

Land Grabs, Control, and Agricultural Policy-Making in Ethiopia

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Abstract

The agricultural sector in Ethiopia has been a cornerstone of the nation's economy. This paper examines the expansion of foreign agricultural investments after the Great Recession and its implications for the federal motivations behind shifts in agricultural policymaking and governance. To investigate this problem, the paper draws on existing literature on Ethiopian land regimes and agricultural investment, as well as case studies on flagship agricultural projects and labor conditions in the floriculture sector. I argue that while foreign agricultural investment may theoretically aid the larger macroeconomic needs of Ethiopia, the Ethiopian government has unduly prioritized political consolidation of regional governance as well as bolstering the export-economy. In practice, state-led promotion of foreign investment has marginalized regional autonomy, weakened smallholder land security, and contributed to labor precarity and livelihood insecurity in affected communities.

Introduction

“We’re creating a system that serves all market actors, that creates integrity, trust, efficiency, and enables small farmers to manage [risk].”¹ At TED Global in 2007, economist Eleni Gabre-Mahdin shared her vision to create the first commodities market in Ethiopia, the Ethiopia Commodity Exchange (ECX). The ECX is a moderated market that centralizes the trading of agricultural commodities (for example, maize and coffee). It seeks to ensure standardization and cut out the “middleman” in trading by connecting farmers and buyers directly.² This followed the success of similar

¹ Eleni Gabre-Madhin, “A Commodities Exchange for Ethiopia,” *TEDGlobal*, Arusha, June 2007, 14:43,

https://www.ted.com/talks/eleni_gabre_madhin_a_commodities_exchange_for_ethiopia.

² Gabre-Madhin, “Commodities Exchange.”

commodity exchanges in India and China, but in Gabre-Mahdin's vision, the ECX would be uniquely tailored toward empowering small farmers. The proposal was taken to Ethiopian parliament a few months later, and the company went operational in April of 2008. To this day, the ECX continues to be a success story, particularly for coffee farmers. The system limits the exposure of small farmers to risk and generates both safety and flexibility for producers and consumers. Unfortunately, The innovation showcased by Gabre-Madhin in 2007 was all but present in government planning in 2008, when leaders turned to the agricultural sector as the path forward following the Global Recession. When agricultural policy-making shifted its focus away from smallholders in order to bolster the economy, land-grabs took center stage.

“Land grabs” and “large-scale agricultural investments” both refer to the same practice of leasing large swaths of land to foreign investors. The term “land grabs” embodies the rhetoric of critics of Ethiopian agricultural policy-making while “large-scale agricultural investments” is favored by the Ethiopian government and promoters of the practice. For the sake of clarity in this paper, I will use the more neutral terminology: “foreign agricultural investments.”

The Ethiopian government has often been criticized for the prioritization of foreign agricultural investments, thus this paper will examine agricultural policy-making and the Ethiopian government's focus on the commercialization of the agricultural sector. Foreign investors, markedly, are a part of this sector, and this paper seeks to determine whether or not the heavy involvement foreign investors have in both land and agriculture influences the policy-making happening at the state level. The Ethiopian government holds sole ownership of their land and has consolidated control over agricultural policy-making.³ Since foreign land investments are promoted and coordinated by the state rather than by market actors,⁴ the state actively steers these investments toward projects it identifies as advancing its strategic development agenda.

As it currently stands, the literature is split between institutional and anthropological examinations of Ethiopian agricultural policy. The former looks more generally at foreign agricultural investments as a deliberate state-led strategy for modernization and development, and tends to take the state's rhetoric at face value while acknowledging the systemic issues it

³ Tom Lavers, “‘Land Grab’ as Development Strategy? The Political Economy of Agricultural Investment in Ethiopia,” *Journal of Peasant Studies* 39, no. 1 (2012): 105–132, <https://doi.org/10.1080/03066150.2011.652091>; Dessalegn Rahmato, *Land to Investors: Large-Scale Land Transfers in Ethiopia* (Forum for Social Studies, 2011), https://mokoro.co.uk/wp-content/uploads/land_to_investors_ethiopia_rahmato.pdf.

