A new global trend is rising whereby companies from emerging economies grab vast land in poor host nations to grow and export cereals and grains to their home countries. It has arrived here in Bako, where people from India have been granted tens of thousands of hectares of land for commercial farming. The locals however, are unhappy reports TAMRAT G. GIORGIS, FORTUNE STAFF WRITER.

A Stranger Comes to Town

The six-kilometre road off the highway near the town of Bako, 251Km south-west of Addis Abeba, on the way to Nekemet, is perhaps the slowest journey agricultural workers residing in this small town could take twice a day. A ride on a vehicle, even a Land Cruiser with ultimate horse power is unthinkable, for the paved road is deeply muddy and sticky.

Domestic workers and expatriates of Indian nationalities make it to their destination, one way . A trip taking an average of 45-minute to an hour to reach Bechera Oda Gebie Kebele, via John Deer tractors. Along this rural road.

The road was expanded eight months ago to its current width, albeit with strong resistance by the local farmers, according Dula Demessa, a local 40-year old farmer-cum-daily labourer. Dula appears to be older than his age; which tells of the hardship he must have endured over the years. A father of two, he has yet to travel more than a 12Km radius away from his home village.

However, he has never seen his village being swarmed by dozens of green tractors; mammoth red-coloured earth breakers with a brand CASE, and monstrous bulldozers which do not seem to retreat in the face of age-old trees. They have all been brought in by Karuturi Global LTD, an Indian company with a series of investments in Ethiopia, ranging from cut rose farms in Holleta to a commercial estate that grows corn and rice near Bako as well as a vast tract of palm oil plantation in Gambella, 700Km west of Addis and 60Km near the border with Sudan.

The first investment to the Group is under Ethiopian Meadows Plc, a cut-rose farm on a 52hct plot 6.3Km from Holleta that enables the company to export 10tns of flowers a day. Although a start, it is the smallest flower farm both in its investment (18 million dollars) and size; its other farm, still under development in South-Western Shoa District, 15Km from the town of Weliso, is projected to consume
75 million dollars to grow roses on a 188hct plot.

The smallest investment, one million dollars, is put by the Group in the town of Burayu, to erect a plant that manufactures 4,000 corrugated boxes a day.

Karuturi's largest investment, 250 million dollars, is made in developing a 300,000hct of plot covering vast areas of Jiksaw, Itang and Lare weredas in the Gambella Regional State. This project incorporates the farming of palm oil, rice and sugarcane, with the prospective to erect a sugar mill.

Growing maize, rice and palm oil is part the grand project of Karuturi's export scheme that took its owners to Bako.

All these investments are part of the 4.3 billion dollars in foreign direct investment (FDI) to Ethiopia from India, compared to 300 million dollars four years ago; over half of this amount is spent in agricultural investments. It shows the increasingly powerful place Indian companies have in Ethiopia's economic landscape.

The speed and intensity of work on the farm near Bako is a compelling illustration.

"We work really hard," said Desalegn Demelash, 23, and an operator of one of the 25 tractors, told *Fortune*.

A 10,700hct plot leased from the Oromia Regional State for 30 years, farming has already begun with the plantation of corn on 4,000hct, according to M. Razack, senior manager at the farm. Lying alongside the rivers of Abuko and Gibe, the green swampy land stretches 18Km well into the mountain. Daily labourers, such as Taye Temesgen, 14, are regular visitors outside of the company's base in Bechera; if lucky enough to be given the job and it is not raining, they trek several kilometres sowing seeds of maize.

The company plans to harvest a total of 50,000tns of maize from its farm near Bako within the coming Ethiopian fiscal year. However, harvest will start much earlier; farm managers are hoping to send the first trucks full of corn between September and October 2009, harvesting 5,000tns. This harvest will be sold on the local market in the beginning but, inevitably with the plan to export it to India, Sai Rama Krishna Karuturi, managing director of Karuturi Global Ltd, told *Fortune* in an exclusive telephone interview from India.

Ethiopia wants to have more of Karuturi; it plans to provide them 2.7 million hectares from its 74 million hectares of arable land for investors from these countries. Close to 8,000 applications have been made so far, although it was one-third of these applications that have been granted positive responses. The federal government would like to see 1.7 million hectares of this land handed over to the foreign investors before the coming harvest season.

"We have abundant land and labour," Esayas Kebede, director for Agricultural Investment Support Office with the Ministry of Agricultural and Rural Development, told the *Kenyan Daily Nation*. "But, we do not have the finance and technology to feed our people."

