understood from the interviews with smallholder households and community leaders in the study areas.

2.7 Compliance of National and Regional Laws and Practices with the Continental and Global Principles

As both the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT) and the Framework and Guidelines on Land Policy in Africa (F&G) are derived from the common and shared principles, they are complementary, and there are many areas of overlap as well as many policy messages that the two have in common. The F&G focus on contexts and provide guidance on the land policy processes, the VGGT focus on what should be contained in good land policies. The general principles that F&G and VGGT are following are that governments should recognize and respect all legitimate tenure rights and the people who hold them; protect legitimate tenure rights against threats and arbitrary loss; promote and facilitate the enjoyment of legitimate tenure rights; provide access to justice when tenure rights are infringed upon; and prevent tenure disputes, violent conflicts and opportunities for corruption (FAO, AU, ADB, & UNECA, 2019).

The following matrix presents a description of the key provisions and principles in the continental/global standards, how the national/regional laws responded to the principles and standards, and the gaps in local policies/laws and practices in addressing the international and continental standards.

Table 3: Key provisions and principles in the continental and global standards and the response in the national and regional laws in Ethiopia

| key provisions and principles in the continental and global standards | The response of the national and regional laws to the principles and standards | Gaps of local policies and laws and practices in addressing the international and continental standards |
|---|---|--|
| <p>I. <u>Human dignity and respect for human rights:</u></p> <p>In line with the principles of VGGT and F&G, African Union Member States have committed to adopting a human rights-based approach to the development of appropriate land policies; and land administration and management systems, including structures and institutions for land rights delivery and land governance. Therefore, the two instruments, VGGT and F&G, promote actions by states for ensuring that measures are put in place to realize respect for human rights and call for the domestication of international and regional obligations and commitments on respect for human rights.</p> | <p>There is a generous recognition of human rights in Chapter Three of the text of the 1995 Federal Democratic Republic of Ethiopia's (FDRE) Constitution. Almost all types of rights recognized in the International Bill of Rights are granted a constitutional status in Ethiopia.</p> | <p>Although such recognition is of immense significance in setting the standards and laying down the foundation for a vibrant human rights culture, incidents in recent years suggested that the government failed short of its constitutional commitments. The failure resulted in the unprecedented current political crisis, the root cause of which lies on landlessness and unemployment of the youth.</p> <p>The Ethiopian expropriation laws give extensive power to the government, which afford farmers and pastoralists little or no practical protection against land dispossession. The implications of expropriation on land rights, especially from the perspective of small households – specifically peasants and pastoralists is a serious concern to be considered. Issues such as unbiased definition of 'public purpose', mode of compensation and its assessment, process of decision making, the available recourse of the landholders with grievances need to be approached with the necessary attention and care they deserve as they have multiple human rights implications.</p> |
| <p>II. <u>Equitable access to land and tenure security for all landholders and users:</u></p> <p>Land policies and reforms should ensure that rights to use, control and benefit from land, fisheries and forests are equitable and account for all those whose livelihoods depend on such rights. The VGGT make explicit reference to equity and justice with respect to the management of public lands, customary tenure systems, land concentration and redistributive land</p> | <p>In Ethiopia there is an essential constitutional right to secure access to land. The Ethiopian Constitution, apart from declaring land as a joint property of the people and the government (Article 40-3), provides that Ethiopian farmers and pastoralists have the right to obtain land for use – farming and grazing – free of payment (Article 40-4&5). These provisions are also clearly indicated in the federal and regional land administration and use laws and regulations. The Constitution (Article 35-7) accords women equal rights with men regarding the use, transfer, administration, and control over land. According to the constitution</p> | <p>The constitutional and legal provisions are very important for a country with the largest proportion (about 80%) of its population living in rural areas and dependent on agriculture. Despite these constitutional provisions, because of the ever-increasing demand for private investment, the Ethiopian government is resorting to land-acquisition mechanisms that violate the constitutional right to access to land (Reta, 2016) and hence encroach upon the realization of human rights in the country. Access to land in rural areas is limited to largely informal land transactions in a form of rent and sharecropping arrangements. Through its inclusive approach to land certification, LIFT program is striving to ensure that women and vulnerable groups (VGs) are able to receive land titles. However, LIFT program's assessments (LIFT, 2019) show that women and vulnerable groups still face many challenges in maintaining</p> |