⁴ Lavers, “Land Grab,” 110–114.

creates. Conversely, the latter argues that foreign agricultural investments function less as a development strategy, but as a mechanism of displacement and coercive state-power which produces uneven and harmful consequences for local communities. This paper seeks to explore how Ethiopian agricultural policy-making intentionally shifted, and ultimately went awry, following the 2008 global financial crisis. It will first present the historical context of land regimes in Ethiopia to situate 2008 policy shifts, then review the current literature on large-scale agricultural investments in Ethiopia, before examining two case studies of large flagship projects as well as labor practices in the floriculture sector to assess how foreign investments have influenced agricultural policy-making.

Historical Context

To begin to understand the impact of broader institutional patterns of consolidation and what gave way to the current Ethiopian government's pursuit of agricultural expansion, it is important to clarify the historical shifts in Ethiopian land regimes. Pre-1974, under Emperor Haile Selassie's regime, land ownership was extremely unequal and decentralized, with control dispersed only throughout the crown, nobility, churches, and local landlords.⁵ At the time, peasants could only hold land under tenancy or tribute systems; land rights were tied to class rather than citizenship. The 1974 Ethiopian Revolution dismantled the imperial political system and ushered in a socialist military regime: the Derg. The Derg were a group of military officers that took power after the revolution, and centralized authority throughout the state, restructuring state-region relations and expanding the reach of the state by means of economic and administrative shifts. As the Derg regime nationalized rural land to consolidate political authority, reorganize agrarian relations, and manage rural populations, land became a cornerstone of state power rather than a privately controlled resource. A significant component of this nationalization was the creation of peasant associations that administered land allocation and use at the village level, embedding the principle of state land ownership within local systems of rural governance. This was a critical juncture that reshaped state incentives and land rights.⁶ In 1991, the Derg collapsed, giving way to Ethiopia's post-1995 federalist regime. This regime reconfigured political authority through the

⁵ Lavers, "Land Grab," 111–113.

⁶ Manuel Schädler and Franz W. Gatzweiler, *Institutional Environments for Enabling Agricultural Technology Innovations: The Role of Land Rights in Ethiopia, Ghana, India, and Bangladesh*, ZEF Working Paper 119 (Center for Development Research, 2013), 4–36, <https://www.econstor.eu/bitstream/10419/88349/1/773536450.pdf>.

introduction of ethnic federalism while maintaining centralized state power over strategic policy areas, most notably agriculture and land.⁷

Literature Review

In “Land grab’ as Development Strategy? The Political Economy of Agricultural Investment in Ethiopia,” Tom Lavers explores the domestic political motivations and state strategy behind Ethiopia’s decision to promote foreign agricultural investments.⁸ Drawing on federal and regional policy documents, he argues that these investments serve the government’s broader goals of state consolidation and foreign exchange generation. He highlights federal attempts to channel investment toward lowland regions framed as “unused.”

Ethiopia is constitutionally organized as an “ethnic federal state” which theoretically privileges regional autonomy as a significant part of larger state function. Ethiopia’s structure as an ethnic federal state organizes the state into regions based on ethnicity and grants regions the right to self-determination.⁹ However, Lavers explains that following the 2008 global food crisis, the state’s broader agricultural investment, aimed at bolstering the economy, actually disrupted the region-forward structure. In an effort to generate more capital and resources for the country during this crisis, the state shifted its agricultural policy toward pro-investor rapid land-leasing and away from regional authority. While this policy was intended to ameliorate suffering of the people and Ethiopian economy in direct response to the crisis, it primarily marginalized local governments in practice. Investment policy by-in-large became a tool to temper and undercut federalism, not just develop agriculture. Regions in the lowlands and on the periphery of the state were pressured to lease their land out to investors. At the federal level, the state designated more rural land as “unused” or “underutilized” in order to override regional claims to the land.¹⁰ Lavers thus demonstrates how agricultural policy-making became a vehicle for state development and strategy.

Manuel Schädler and Franz W. Gatzweiler assess land rights regimes, the legal, social, and customary frameworks established in a country which determine individual or group access to land.¹¹ They examine the influence of land rights regimes on agricultural technology adoption across four countries, including Ethiopia, in their working paper “Institutional

⁷ Lavers, “Land Grab,” 111–113; Rahmato, *Land to Investors*, 6–8.

⁸ *Ibid.*, 105–132.

⁹ Rahmato, *Land to Investors*.

¹⁰ *Ibid.*, 6–8; Lavers, “Land Grab,” 111–113.

¹¹ Schädler and Gatzweiler, “Agricultural Technology Innovations,” 4–36.

