



Household livelihoods and increasing foreign investment pressure in Ethiopia's natural forests

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Abstract

Foreign investment in Ethiopia's forestry sector is currently limited, but agricultural investments that affect forests — largely through forest clearing — are commonplace. We describe the nature of forest investments and outline the challenges and opportunities associated with implementing them. Given the key role forests play in rural livelihoods, new tenure arrangements will have significant implications for communities located at the forest–farm interface. We use evidence from a case study in the Arsi Forest area of Oromia Regional State to examine historic and contemporary forest benefit distributions and investigate the potential for conflict over competing forest access claims associated with new investments.

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Acronyms

| | |
|--------|-----------------------------------------------------|
| ADLI | Agricultural Development Led Industrialisation |
| CADU | Chilalo Agricultural Development Unit |
| EPRDF | Ethiopian People's Revolutionary Democratic Front |
| FDRE | Federal Democratic Republic of Ethiopia |
| FRC | Forestry Research Centre |
| NFPAs | National Forest Priority Areas |
| UNCTAD | United Nations Conference on Trade and Development |
| UNEUE | United Nations Emergencies Unit for Ethiopia |
| UNCCD | United Nations Convention to Combat Desertification |

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1. Introduction

The Ethiopian government has expressed renewed interest in attracting foreign investment to the nation's forestry sector through its Forest Development, Conservation and Utilization Proclamation (Proclamation No. 542/2007). However, limited capacity to manage administrative and regulatory elements of foreign investments, pervasive tenure uncertainty and rural livelihood insecurity all point to the need for caution as the government proceeds with land deals involving forests. This paper aims to clarify discussions relating to foreign investment in Ethiopia's forests by describing the nature of these investments and outlining the challenges and opportunities associated with implementing them. First, we describe issues relevant to foreign investment in forests throughout Ethiopia. Second, we outline characteristics of households at the farm–forest interface who are likely to be directly affected by new investments. Third, we use evidence from a case study of a highland community located at a forest–farm interface to highlight competing forest access claims in a specific context and outline recommendations for addressing them.

Recent publications on agricultural land grabbing (e.g. Cotula *et al* 2009; Rice 2009; Daniel&Mittal 2010) have raised the visibility of concerns over equity and social justice issues associated with contemporary foreign investments in natural resources in the global south. Ethiopia's economy is firmly grounded in the agricultural sector, with about 83% of the population engaged in agricultural livelihoods. The government's formal economic development approach — Agricultural Development Led Industrialisation (ADLI) — highlights the central position of agriculture in economic planning and prioritisation and heightening the significance of investments in the country's productive land base.

Foreign investments in the forestry sector are distinct from agricultural investments that affect forests. The latter include forest clearing for farm establishments, a practice with a decades-long history driven by a range of government policies affecting land use, resettlement and investment incentives. Forest clearing for agricultural establishment is a common practice in both highland and lowland regions. In most contemporary cases, forests are cleared using fire, leaving forest products largely unexploited (see, for example, the case of Bale Mountain described by Teshome *et al* 2010). Clearing dryland deciduous woodlands for cash crops (mainly sesame, sugarcane and cotton) occurs often in lowland areas due to:

- highland agriculturalists resettling in traditionally pastoral areas (Lemenih *et al* 2007);
- a climate of loosely regulated natural resource exploitation and weak government influence in remote areas (Government Scientist, *pers. comm.* 8 December 2010, Addis Ababa).

Forest encroachment for agricultural expansion (including tea and coffee cultivation) by both large-scale investors and rural people generally leads to contemporary highland forest clearing (Reusing 2000; TAM Agribusiness 2004). Forest clearing is also affected by external markets and government policies.