| key provisions and principles in the continental and global standards | The response of the national and regional laws to the principles and standards | Gaps of local policies and laws and practices in addressing the international and continental standards |
|---|---|---|
| reforms. The F&G calls for equitable access to land as a fundamental aspiration of the African people and notes that land tenure security for women requires special attention. It also emphasizes the need for inclusive and responsive land policy development. | and other subsidiary laws, women have equal right to enjoy a legal treatment in the inheritance of property and the disposition of marital property. | their land rights after receiving their land certificate. |
| <p>III. <u>Land policies recognize the different values of land, and reforms promote sustainability</u></p> <p>The VGGT and F&G underscore the need for decision-making on land to take into account not only the market or economic value of land, but also the broader social, cultural, political, spiritual, and environmental significance of land to different land users and stakeholders. And also, the VGGT and F&G call for land governance systems that take into account sustainable management of natural resources and protection of the environment and integrity of ecosystems, particularly in the context of large-scale land-based investments.</p> | <p>Legislations were enacted to regulate in detail compensation of smallholder farmers whose landholding has been expropriated for a public purpose as provided under Article 40(8) of Ethiopian Constitution. In this regard, Proclamation No.1161/2019 has set compensation to be in accordance with the principles that compensation for the expropriated land shall sustainably restore and improve the livelihood of displaced people that include property compensation, displacement compensation, displacement assistance, economic loss compensation, and social ties discontinuance and moral damage compensation.</p> <p>The preamble of the Federal Democratic Republic of Ethiopia Rural Land Administration and Land Use Proclamation (Proclamation No. 456/2005) and similarly Proclamation No. 130/ 2007 of Oromia region calls to sustainably conserve and develop natural resources and pass over to the coming generation through the development and implementation of a sustainable rural land use planning based on the different agro-ecological zones of the country.</p> | <p>Land use planning is a core for implementing efficient land management system, including estimation of compensation, land rent, etc. However, the practice is that land-use planning is only included in the laws and policies but not yet implemented.</p> <p>The government is trying to meet the rising demands of foreign and local investors through two main routes - invoking an 'unoccupied land', which in most occasions entails the designation of communal lands as state-owned land where the use of expropriation is unnecessary and use of the power of expropriation primarily focusing on expropriation of land from smallholders. The idea of vacant land has been espoused by the Ethiopian government in order to make land available for various purposes, from public projects to investment ventures. The idea of vacant or unused land disempowers and dispossesses people of their communal land-use right.</p> <p>The current practice of supplying investment land in many terms is not sustainable. A study that examines the effectiveness of the land lease process regarding economic, social, and environmental expectations from agricultural outsourcing (Teklemariam, Azadi, Nyssen, Haile, & Witlox, 2016) revealed that the supply of land to large-scale commercial investors in Ethiopia is made without adequate land use planning, land valuation, and risk analysis. According to the study, limitations in monitoring systems have contributed to meagre socio-economic gains and led to deforestation and environmental degradation.</p> |