Environments for Enabling Agricultural Technology Innovations: The Role of Land Rights in Ethiopia, Ghana, India, and Bangladesh.” They argue that secure and clearly defined land rights are essential for innovation and investment. In the Ethiopian context, they find that centralized land ownership and tenure insecurity create obstacles to agricultural modernization. Tenure insecurity refers to the uncertainty of the continued right to access, control, and benefit from land, as people using state-owned land face the possibility of state-reallocation or expropriation. Schädler and Gatzweiler argue that as a state-owned land regime, the Ethiopian government has created tenure insecurity as an intentional structural feature rather than a by-product of state-land ownership.¹² Then, the Ethiopian state takes advantage of this system in order to favor of foreign agriculture investments. The authors emphasize that Ethiopia’s state-controlled land system simultaneously enables rapid land leasing to investors and constrains small-holder innovation. Their analysis situates Ethiopia’s agricultural investment policies within the broader institutional structure of land usage.

Fouad Makki and Tsegaye Moreda provide a microeconomic view of the impact of foreign agricultural investments primarily through household surveys, ethnographic fieldwork, and community-level data.¹³ These anthropological tools reveal the lived-experience of citizens dealing firsthand with the consequences of foreign agricultural investments. They argue that land acquisitions by foreign agricultural investors operate as processes of development by dispossession, in which land, authority, and livelihoods are reallocated away from local communities through state-backed investment regimes. Related works by Moreda and Max Spoor; Alelegn Wenedem Agegnehu; Felix Horne; and Nebiyu Abesha, Engdawork Assefa, and Maria Petrova add to this insight by examining how these investments are negotiated and enforced in practice, the restricted consent of citizens, weak protections of local land-use rights, and the political marginalization of affected communities.¹⁴

¹² Ibid.

¹³ Fouad Makki, “Development by Dispossession: Terra Nullius and the Social Ecology of New Enclosures in Ethiopia,” *Rural Sociology* 41, no. 4 (2013): 523–545, <https://doi.org/10.1111/ruso.12033>.

¹⁴ Tsegaye Moreda and Max Spoor, “The Politics of Large-Scale Land Acquisitions in Ethiopia: State and Corporate Elites and Subaltern Villagers,” *Canadian Journal of Development Studies* 36, no. 2 (2015): 224–240, <https://doi.org/10.1080/02255189.2015.1049133>; Alelegn Wenedem Agegnehu, “Protection of Local Land Use Rights in the Process of Large-Scale Agricultural Land Acquisition in Ethiopia,” *African Identities* 21, no. 1 (2023): 113–133; Felix Horne, *Understanding Land Deals in Ethiopia* (Human Rights Watch, 2011), http://www.oaklandinstitute.org/sites/oaklandinstitute.org/files/OI_Ethiopa_Land_Investment_report.pdf; Nebiyu Abesha et al., “Large-Scale Agricultural Investment in Ethiopia:

This literature centers community governance, economic and social wellness of households, and pastoralist populations. By gathering data through ethnography, interviews, and larger case studies, scholars are able to interrogate lived experience. Case studies in Benishangul-Gumuz, a low-land region on the border of western Ethiopia, have documented widespread displacement as a result of large-scale land acquisitions because of the state's classification of the area as sparsely populated and "underutilized."¹⁵ In interviews with farmers and pastoralists in this region, Moreda discovered that communities were informed of land deals after agreements were already made between state officials and investors. In direct conflict with the supposed autonomy of regional governance, communities were systematically pushed out of negotiations, while state officials controlled access to information and decision-making.¹⁶ In interviews, some community members reported fear of retaliation through loss of access to state resources in the face of any resistance to any deal,¹⁷ which is why open resistance to land acquisitions is rare.

The state is both an active broker and enforcer of land leasing. Despite disruption of livelihoods and negative impact on citizens, it continues to facilitate land deals in favor of foreign exchange. Scholars have documented the presence of police and other state enforcement actors operating alongside local administrations to ensure a smooth transition and suppression of resistance to foreign agricultural investments.¹⁸ While Ethiopian law technically recognizes local land-use rights, these protections are not heavily enforced concerning land leasing, particularly in peripheral regions where state authority is uneven and accountability mechanisms are limited.¹⁹ Once land has been allocated to investors, consent processes are often opaque or symbolic, and access to effective appeal mechanisms for affected communities is minimal. Agegnehu shows that this gap between legal frameworks and administrative practice leaves local populations vulnerable to dispossession despite the existence of formal safeguards.²⁰

What remains underexplored is how the post-2008 shift to prioritizing foreign agricultural investments feeds back into and influences agricultural

Development, Challenges and Policy Responses," *Land Use Policy* 112, 105852 (2022), <https://doi.org/10.1016/j.landusepol.2022.106091>.

