



Support to Responsible Agricultural Investments in Ethiopia (S2RAI-ETH)

Managing and monitoring responsible investments in Ethiopia





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1 Project Background

- Ethiopia is recurrently food insecure
- Gov ETH strives for increasing agricultural production, productivity, improved access to markets and employment
- Promotion of commercial agriculture is part of its 5 y transformation plan
- 3,4 million ha of land identified as suitable for commercial agriculture
- Between 2005-2012 2 million ha were leased, mostly by the regional governments
- Many investments are not well developed and not in line with international guidelines for responsible agricultural investments

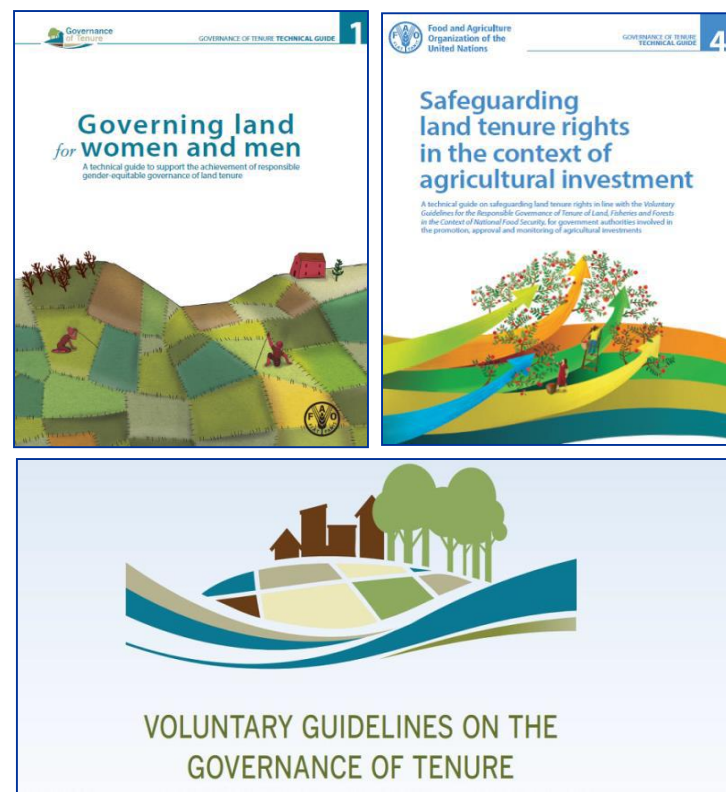


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2 Objectives and Outputs

- Improving food security through secure land tenure and responsible agricultural investments (RAI)
- Promoting international best practices, Voluntary Guidelines on Governance of Tenure and principles for RAI
- Community benefit from commercial farming





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2 Objectives and Outputs

Four major results shall be achieved:

- Institutional framework is strengthened
 - Capacity amongst partner authorities, investors and CSOs is built
 - Information and knowledge system for land based investments are established
 - Local communities are enabled to benefit from investments
-
- Monitoring of agreed safeguard mechanisms





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3 Cooperation





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4 Selected Achievements

- Implementation of 10 + trainings at federal and regional level for more than 100 government officials, 20 civil society organizations and 30 investors
- Development of social and environmental code of practice
- Piloting of remote sensing investment monitoring system
- Co-developing a National Strategic Framework for Commercial Farming





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5 Monitoring agricultural investments

- 6,000 + agricultural investment projects in Ethiopia (150 FDI, 150 joint)
- range from 10 - 100,000 hectares
- S2RAI support at federal level, in the regions Benishangul-Gumuz and Gambella
- They are the main target regions for large-scale agricultural investments due to climatic and topographic conditions





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5 Monitoring agricultural investments

- Large-scale investments are expected to:
 - Create employment
 - Foster technology adoption and transfer
 - Increase infrastructural development and improve livelihoods of local communities
- In reality only small shares of the land given out to investors were actually developed
- Most of the promised benefits were not realized
- Lack of monitoring mechanisms