| key provisions and principles in the continental and global standards | The response of the national and regional laws to the principles and standards | Gaps of local policies and laws and practices in addressing the international and continental standards |
|---|--|---|
| <p>IV. <u>Recognition and protection of customary and informal tenure rights</u></p> <p>The VGGT and F&G call for recognition, respect, and protection of non-statutory forms of tenure, including customary and informal systems. The VGGT and F&G further call for recognition of the tenure rights of indigenous people through the principle of free, prior, and informed consent (FPIC) and the need to take into account the value of customary land administration and management institutions.</p> | <p>Article 6 of the federal Proclamation No. 456/2005 on the provision of measuring, registration, and provision of certificates of rural lands under the holdings of private persons, communities, governmental and non-governmental organizations with cadastral maps showing their boundaries.</p> | <p>According to (Abdo, 2015) a trend that the remaking of the existing land tenure system, which is dominated by smallholder agriculture, through the expropriation of land from smallholders for ‘public purpose’ to lease it out to capital raises a concern. This trend suggests the beginning of a shift from a land tenure system dominated by subsistence farm holdings to a system whereby land is increasingly deployed to the service of commercial farmers and industrialists with a declared purpose of enhancing economic development. This shift, however, contradicts state policies and laws that pledge to enhance the tenure security of small landholders through the ‘land for all’ narrative.</p> |
| <p>V. <u>Decentralization of land governance responsibilities</u></p> <p>The VGGT and F&G recognize that decentralization of land governance responsibilities is an effective and efficient way for increasing the accessibility of services, promoting transparency and accountability, and limiting corruption. Decentralization and devolution of land administration and reform also create a conducive environment for meaningful public participation and engagement in decision making on land matters and access to effective disputes resolution.</p> | <p>Proclamation No. 456/2005 decentralized responsibility of land governance to regions that each regional council shall enact rural land administration and land use law, which consists of detailed provisions necessary to implement the federal Proclamation (Article 17-1), and regions shall establish institutions at all levels that shall implement rural land administration and land-use systems, and shall strengthen the institutions already established (Article 17-2).</p> <p>According to Regulation No. 151/2012 of Oromia Region, rural land registration and certificate preparation, land rights transfers, registration of land rental transactions, rural land data service, dispute and conflict resolution, etc. are services that are given at woreda level. Whereas, according to the investment regulation of Oromia region (Regulation No. 208/2019) decisions on</p> | <p>The long chain of the decision-making process in investment cases is the main challenge in Oromia that complaints of investors are not addressed on a timely basis.</p> |

| | | |
|--|---|---|
| key provisions and principles in the continental and global standards | The response of the national and regional laws to the principles and standards | Gaps of local policies and laws and practices in addressing the international and continental standards |
| | granting investment land or reclaiming the investment land where investors fail to act as per the agreement is centralized at a regional level. | |
| <p>VI. <u>Decision making on land policy reforms must be based on consultation and participation</u></p> <p>The VGGT and F&G consistently call for free, meaningful, and effective consultation and participation of all those whose legitimate tenure rights could be affected by decisions, prior to decisions being taken and particularly encourage the participation of women, girls and indigenous peoples who are often considered insignificant in decision making. They further call for inclusive multi-stakeholder platforms, including civil society and private sector, in land policy development, implementation and monitoring.</p> | <p>Article 92 (1) of the Ethiopian Constitution under environmental objectives states that people have the right to full consultation and to the expression of views in the planning and implementations of environmental policies and projects that affect them directly.</p> <p>Article 35 (6) of the Ethiopian Constitution under the rights of Women states that women have the right to the full consultation in the formulation of national development policies, the designing and execution of projects, and particularly in the case of projects affecting the interests of women.</p> | <p>Consultation with citizens in policy formulation is rarely practised though there are some provisions in the constitution of the country. The consultation practice was somehow apparent during the formulation of GTPII that has passed through a series of broad-based consultation processes with relevant stakeholders at regional and federal levels in a structured and coordinated manner to enrich its content and forge national ownership of the Plan.</p> <p>Land related laws are drafted, and policies are formulated principally based on political motives of the ruling government than the consultation of the concerned stakeholders, including the legitimate tenure right holders. For instance, the 2007 legislated land administration and use proclamation of Oromia was not made for implementation until the detailed regulation was enacted in 2012. And yet, some of the critical provisions in the regional proclamation were enacted in the revised investment regulation of the region in 2019 following the recent political reform in the country.</p> |
| <p>VII. <u>Land Governance should be transparent and accountable for effectiveness and combat corruption</u></p> <p>The VGGT and F&G recognize that institutions dealing with land must be transparent, accountable to stakeholders, make information accessible and that corruption should be kept in check to ensure that land policies, decisions, and their implementation</p> | <p>The federal land administration proclamation (Proclamation No. 456/2005), as well as land administration Regulation No. 151/2012 of Oromia Region, provides legislation on land administration services (such as rural land registration and certificate preparation, land rights transfers, registration of land rental transactions, rural land data service, dispute and conflict resolution, etc.)⁷.</p> | <p>Although the standards set in laws and regulations land-related service delivery in Ethiopia remains to be the most corrupt system. For instance, despite all the attention given, investment land delivery has never happened within the set time period in the Oromia region due to the process being too lengthy, and institutional efficiency is low.</p> <p>Land governance is fundamentally about understanding power and the political economy of land that involves the rules, processes and structures through which decisions are made about the use of and control over land, the manner in which the decisions are implemented</p> |