¹⁵ Tsegaye Moreda, "Listening to Their Silence? The Political Reaction of Affected Communities to Large-Scale Land Acquisitions: Insights from Ethiopia," *Journal of Peasant Studies* 42, no. 3-4 (2015): 517-539, <https://doi.org/10.1080/03066150.2014.993621>.

¹⁶ Tsegaye Moreda and Max Spoor, "The Politics of Large-Scale Land," 224-240; Horne, *Understanding Land Deals*.

¹⁷ Moreda, "Listening to Their Silence?," 528-530.

¹⁸ Makki, "Development by Dispossession," 523-545.

¹⁹ Agegnehu, "Protection of Local Land," 113-133.

²⁰ Ibid.

policy-making itself: reshaping state priorities, governance practices, and political control to the detriment of regional autonomy and small landholders.

The Argument

The Ethiopian government's extensive involvement in agriculture makes it an important place to study how economic needs generated by a global crisis combine with the political motivation to consolidate power and the influence of foreign capital to reshape policy-making, and the livelihoods of the people at large. This paper seeks to understand how foreign investments in land have influenced agricultural policy-making in Ethiopia since 2008. By focusing on 2008, we can clearly study the evolution of agricultural policy toward generating foreign exchange, as well as Ethiopia's response to a global crisis.

This paper argues that leasing out land to foreign powers may theoretically aid Ethiopia in meeting their macroeconomic needs, especially immediately following the 2008 food crisis caused by the Great Recession. However, in practice, the Ethiopian government has prioritized generating foreign capital and political consolidation over constitutional regional autonomy, contributing to systematic marginalization of rural livelihoods. This stems directly from coercive administration practices and weak accountability mechanisms for foreign investors that produce systemic patterns of dispossession and uneven economic outcomes.

Foreign Agricultural Investment and Policy-Making Since 2008

Post-2008 Policy Shift and State Strategy

Ethiopia entered the 2008 crisis with existing structural foreign exchange constraints, mostly due to the National Bank of Ethiopia's monopoly on foreign currency which made the Ethiopian Birr not freely convertible. This centralized financial control caused an import bottleneck, which was only exacerbated by a global food price shock.²¹ As the crisis limited the state's ability to import fuel, food, and capital goods, the government rapidly

²¹ International Monetary Fund, "The Federal Democratic Republic of Ethiopia: 2008 Article IV Consultation-Staff Report; Staff Supplement; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for The Federal Democratic Republic of Ethiopia", *IMF Staff Country Reports*, 264 (2008), <https://doi.org/10.5089/9781451812831.002>.

expanded its agricultural sector through large-scale farming and foreign investment. Agricultural Development-Led Industrialization was Ethiopia's foundational state-led growth strategy at the time, seeking economic industrialization through the agricultural sector, however, this strategy's reliance on smallholder production was not viewed as a viable path toward rapid commercialization.²² Therefore, the state shifted agricultural policy toward large-scale projects and foreign investors. In doing so, the state sought not only to generate foreign exchange and demonstrate economic capacity, but also to consolidate political authority in effort to project strength and industrialization in the global theater. In this context, managing vulnerability became both a political and economic priority.

Institutionally, post-2008 agricultural policy emphasized state-led commercialization and a rapid upscaling of pro-investor policies to more easily facilitate large-scale projects. This prompted a state shift away from regional control of land access through the use of policy loopholes, such as deeming land as "sparsely populated" to allow the state to take and cede control of it. The state also simplified land-leasing procedures to accelerate approval timelines.²³ By increasing the presence of federal ministries and the role of investment commissions, regional authorities were relegated to implementation of centralized policy.

Foreign agricultural investment became a policy tool, and the state's focus on investment was justified through the development strategy rhetoric and calls for efficiency of larger scale food/agriculture production through commercialization. Investment promotion was coordinated and facilitated by the state instead of private market actors. The state promoted investment projects by deeming them vehicles of modernization, privileging foreign investment with tax exemptions for investors.²⁴ These changes set the stage for the flagship agricultural projects that began in Ethiopia during this time, which became practical expressions of the new priorities of the state and instructive examples of industrialization.