It is this promise of finance and transfer of technology and skill that is a powerful attraction to host countries to give up on their strategic asset, land. And it is real; the enormous land estimated to be 30,000hct and alongside the rivers of Gibe and Abuko has been left untouched for centuries. Farmers such as Dula Demessa might have tinkered with a fraction of this land they describe as "black soil" to grow teff and nigger seeds.

But this is a type of land Indians know as "black cotton soil", which is ideal to grow rice and cotton. The soil has different moisture content during different seasons, according to Getaneh Tagesse, a structural engineer and a foundation expert. For instance, in the rainy season the moisture content increases and creates an upward pressure (heave) on the soil; the soil shrinks during the dry season leading the land to crack like a spider web.

Karuturi has now deployed tractors of John Deer make and six others with a brand of CASE, all operated by locals, one of the promises Mr. Karuturi made during a village gathering with farmers in the area back in September 2008.
Recently married, Desalegn Demelash, 23, has been struggling to make ends meet in this small town. Often he would get a job as an assistant to a driver of the Isuzus, but he would also take a job as a night watchman to the trucks passing through the town. He now earns a regular salary of 500 Br, operating one of the 25 John Deer tractors.

Obesa came from Fincha Sugar Factory, where he used to work as a tractor operator earning a salary of 1,000 Br; with the overtime, his monthly income could have increased to 1,500 Br. Operating one of the six CASE brand giant tractors to squash bundles of soil, he is paid 2,500 Br in monthly salary by the Indian company.

"Each of us came here with nothing," Desalegn told Fortune. "We have now acquired skill on how to operate these machines."

Kenu Benti, 32, is a farmer-cum-carpenter with a family of five children. On his half hectare plot located in a nearby village, Bechera Oda Gibe Kebele, he grows maize with 20 quintals of harvest annually. But Kenu said he only takes home half that amount, the remaining is sold to pay for fertilizer and seeds. Now he has an additional job, working for the Karuturi.

"We were happy to have jobs close by," Kenu told Fortune.

Nevertheless, Mr. Karuturi's investments in Ethiopia have raised eyebrows both locally and internationally. Its land leased in Ethiopia makes it one of the largest in the world in an emerging trend that pundits have dubbed "land grabbing" by investors from Asia and the Middle East. Companies from these countries buy vast tracks of land in poor African and Caribbean countries, instead of relying on food imports.

The largest plot, nearly 700,000hct, was bought in Sudan by investors from South Korea, while the deal for what would have been even larger, 1.2 million hectares bought by Chinese investors in the Philippines, was blocked in 2008.

In the absence of transparency in negotiations; respect for existing land rights whether customary and common property laws; sharing of benefits; environmental sustainability; and adherence to national trade policies, there is less of an opportunity for host countries and they are bound to suffer higher risks, according to a policy brief issued by the Washington D.C. based International Food Policy Research Institute (IFPRI), in April 2009.

This stirred a passionate debate and protest around the world, and unprecedented interest by western media. The contest is that if large scale land acquisitions cause land expropriation or unsustainable use of foreign investment in agriculture, they have to be "properly negotiated" and "benefits needed to be shared".

"We must view the recent interest of investors in agriculture as an opportunity," Olivier De Schutter (Prof.), a special rapporteur to the United Nations on Right to Food, told Fortune in an interview via email. "But we must also be aware of the risks, which are considerable. It would already be an immense step forward for negotiations to be made more transparent, and involve local communities, so as to ensure that the arrival of foreign investors creates local employment, while at the same time respecting the environment and strengthening local food security."

The UN Rapporteur contended that there is no guarantee that the earnings made through the handover of lands will benefit the local population, in terms of new infrastructures, schools and hospitals. It is a controversy hardly confined to the international circle of technocrats.

Neither is the local population in Bako nor are the farmers in Bechera Kebele happy. They claim the Indian company has broken its promises when its managers met them at the start of the investment. They were promised that the company would build roads, clinics, schools and water-wells. These promises have yet to be fulfilled, although the road off the highway to the farmland has been bulldozed and levelled. However, it has yet to be an all-weather road.

Mr. Karuturi seems to be sympathetic.