⁷ Standards for service provision are, however, yet not set except in the LIFT program woredas in Oromia, Amhara, Tigray, and SNNPR regions.

| key provisions and principles in the continental and global standards | The response of the national and regional laws to the principles and standards | Gaps of local policies and laws and practices in addressing the international and continental standards |
|---|--|---|
| are fair inclusive and effective. The VGGT and F&G make explicit emphasis on the importance of transparency as a strategy for achieving accountability, with respect to fair operation of the market and the management of the large-scale land-based investment. | The recently revised Investment Proclamation of Ethiopia (Proclamation No. 1180/2020) is focused on increasing the role of private sector investment through speedy service delivery to land allocation requests within two months if the investment is in the manufacturing sectors and within three months where the investment is in other sectors (Article 51-4). | and enforced, and the way that competing interests in land are managed (Palmer, Fricska, & Wehrmann, 2009). Political corruption manifests as a result of opportunities created through land transactions, reforms and development projects. Examples include when state-owned lands are privatized or leased, large-scale land acquisitions by investors are negotiated, etc. While corrupt individuals at all levels can be involved in these acts, the roots of corruption in relation to land often reside within the upper circles of power in the public and private sector (FAO, 2011). |
| <p>VIII. <u>Redistributive land reforms to be considered a valuable tool</u></p> <p>The F&G and VGGT recognize that securing tenure rights, redistributing land, improving access to land resources, and making land services accessible, particularly where levels of rural poverty are high, can significantly contribute towards poverty eradication. Land redistribution as an element of land policy reforms is an essential tool for promoting equitable access and secure tenure, especially regarding vulnerable groups such as women and youth, and “indigenous peoples”.</p> | Article 9 of the federal law (Proclamation No. 456/2005) legislate farmland redistribution under three conditions: farmlands whose holders are deceased and have no heirs or are gone for settlement or left the locality on own wish; upon the wish and resolution of peasants farmers, semi pastoralists and pastoralists where land distribution becomes the only alternative; and on irrigable land. Whereas, article 14 (1-3) of Proclamation No. 130/ 2007 of Oromia sanctions redistribution of peasant or pastoralist or semi pastoralist's land holding, and it has provisions for redistribution of unoccupied pockets of agricultural lands and abandoned state farms to the landless and land deficit persons. | Because Oromia Rural Land Administration and Use Law prohibit land redistribution, unoccupied agricultural and community lands have been given to investors, that made it difficult to access land for persons who want to engage in agriculture. A recent study (Dibaba, 2020) suggests that state ownership of land in Ethiopia, particularly in Oromia, created tenure insecurity and failed to ensure equality of citizens in accessing land. |

3. CONCLUSIONS AND RECOMMENDATIONS

3.1 Conclusions

For more than half century land governance in Ethiopia has been marked by significant control by the state over the allocation and use of land. Strengthening the capacity for improved governance of land tenure empowers national and regional level government and communities to facilitate the recognition of tenure rights. Improving land governance as well as the implementation of the globally agreed development standards by governments and private investors - respect for land tenure and the rights of rural communities and smallholder farmers - has become an increasingly main issue in achieving land-related SDGs in 2030. The indicators of the SDGs relate to tenure rights and security, the proportion of agricultural area under productive and sustainable agriculture, and the gender dimension of the ownership of agricultural land.

