



Tropentag, October 5-7, 2011, Bonn

“Development on the margin”

Developing Marginal Land through FDI in Commercial Agriculture? Early Impact of “Land Grab” in Ethiopia

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Abstract

Ethiopia is at the forefront of African countries leasing out substantial amounts of agricultural land to foreign investors. In the years 2004 to 2009 alone it has allocated approximately 1,190,000 hectares to foreign and domestic investors (Deiniger, 2010). This period has, however, to be seen with a much longer history of land deals. Since 1991 the regime has been allocating leasehold over large tracts of land, with significant differences across regions.

The motivation of the recent increase in land leased out, is to save foreign currency, boost food supply and trigger rural development through the injected capital. Critics arise as in how far local population in areas invested in is taken into consideration during acquisition of land and development of the new agricultural foreign direct investments (FDI).

Gambella is one of the poorest regions in Ethiopia, but the very place where most acquisitions have been taking place in the past two years. The paper will discuss a case study of one recent large-scale investment in a remote and marginalised region, to validate the impacts on the ground with regard to employment generation, land use conflicts and participation of local communities in the early stage of establishing large-scale agricultural production sites. Results from a small-N HH-Survey showing socio-economic indicators of two mayor local ethnic groups in six villages surrounding one large investment, will be combined with qualitative data from focus group discussions to illustrate early stage impacts and likely future developments. Main channels of impact are employment generation, change in access to natural resources and broader infrastructure development within the area and villages affected. Such local-level analysis in the remote, marginalised region of Gambella will be coupled with a broader overview on land-acquisitions in Ethiopia since 1991 and differences across regions and time.

Keywords: Africa, employment, FDI, inequality, large-scale land acquisition, poverty reduction, rural development