"We can not expect understanding from the local communities before they see the benefits," he told Fortune. "We hope to have the school and clinic at the end of the year."
The farmer turned carpenter Kenu is hired by the company to put a gatehouse at the company’s farm base near his village. Its gatehouse built to shelter police officers regularly deployed by the wereda in order to ensure the tension between the 12 Indian expatriates as well as their local staffs on the ground and the farmers nearby does not escalate into an open physical confrontation.

Alemu Terefe (Corporal) was one of the two police officers patrolling the area on August 11, 2009, both armed with AK 47 rifle. He was not new to the area for he was one of the police officers from Bako town to be sent to the area seven months ago, when farmers were in a revolt mood. Desalegn still keeps in his mobile, a photo showing how farmers were agitated, carrying sticks and machetes, and lined up for a showdown with the workers few months ago.

“Things have now subsided”, Alemu told Fortune.

“We are here to ensure that the investors are doing their job with a sense of security, and the rights of the farmers are not encroached upon either.”

The farmers, however, claim that they are no longer able to farm teff and nigger seeds to support their lives, albeit the land does not belong to them. Their access to grazing land has been taken over, leading to a rush to sell their herds, they say. Local farmers have told Fortune that the price of cattle in a nearby market has gone down from 2,500 Br to 1,500 Br.

Indeed, farm workers at Karuturi's site have dug a trench-like line all around their land, inorder to bar herds from moving in. Farmers worry that the little grazing land they are left with will go dry soon and they will have no land to send their cattle to.

"We are victims of time," Dula Demesse told Fortune.

But Mr. Karuturi contests this claim; he said two-thirds of the land in Bechera Kebele remains unoccupied, thus farmers could continue to use it for their grazing needs.

The local authorities are more hard-nosed on the issue. Yohannes Metiku, head of the Western Shoa Administration, believes the land given to the Indian company belongs to the state, although local farmers have been using it for grazing and additional farming.

Mr. De Schutter is skeptical about such talks as land that is "available" or "not used" or "not exploited".

"Frequently, they do not have property titles to the land upon which they depend for their survival and well-being," De Schutter. “They do not have possibilities of legal recourse in the event of expropriation.”

But Yohannes argues that the farmers near Bako have sufficient land nearby to continue their additional farming and grazing.

“There is trouble coming only from a very small number of farmers,” he told Fortune.

Neither does he believe the large stock of cattle brought to the market and the subsequent collapse in prices have a relationship with the coming of the Indians to the area. He rather attributes it to environmental concerns such as lack of sufficient water in the area. Nevertheless, driving on the highway to Bako and in particular through to the farm, one sees green surroundings, resembling that of a bush-thick tropical landscape.

The farmers are not alone in complaining.

The daily and contract labourers hired by Karuturi are resentful as they claim they are not paid the 20 to 25 Br daily wages. The company now pays between seven to eight Birr, and according to local administrators the amount is twice more than what they usually got before Karuturi’s arrival. "We are paying the local wage," said Mr. Karuturi. "Twenty to 25 is not an Ethiopian wage rate."

Fekadu, 19, is one of the first daily labourers to get hired by the Indian company. He comes from a family of 10; his parents have a one hectare plot in the same village where the farm is located and grow maize. Before the Indians fenced the land, he used to grow teff and nigger seeds on the plot held by the state, and spend the money he makes to buy school supplies and clothes.
Now that the land is gone, he has to make a living working as daily labourer, which he has been doing for the past eight months. He is not happy, though, for he sees Karuturi does not promote those from the Kebele and believes they are not sufficiently paid.

"I remain to be a daily labourer," said Fekadu. "This company came to hurt us; not to help us out." But those who come from other areas are not happy either. When Obesa came from Fincha, there were five CASE operators; four of them have left since then.

Many of the local staffs are discontented for they believe they are underpaid; there are no coverage for work related injuries; and they fear to get organized in union. They claim to have been under pressure to move into the company's new project in Gambella Regional State, although Mr. Karuturi denied this pressure during an interview with Fortune.

"I drove a tractor all the way to Gambella," Desalegn, the tractor operator, told Fortune. "It took me three days. What I was paid during this time was not sufficient to survive the hardship I have gone through."

The local staffs are unable to lodge their complaints not only for fear of retaliation but they also have difficulties communicating with their Indian managers. In the absence of local administrators who could serve as a bridge, language has become a big wall between the two.

"We are trying to learn Amharic as much as possible," said Mr. Karuturi.

It appears that the Indians have a lot to learn about their new environment before they enjoy the harvest they have invested so much in.

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