Land certification initiatives with this motive have been expanded to millions of households nationwide with positive results along which there is a call for more significant measures to enhance tenure security and to stimulate greater economic investments at the household level. Improving land tenure security for smallholder farmers, co-ordination and harmonisation among different institutions involved in land governance, and greater transparency related to land leases to private investors are some of the main land-related issues in the country. Despite the comprehensive framework of land-based investment in Ethiopian being within the general context of the international guidelines, the implementation of these guidelines, national and regional laws and development strategies is lacking coherence. The investment practices were not yet fully promoting and facilitating the enjoyment of legitimate tenure rights of smallholders to the level prompted by the global guidelines mainly related with the eviction of smallholder farmers in the name of 'public purposes' for land-based investments - the amount of the compensation and the effort to rehabilitate the displaced households were principal causes of the smallholder's discontent.

The high rates of farm fragmentation together with a low level of productivity have also contributed to hinder sustainable intensification of smallholder agriculture. According to the study, land fragmentation negatively affects the incentive to apply sustainable land management practices likes rotation, agro-forestry, intercropping, and soil erosion control is generally affected by farm fragmentation and decrease of farmland. Smallholders have higher overhead costs of application of technology and sustainable land management practices, are less risk-tolerant, and compared to farmers with relatively higher farms the opportunity cost of participation in sustainable land management practices is low. Arguably, smallholder farms are not necessarily uneconomical as long as land productivity is boosted through research, external support with investments in new technology, and provisions of alternative methods for supplying credit and alternative employment for the growing landless population. Diversification of rural livelihood than total reliance on a farm plot needs to be considered to reduce risk exposure and encourages a broader-based growth in the rural economy – such a model has effectively worked for China where land is fragmented, and it

remains under state ownership. It is, therefore, necessary that these issues need to be sorely considered to improve smallholder farmers productivity.

Effective consultation and participation of major stakeholders including all those whose legitimate tenure rights could be affected by policies in land management is pertinent for equitable and sustainable development targets. Ethiopian constitution also underlined the right to full consultation and expression of views of stakeholders including women in the formulation of national development policies, the designing and execution of projects that affect them directly. However, practice shows that land related laws are drafted, and policies are formulated principally based on political motives of the ruling government than the consultation of the concerned stakeholders, including the legitimate tenure right holders.

The land-based investment practice in Oromia showed that most of the business enterprises do not act with due diligence to avoid infringing on the legitimate tenure rights of smallholders and pastoralists as they are mainly targeted at securing land for their investment (or expansion) motives while not showing due regard to the displaced people leaving such responsibilities as solely government's role. Some of the business enterprises do not comply with national laws and regulations when engaging in new arrangements. Some of the projects make environmentally damaging pollution that affected the health and livelihood of the surrounding smallholders and their livestock. An assessment of the land-based agricultural investment cases also has revealed that many of the large scale agricultural investments do not succeed in creating the benefits as envisaged for the state and the key stakeholders. These investments were lacking well-informed decisions through an independent and holistic assessment of feasibilities of the projects considering the economic, financial, socio-cultural and environmental costs and benefits. The decision-making process also lacks transparency and social acceptance by the affected communities. These rural land-related problems are compounded by the growing population and by the inheritance provisions of the land tenure system, both of which result in a substantial landless population and the existing stock of land being divided into increasingly smaller plots.

Details of the legal provisions in relation to rural land and investment are haphazardly addressed in different legal documents such as land administration and use, investment, and compensation and rehabilitation. Institutional arrangement of the investment authority is highly centralised and lack transparency, the role of land administration and investment authorities is mostly blurred. As a result Investment land acquisition procedures are too lengthy, which in most cases signal higher level of corruption, with an effect of discouraging true investors while motivating land speculators. While land is in the hands of smallholder farmers and pastoralists the supply channel for investment is confined in a single channel of the investment office. The legal provision of developing smallholders holding in joint venture needs to be explored as a potential to improve land supply and to enhance productivity.