Flagship Projects and Policy Normalization

Karuturi Global emerged as one of the most prominent transnational corporations to benefit from Ethiopia's prioritization of foreign agricultural investments. Beginning in 2009, the company was granted access to land in Gambella, a lowland region in western Ethiopia originally framed by the state as sparsely populated and underutilized. Approximately 100,000 hectares were allocated to Karuturi for large-scale export farming of corn, rice,

²² Rahmato, *Land to Investors*, 10–12.

²³ Abesha et al., "Large-Scale Agricultural Investment."

²⁴ *Ibid.*

flowers, and sugar.²⁵ While the Ethiopian constitution formally charges regional states with land administration, the negotiation and approval of these large-scale leases increasingly occurred through federal-level institutions, including the Agricultural Investment Support Directorate, which assumed authority over “unused” land identified for commercial farming.

The speed and scale of land allocation to Karuturi reflected more than a development ambition held by the state—it demonstrated a structural shift in policy-making. With regional governing bodies repositioned as implementers rather than active decision-makers, the Karuturi situation made sweeping pro-investor policy shifts that narrowed the regional autonomy envisioned in Ethiopia’s constitutional framework in order to advantage Karuturi. Despite subsequent challenges and underperformance, Karuturi retained political and administrative backing, demonstrating how the state prioritized the appearance of development through flagship projects rather than evaluating progress through social or economic outcomes.²⁶ Flagship projects became more valuable to the state as symbols of development rather than as net-positive investments in the economy.²⁷ The visibility of vast mechanized farms, irrigation infrastructure, and foreign capital flows functioned as performative evidence of Ethiopia’s developmental trajectory, while tangible economic development was ignored. Karuturi was not an isolated case, but an early manifestation of a broader post-2008 policy logic that gave exclusive privileges to foreign agricultural investments—a logic that would be further institutionalized through subsequent projects, like Saudi Star.

Saudi Star represents a second flagship investment that, while distinct in its geopolitical ties and ownership structure, emerged from the same post-2008 policy logic privileging large-scale, foreign-led agricultural development. Beginning in 2008, Saudi Star acquired land in Gambella for large-scale rice farming, the same peripheral lowland region targeted by Karuturi and other large-scale projects. Initial leases covered approximately 10,000 to 20,000 hectares, with expansion plans reportedly extending up to 500,000 hectares, underscoring the ambitious scale envisioned by both investors and the Ethiopian state. Unlike Karuturi, Saudi Star was closely linked to Saudi capital with strong state backing, and the investment was framed not only in terms of development and commercialization, but also as part of a broader food security and foreign exchange strategy.²⁸ This alignment of investor priorities—tax incentives, ease of access—with Ethiopia’s macroeconomic needs, namely an acute shortage of foreign currency,

²⁵ Lavers, “Land Grab,” 114–118; Rahmato, *Land to Investors*, 9–14.

²⁶ Lavers, “Land Grab,” 122–124.

²⁷ Ibid.

²⁸ Rahmato, *Land to Investors*, 17–21.

further entrenched export-oriented agriculture as a national priority. Political support for flagship projects was embedded within a political economy that privileged foreign exchange earnings, centralized oversight of land resources, and strengthened federal leverage over peripheral regions.²⁹ Like Karuturi, Saudi Star's operational challenges and delays did not damage the political support it received, which further demonstrates how the state was interested in optics and macroeconomic posturing, rather than the actual outcomes of these projects.³⁰

As more flagship projects and land acquisitions emerged, government overreach and investor-centric policy influence became increasingly normalized. By the resolution of the 2008 crisis, large-scale land leasing had been cemented as a regular economic instrument rather than a crisis response. Agricultural policy-making in Ethiopia increasingly served dual economic and political functions, with state institutions extending their reach into rural areas not only to promote growth, but also to consolidate administrative control. Bureaucrats prioritized the compliance of local communities while orienting agricultural policy-making toward anticipating the needs of investors and deploying financial incentives in advance.³¹

By centralizing authority over the identification, leasing, and administration of "unused" land, federal institutions expanded their leverage over peripheral regions whose constitutional autonomy had historically been framed as foundational to Ethiopia's federal system, like the Gambella. Control over land allocation enabled the state to moderate access to capital, infrastructure, and employment opportunities, thereby embedding regional administrations within vertically structured patronage and oversight networks.³² Commercial agriculture thus functioned simultaneously as a development strategy and as a territorial governance strategy; it transformed land from a resource embedded in regional identity and livelihood security into a centrally managed asset tied to export revenue and regime durability. The post-2008 policy shift, therefore, cannot be understood solely as an economic adjustment to global crisis, but as part of a broader recalibration of state power in which agricultural commercialization strengthened federal authority at the expense of both regional autonomy and localized landholding security.