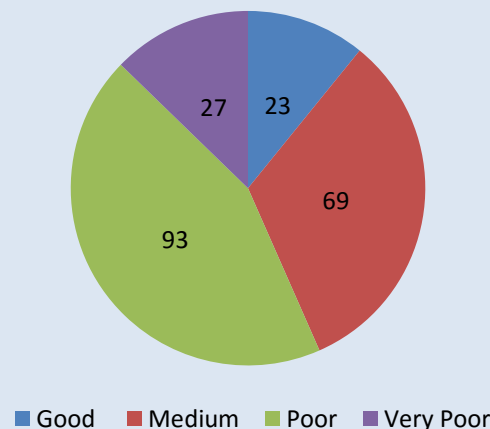
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5 Monitoring results Benishangul-Gumuz

- Out of 600 agricultural investment projects in Benishangul-Gumuz, **213 projects** have been assessed in 2015/2016
- More than **50%** revealed **poor or very poor performance - 20 leases cancelled**
- Only 11% of the projects showed good performance (labour, ecology, inclusiveness, social standards, technology transfer...)
- **Overall mixed results**

Performance Monitoring





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5 Monitoring results Gambella

- **623 areas** were given out for lease (by federal or regional authorities)
- More than **630,000 hectares**
- 369 investors have started (at 65% total area)
- Of those, nearly 50% are currently only at the **clearing phase**, preparing the land for agricultural production (**charcoal exploitation**)
- In total only **15%** of the leased area are **actually under agricultural production**
- **35%** of the land showed **no activities** by the investors at all
- One third of leases **in court**/under consideration to be cancelled (Karutouri)
- **Overall unsatisfying**



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6 Challenges for investors

- poor infrastructure in the regions
 - Poor accessibility of the project sites
 - Availability of skilled human labour
- } high costs
- Challenges arising from the investor's side:
 - Limited financial resources
 - Lack of commitment from the investor (main objective is not com. farming)
 - Lack in business planning and entrepreneurship
 - Speculation and credit fraud



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6 Challenges for government – first impacts

- ... to apply **robust selection criteria** carefully select those investors with a **suitable and realistic business plan**
- ... to prepare an improved **national strategy on investment** to provide investors and communities with legal securities
- ... to **repeatedly monitor** the agricultural projects according to clearly defined economic, social and environmental criteria
- ... **massive learning curve** after poor/failed investments (**moratorium**)
- **decentralise** investment decisions, supervision and revoking of leases
- ... demand for **national LUP** strategy and regional spatial planning

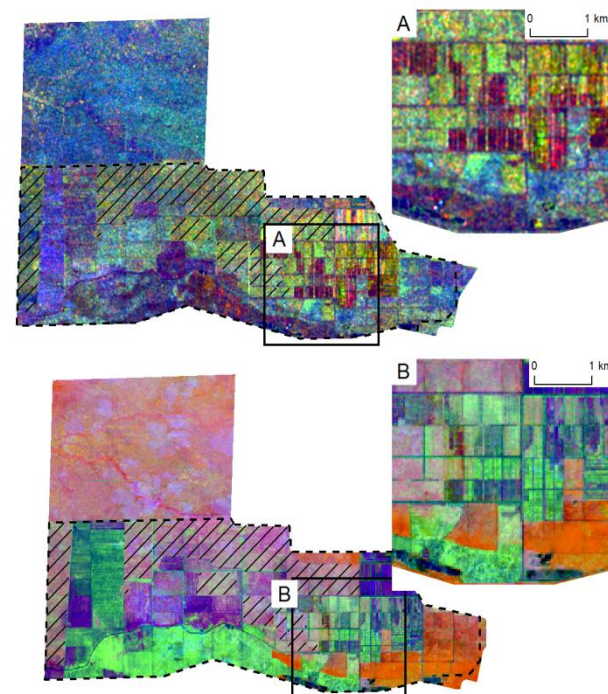


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7 Specific S2RAI support measures

- ... **FAO tools /New Alliance Grid** to business processes
- ...piloting **new land identification and land transfer mechanisms**
- ...piloting the use of **remote sensing** tools for monitoring
- ... introducing cost efficient tools for **land data management**
- ... developing tools for effective **environmental and social monitoring**





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7 Specific S2RAI support measures

- ... building **capacities** for governmental partners
- ... promoting **inclusive business** models for local communities
- ... raising awareness and building capacity on the topic of land rights for **local communities**
- ... providing **technical training** for local youth and women to foster employment creation





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Thank you very much for your attention