3.2 Recommendations

- Enhanced participation of stakeholders including investors and the smallholders in the process of land-based investment decisions implies shared responsibility and transparency regarding the social and economic gains, including the strengthening of smallholder land rights, improving livelihoods, and addressing food security. The modality can also facilitate joint investment and shared benefits.
- Investors should consider and act upon to improve the likelihood that their investment should comply with international standards and principles related to land governance guided not only by "do no harm" but also should improve the livelihoods of smallholder farmers through reciprocal arrangements of co-ownership, co-investment and co-benefits with smallholders and the communities.
- Before starting negotiations on any land-based investments involving a displacement of smallholders, investment authorities must ensure that an independent assessor carries out an environmental and social impact assessment (ESIA). The audit must include a transparent and participatory tenure assessment and assessments on all the potential positive and negative impacts that the proposed investments could have on tenure rights. The assessment should understand how land and social, cultural, economic and environmental values of communities and smallholders are associated. Further, the consultation process must include local stakeholders who may be affected by the proposed investment.
- The typical standard of rural land lease agreement includes rights and obligations of the lessee related to conservation of the leased land and natural resources, timing and schedule for developing the land, procedures for the handover upon the termination of the lease period, provision of a report regarding the investment activities, payment of the land rent, land use and plan, the rights and conditions of transfer, etc. The lease agreements should include provisions on the social commitment of the investment, including the integration of the investment with the communities and other commitments.
- Investment authorities should give guidance to investors to explore alternative investment models that do not result in large scale transfer of land rights and displacement of smallholder farmers, such as out-grower schemes or contract farming. If an investment involves transactions in tenure rights make sure that it is carried out with full transparency, in line with relevant national policies, and are consistent with the objectives of social and economic growth of smallholders.
- Inefficiency in the land supply system is largely due to lack of focus to unpack the legal provision allowing the development of a smallholder land through a joint venture with potential investors to maximize productivity with the application of resources and technology. The federal and regional authorities need to work on detailing the implementation of such legal provisions and

improve systems of service delivery to protect the rights of the smallholders, to facilitate land supply to land-based investments, and discourage corruption.

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A. In-depth interview checklist for Investment Authority and Land Administration at Federal and Regional level

Organization -----

Name of the person interviewed -----

Responsibility -----

1. What are the major laws, policy frameworks, and directives (and court decisions, if any) affecting agricultural investment in Ethiopia (Oromia)
2. Do the investment laws and policy frameworks incorporate the following?
 - gender equality and women's empowerment
 - provisions to engage and empower youth
 - provisions to respect tenure of land, forests, and access to water
 - provisions for conserve and sustainably manage natural resources, increase resilience, and reduce disaster risks
 - Respect cultural heritage and traditional knowledge, and support diversity and innovation
 - inclusive and transparent governance structures, processes, and grievance mechanisms
 - human rights and promotes accountability of each actor to all relevant stakeholders
 - decisions on the feasibility of investment are made based on an independent, holistic assessment of the economic, financial, social and environmental costs and benefits associated with the proposed investment
 - the way community consultations are carried out
 - decisions on investment and their implementation are based on good governance (transparency, inclusiveness, prior informed participation and social acceptance of affected communities)
 - Do experts generally consider the compensation mechanisms in the investment laws are fair?
3. What are the major gaps in national/regional laws and policy frameworks negatively affecting both smallholder farmers and investors? To what extent do existing laws and policy frameworks allow, encourage, and constrain responsible investment in the region?