²⁹ Lavers, "Land Grab," 122–124.

³⁰ Ibid.; Makki, "Development by Dispossession," 528–530.

³¹ Kassahun Berhanu and Colin Poulton, "The Political Economy of Agricultural Extension Policy in Ethiopia: Economic Growth and Political Control," *Development Policy Review* 32, no. S2 (2014): S197–S213, <https://doi.org/10.1111/dpr.12082>.

³² Tom Lavers, "Patterns of Agrarian Transformation in Ethiopia: State-Mediated Commercialisation and the 'Land Grab,'" *Journal of Peasant Studies* 39, no. 3–4 (2012): 804–807, <https://doi.org/10.1080/03066150.2012.660147>.

Agricultural Extension, Bureaucracy, and State Control

Ethiopia has consistently invested in agriculture as a core pillar of its state development strategy. Over the decade from 2002 and 2003 to 2011 and 2012, agriculture received an average of 15% of the government's development budget, reflecting its centrality to economic planning.³³ A major component of this investment has been the expansion of the agricultural extension system, particularly through an ambitious training program for extension workers, now referred to as development agents (DAs).³⁴ The agricultural extension system is a participatory and decentralized program aimed at disseminating agricultural practices and technologies from experts to smallholder farmers. The number of DAs has increased dramatically over time, from approximately 2,500 in 1995 to 15,000 in 2002, reaching nearly 45,000 in 2009, with the stated goal of deploying three development agents in every kebele (neighborhood) nationwide³⁵.

Broad-based agricultural extension has been perceived by the Ethiopian People's Revolutionary Democratic Front, the ruling political coalition until 2019, as essential not only to agricultural growth, but also to the long-term survival of their regime.³⁶ Extension agents are thus tasked with a dual mandate: promoting productivity while simultaneously securing political control and administrative penetration across rural Ethiopia. This dual role, however, impedes the extension system, thereby reducing its effectiveness in achieving its stated goal of comprehensive agricultural growth.³⁷ Therefore, through agricultural extension, the state reinforces a governance model where policy implementation is tailored to the state's need for administrative and political control, rather than farmers' needs, local autonomy, or community well-being.

Floriculture and Lived Experience

These governance and policy shifts raise important questions about the lived experiences and well-being of workers and communities operating within Ethiopia's agricultural sector. State rhetoric surrounding land acquisitions and foreign investment frames these projects as successful export-driven growth, yet fieldwork conducted in communities designated as investment sites documents patterns of displacement, exclusion, and economic exploitation of local citizens. The floriculture sector presents an

³³ Berhanu and Poulton, "The Political Economy," S201–S204.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Ibid.

³⁷ Ibid., S201–S205.

opportunity to examine the lived experiences of workers in an agricultural investment cited as “successful.” Despite such supposed success, it becomes apparent that the state offers weak accountability mechanisms for communities involved in foreign investment projects.³⁸ By limiting pathways to lodge grievances and the enforcing of compliance through the threat of retaliation, governance structures leave communities without any viable ways to secure meaningful recourse or autonomy over working conditions and land usage.

The Ethiopian state frequently cites floriculture as a successful example of foreign agricultural investment due to its contribution to export profit and employment creation.³⁹ By the early 2010s, floriculture was generating hundreds of millions of dollars annually and supplying European markets with cut flowers, particularly roses.⁴⁰ However, ethnographic studies revealed that the benefits of floriculture were being reaped primarily by the state. Workers employed in the sector face low wages, insecure contracts, and limited bargaining power—on top of unsafe labor conditions.⁴¹ Women are particularly impacted by this disparity, despite making up the majority of the floriculture workforce. They are disproportionately employed in greenhouse work due to perceptions of manual dexterity and greater compliance, yet face heightened exposure to occupational hazards.⁴² Studies report frequent contact with agrochemicals, limited access to protective equipment, and inadequate health monitoring, resulting in both short- and long-term health risks.⁴³ While regulatory frameworks governing labor safety and environmental protection exist on paper, enforcement remains inconsistent.