2. Methodology

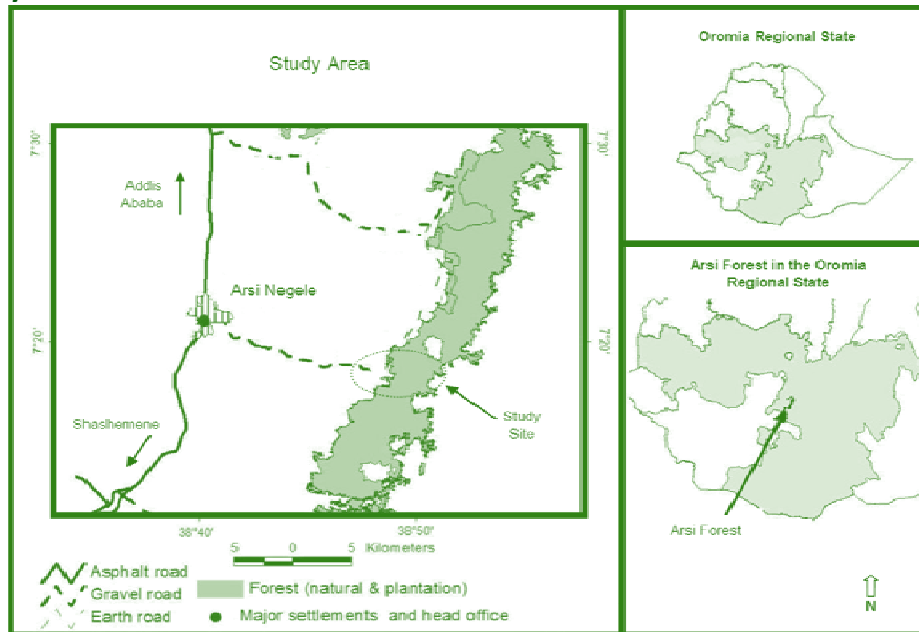
Case study evidence is based on field research conducted in Ethiopia in September 2009–May 2010 and December 2010 in a community and an adjacent natural forest area managed by a government operated Forest Enterprise (referred to subsequently as the Enterprise). Data include open-ended interviews with purposively selected experts and community members, a household livelihoods survey, forest plot measurements, ethnographic field notes and secondary sources. The household livelihoods survey uses a stratified random sampling design and is based upon the USAID Famine Early Warning System's livelihood profile system (USAID 2008), modified to include non-marketed extracted forest resources. The household wealth ranking and historical timeline group interview is adapted from Laderchi (2005).

The forest area studied covers about 1,220 hectares, classified as upper wet broad-leaved Afro-montane rainforest. It is part of a larger natural forest and plantation complex known as the Arsi Forest, which extends over 21,513 hectares, about 28% of which is plantation forest (see *Figure 1*). Natural forests persist largely in steeply sloped, difficult to access areas, while flatter areas have been converted to farmland (Poulsen 1973). The forest and surrounding villages transition between two agro-ecological zones:

- the *Weina Dega* or *Baddaa Dareetti* (temperate, cool sub-humid highlands), at 1,500–2,300m elevation

- the *Dega* or *Badaa* (cool and humid highlands) at 2,300–3,200m elevation (Aalbaek&Kide 1993). Muslim Oromo agro-pastoralists have inhabited the area for over 100 years. Primary crops include maize, potatoes and to a lesser extent, wheat.

Figure 1: Study site



Adapted from: Wondo Genet GIS Department 2008

In the study, we:

- investigated how historic and contemporary land use and forest benefit distributions have changed
- investigated how land relations inform current resource rights in a community living on the forest–farm interface
- explored the ecological, socio-economic and institutional challenges of the new tenure arrangements that would likely accompany foreign investment.

3. Background: Processes driving forest investment in Ethiopia

Researchers often identify land and water scarcity as driving foreign investment in the global south (e.g. Rice 2009; Deininger *et al* 2011). Zoomers (2010) emphasises other processes, including increased foreign demand for non-food crops (especially biofuels), conservation, tourism and land purchased by retirees and Diaspora. In Ethiopia, investment trends affecting forests reflect historical relations between government, elites and international institutions for control of natural resource benefits.

3.1 Narratives of under-exploitation and over-exploitation

Ethiopian forestlands have long been characterised as under-exploited areas in need of economic development or as over-exploited areas in need of conservation-oriented management. In the past few decades, calls for increased foreign investment in agricultural practices that involve forest clearing (under-exploitation) have paralleled clearly articulated plans to halt deforestation and land degradation (over-exploitation), creating conflicting policy recommendations. For example, a United Nations Emergencies Unit for Ethiopia (UNEUE) field officer commenting on strategies for incentivising agricultural investment by Ethiopian citizens returning after the fall of the Derg regime said:

Land allocations for investment purposes is ongoing but government authorities need to be encouraged to move investors to hinterland areas and allocate the land located near the villages to returnees. This may require compensation to investors for clearing and infrastructure facility development.

Source: Shank 1994:2

Meanwhile, the Ethiopian National Action Programme to Combat Desertification, drafted in conjunction with a separate United Nations body, the Convention to Combat Desertification (UNCCD) said:

The policy provisions contained in this draft ... encourage the development of forests by individuals, organizations and government and the designation of protected forests and productive forests to be administered in accordance with laws to be enacted for each. The draft stresses the need to give security of ownership of forest products to the developer and the importance of protecting every kind of forest from natural and man-made destruction.