Thank you

B. In-depth interview checklist for sector offices (Rural Land Administration, Investment & Agriculture)

Zone -----

Woreda -----

Organisation/office -----

Name of the person interviewed -----

Responsibility -----

1. Total number of land-based investments in the woreda
 - Agriculture ---- Manufacturing ----- Service ----- Others ----- Total -----
 - Total job opportunity created -----
 - Total land distributed to investors ----- hectare
 - Total land available for future investments? ----- hectare
2. What strategies are being used in your woreda to improve smallholder sector efforts to increase productivity and specialise in high-value products?
3. How efficient is the investment land delivery system in your woreda? What are the investment opportunities in your woreda? What are the gaps in investment land supply and management? What are the challenges of the land system in terms of investment land supply?
4. Describe how the smallholder farmers and the local population are affected by the investment?
 - How the practice of compensation is taking place, and what are the community responses?
 - Does agricultural investment affected landlessness?
 - Does agricultural investment resulted in infrastructure improvements?
 - Does agricultural investment resulted in access to education and job opportunities for local population?
 - Does investment in agriculture promoted working condition for the newly employed youth?
 - Does investment in agriculture reduced poverty and food security issues of the local population?
 - Does investment in agriculture has affected power relations in the villages?
 - What is the level of community participation in investment decision making?
5. Are there model investments in your woreda engaging/integrating smallholder households and local communities? Describe the design of the integration.
6. Are there investment practices that combine investment with smallholder expansion to address land shortages and also improve the livelihoods of smallholder farms?
7. Were there displacements of smallholder households due to investments? How many of them were displaced? How do they rehabilitate? What were the challenges?
8. What are the tools to tackle challenges, gaps and implementation bottlenecks of agricultural investment?
9. What are the monitoring and evaluation process on the agreed conditions, such as, economic, social and environmental contribution.

10. How integrated are the investments with the local residents (smallholder)? How strong is the integration? What strategies are being used to avoid/minimise impacts of investments on smallholder households?
11. How supportive are the communities to the success of the investment? Was there any dispute between investors and the local community? If yes, what were the causes of the disputes? How were disputes resolved?
12. Detailed information on land-based investments in the woreda (listed according to land size).

[illegible]

Thank you

C. In-depth interview checklist for community leaders and smallholder farmers

1. What are being done in your area to improve/increase productivity and specialise in high-value products?
2. What are the investment opportunities in your community? What are the gaps in investment land supply and management?
3. How is the current demand for investment land impacting smallholder farming households in your community? Discuss both the positive and negative impacts.
 - How the practice of compensation is taking place, and what are the community responses?
 - Does agricultural investment affected landlessness?
 - Does agricultural investment resulted in infrastructure improvements?
 - Does agricultural investment resulted in access to education and job opportunities for local population?
 - Does investment in agriculture promoted working condition for the newly employed youth?
 - Does investment in agriculture reduced poverty and food security issues of the local population?
 - Does investment in agriculture has affected power relations in the villages?
 - What is the level of community participation in investment decision making?
4. What strategies are being used to avoid/minimise negative impacts of investments on smallholder households?
5. How integrated are the investment practices in improving local livelihoods and economic growth? How supportive are the communities to the success of the investments?
6. Are there model investments in integrating smallholder households and local communities? Describe the design of the integration.
7. Was there any dispute between investors and the local community? If yes, what were the causes of the dispute? How were the disputes resolved?
8. I would like to hear from you any other issue related to the opportunities, gaps and challenges on land based investment in Oromia region

Thank you

D. Case stories checklist for selected investment projects

1. Ownership of the investment -----Year the company was established -----.
2. What are the objectives of the investment? Who are the targets of your products (local market/foreign export/both)
3. Area of land the company has leased initially? Does the project expanded since it started operation? How much additional land it secured for the expansion (if any)?
4. What was the land use before the investment took place? Was there any displacement of smallholder farming households from the land? How do they rehabilitate?
5. How was the land obtained? Please describe the process. How long does it take the company to get the land? Was there any negotiation with local people (smallholders) during the process of acquiring the lease holding?
6. How many employees do you have? Skilled ----- Unskilled ----- Management -----.
What proportions of the employees are from among the local community? Are there any of the previous landholders and their families employed by the investment?
7. Is the investment as feasible as it was planned? If not what were the causes of the failure?
8. How supportive is the regional land policy for land based investments? What specific support did you get from the local government? What are the challenges you encountered?
9. What a mutual benefit was there in the investment design for the local residents (smallholder)? Or how strong was the engagement plan of the investment with the local community? How supportive are the communities to the success of the project?
10. Was there any dispute with the local community? If yes, what were the causes of the dispute? How was it resolved?
11. Does the project have any future expansion plan? If yes, what is the additional demand of land for the expansion?
12. Do you have any other issue related to the opportunities, gaps and challenges on land-based investment in Oromia region

Thank you