These dynamics echo trends in foreign agricultural investment writ large: the lack of accountability is not an exception for failed projects but a structural feature at the root of investor-focused agricultural governance. The floriculture sector illustrates that investments in agriculture characterized as development gains are riddled with negative impacts when foreign exchange generation and political control take priority over citizen welfare in policy-making. The Ethiopian state’s emphasis on export performance obscures the lived realities of workers whose labor sustains these sectors, allowing exploitation and insecurity despite the success of these projects in producing revenue and jobs. Ultimately, the floriculture sector underlines

³⁸ Moreda, “Listening to Silence,” 532–534; Agegnehu, “Protection Land Use,” 120–123.

³⁹ Abesha et al., “Large-Scale Agricultural Investment.”

⁴⁰ *Ibid.*

⁴¹ Abebe Gizachew Abate, “The Effects of Land Grabs on Peasant Households: The Case of the Floriculture Sector in Oromia, Ethiopia,” *African Affairs* 119, no. 474 (2020): 90–114, <https://www.jstor.org/stable/48589065>.

⁴² Abate, “Effects of Land Grabs.”

⁴³ Abesha et al., “Large-Scale Agricultural Investment.”

a wider argument that post-2008 agricultural policy-making, while economically smart, nevertheless systematically marginalized the livelihoods and welfare of citizens

Policy Feedback, Normalization, and Marginalization

From a purely macroeconomic perspective, the urgency of foreign exchange constraints during the 2008 crisis appear to present a reasonable logic guiding the state's agricultural development. However, the evidence presented in this paper suggests that the pro-investor agricultural policy shift was a deliberate strategy that prioritized rapid scaling and commercialization of the agricultural sector above all else. The continued political backing of Karuturi and Saudi Star by the state, despite underperformance, clearly demonstrates the state's ulterior aim of consolidating political capital. Moreover, state narratives that measure success purely through volume of investment and exports drastically underplay the realities of policy implementation. The supposed success of foreign agricultural investments does not equal widespread benefit for citizens, and ultimately, this commercialization of agriculture is entrenched in harm.

Ethnographic and community-based research can successfully capture this systematic harm. It highlights the coercive practices of the state, dispossession of regional authorities, realities of labor precarity, and continued insecurity felt by communities. These consequences are inexorably linked to policy implementation by the state. Floriculture is a strong example of how even a hallmark sector of economic "prosperity" still profits off the exploitation of its workers, who lack any avenue for resistance or accountability. By linking an in-depth analysis of macroeconomic state-strategy with this understanding of how state shortcomings negatively impact lived experience, this paper puts forth agricultural policy-making and the influence of foreign investments on policy-making as the missing links in understanding the disparities perpetuated by the state.

Once adopted as a pillar in the economy, foreign agricultural investment becomes self-reinforcing in policy-making. As discussed earlier, the post-2008 agricultural policy-making landscape in Ethiopia has evolved to cater almost entirely to foreign investors when it comes to land leasing and the export economy; large-scale investments are now treated as a default development path. With policies in place that support infrastructure for foreign agricultural investments, these projects are able to persist and thrive even when they underperform. This is because these projects are not merely an economic pursuit of the state; success is measured in ease of facilitation,

and failure does not trigger reform.⁴⁴ Investment strategy has become politically “sticky,” as political power and displays of economic success have become intrinsically tied. Facilitation of investment has become a self-perpetuating goal.

The consequences for smallholders and rural livelihoods are clear: investor-oriented policy has sidelined alternative agricultural practices. While Agricultural Development-Led Industrialization continues to uphold smallholder agriculture rhetorically, these policy shifts have weakened its efficacy in practice. Smallholders face diminished access to land and significant tenure insecurity. While alternative employment opportunities under these large-scale projects are offered as a substitute for land tenure, they lack stability or acceptable compensation.⁴⁵ The agricultural extension system exacerbates this shift. Rather than supporting farmer autonomy, DAs are tasked with advancing state objectives and enforcing regional compliance with what is essentially federal overreach.⁴⁶ Ultimately, smallholders are treated as lesser than state-led development strategies, which significantly undermines the livelihoods of rural populations.

The prioritization of foreign agricultural investment has also reshaped welfare and labor practices in Ethiopia’s agriculture sector. While the state frequently cites job creation as a key justification for large-scale investments, labor protections and worker welfare are not a primary concern in the state’s policy design and implementation.⁴⁷ Regulatory frameworks for labor conditions formally exist, but experience weak enforcement in practice, reflecting the state’s focus instead on investor stability and export performance. As a result, the costs of health risks, job insecurity, and heightened household vulnerability to income loss and food insecurity are often borne by local communities and are shifted onto workers and their families rather than addressed through policy reform. The current approach to labor treats it as merely an input into production rather than a central part of development, illustrating how current agricultural policy-making marginalizes citizen welfare.

Weak enforcement of labor protections, limited grievance mechanisms, and centralized decision-making limit the capacity of impacted populations to shape policy outcomes.⁴⁸ Therefore, agricultural policy-making that privileges foreign exchange generation without robust accountability mechanisms risks reproducing structural marginalization by excluding

⁴⁴ Makki, “Development by Dispossession,” 530–533.

⁴⁵ Kassahun Berhanu and Colin Poulton, “The Political Economy of Agricultural Extension Policy in Ethiopia,” *Development Policy Review* 32, no. S2 (2014): S207–S210.

⁴⁶ Berhanu & Poulton, “Political Economy.”

⁴⁷ Rahmato, *Land to Investors*, 22.

⁴⁸ Berhanu & Poulton, “Political Economy”; Moreda, “Listening to Silence”; Abesha et al., “Large-Scale Agricultural Investment.”

populations impacted by foreign investment—even in sectors framed as development successes.

Conclusion

This paper examined how foreign investments in land have influenced agricultural policymaking in Ethiopia since 2008. By focusing on this period, the analysis placed Ethiopia's foreign investment push within a moment of heightened economic vulnerability in the wake of the global food crisis. Increased foreign exchange shortages and political pressures caused by the crisis positioned agriculture as a key site of state intervention, especially due to food-importing states' need for large swaths of farmland abroad during the crisis. This paper has shown that foreign agricultural investment is not merely an economic strategy, but a deeply political one, reshaping governance regimes, accountability structures, and the realities of those whose livelihoods depend on land and agricultural labor.

The evidence presented shows that Ethiopia's post-2008 agricultural policy-making, while economically strategic, has systematically prioritized foreign exchange generation and political consolidation over inclusive and accountable development. These patterns showcase how the Ethiopian government's agricultural development strategy is less about improving livelihoods than about managing economic vulnerability and political control. Foreign agricultural investment has reshaped how the state aims to control land and the mechanisms through which it formulates and enforces agricultural policy by prioritizing the appearance of progress instead of its instantiation. State capacity has been mobilized to attract and retain investors, while protections for citizens—whether smallholders, workers, or local communities—have fallen by the wayside.

Implications Beyond Ethiopia

Ethiopia's record of foreign agricultural investment also mirrors broader patterns that typically accompany state-led development projects in other parts of Africa and in the Global South.⁴⁹ As a developing state with strong central authority and ambitious growth interests, Ethiopia has been a notable example of using agricultural investment to address structural economic constraints, particularly foreign exchange shortages. But examining Ethiopia as a case study reveals how centralized governance and export-

⁴⁹ Magdalena Hules and Simron Jit Singh, "India's Land Grab Deals in Ethiopia: Food Security or Global Politics?" *Land Use Policy*, no.60 (2017): 343–351, <https://doi.org/10.1016/j.landusepol.2016.10.035>.

oriented development can lead to compromised institutional decisions, especially if the institutions of accountability are ineffectual. The prioritization of investment facilitation above local inclusion and labor protection exposes the dangers of development systems that value scale and speed over distributive outcomes.

The findings of this paper suggest that foreign agricultural investments should not be evaluated solely by macroeconomic indicators such as earnings or employment figures. The practices of the Ethiopian government demonstrate how investment-led development can easily become a dominant influence on policymaking, even when such policies negatively impact a nation's citizens. Without safeguards in place to protect workers, maintain accountability for corporations, and center the rights of the people, prioritizing foreign agricultural investments risks exacerbating or creating insecurity and inequality. The trajectory of agricultural policy in Ethiopia after 2008 serves as a cautionary example for policymakers aiming to implement pro-investor development strategies. Despite the state's ability to quickly mobilize land and facilitate investment, the long-term sustainability of these practices will depend on embedded social protections and increased collaboration, rather than fixating solely on growth objectives.

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