Source: FDRE 1998:62

Poor integration between forest conservation and market liberalisation confound efforts to develop transparent and equitable strategies for natural resource-based economic development. They also mirror patterns identified in relationships between the state and private enterprise in peripheral resource-rich areas throughout the world that have led to forest benefit divestment from rural people to outside elites (Scott 1998; Rudel 2007; Lunstrum 2009; Scott 2009). cursory references to laws governing rights and restrictions over forest use (e.g. FDRE 1998:62) are enough to propel processes forward, so forest benefits can be extracted before specific rights, restrictions and responsibilities are articulated. Multi-decadal planning timelines often characterise forest management endeavours, compounding the challenges of ensuring investors abide by social and ecological protections.

Transparent forest management is further hampered by unclear institutional authority and communication between agencies. For example, foreign investors work primarily with the Ethiopian Investment Authority to establish business operations, while government forestry specialists work in the Forestry Research Centre, a subdivision of the Ministry of Agriculture. Government currently marginalises forestry, as evidenced by budget allocations of about 6 million Ethiopian *Birr* (£226,110) in 2010 to the Forestry Research Centre, compared to 90 million Ethiopian *Birr* (£3,391,792) allocated to the more politically important agriculture, with closely monitored annual crop production figures. High production is associated with political success, compelling officials to use any means at their disposal to favour agricultural output, sometimes at the expense of other land uses like forestry or livestock grazing.

A different government office — the Environmental Protection Authority — approves and manages forestry-based emissions reduction programmes and jurisdictional separations make it difficult to identify and monitor investments affecting forests. While forest investors must submit a Forest Management Plan to the Ministry of Agriculture with their application, only those forestry projects require such approvals. Forestry officials seldom review agricultural projects involving forest clearing. Granting financial benefits to those agencies that succeed in attracting foreign investors further hampers cross-agency integration. Regional actors have an incentive to attract and retain foreign investors to their districts because it allows them to compete more effectively for scarce regional development funds for infrastructure improvements that bring status and additional economic development opportunities (Government Official, *pers. comm.* 18 May 2010, Addis Ababa). Several financially unattractive aspects of forest sector investment in Ethiopia exist, but foreign investors have more secure rights than domestic investors, so they have a comparative advantage. Domestic investors are unwilling to invest in forest resources because of:

... length of time for return on investment, insecure land tenure, disputes with local people, problems in the courts because judges and police are subject to bribes. [Foreign investors are less vulnerable to these problems because] their interests are more visible ...

Source: Scientist, *pers. comm.* 20 May 2010, Addis Ababa

Despite additional protections, investment has been sluggish.

3.2 Forest investment challenges and opportunities

Formally recognised private foreign investment in Ethiopia's forests — including afforestation, reforestation and non-timber forest-product market development — is currently limited. Only one of the handful of foreigners who enquired about investment opportunities in the past few years is moving forward — developing a business plan and securing appropriate permissions (Government Official, *pers. comm.* 18

May 2010). Foreign investors commonly raise concerns about feasibility, human resources, security of long-term lease arrangements and perceptions of political. The lack of investment rooted in ecological, socio-economic and institutional challenges (see *Table 1*) combine to create a climate of uncertainty around forest investment that favours illegal conversion of forested lands to agriculture by government actors, large-scale investors and rural people, threatening the livelihoods of households living at the forest–farm interface and limiting future afforestation and reforestation possibilities. In addition, investment challenges common to most forestry ventures, include delayed and intermittent benefit flows, large capital outlays and dependence on fluctuating markets (Bliss&Kelly 2008).

Table 1: Challenges to forest management and investment in Ethiopia

| Ecological | Socio-economic | Institutional |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Lack of knowledge • Likely high expense of propagating and establishing native trees • Lack of clear guidelines for native vs. exotic replanting obligations • Increased pressures on forest from land degradation, shrinking farm size and reduced grazing land • Forest fragmentation | <ul style="list-style-type: none"> • Unclear tenure arrangements and boundaries • Limited economic diversification • Limited funds for forest management • Human resettlement driving land conversion and new land use practices • Ethnic tension • Currency inflation | <ul style="list-style-type: none"> • Competing jurisdictional authority over activities affecting forests • Weak enforcement capacity • Political inferiority of forestry to agriculture • Inexperience in enforcing reforestation regulations • Unclear reporting requirements |

Some scientists see increased investment in Ethiopian forestlands as a way to alleviate rural poverty and enhance forest ecosystem protection and function (Bongers&Tennigkeit 2010). The high demand for wood products in Ethiopia and neighbouring East African countries may justify increased investment in the forestry sector (Bekele-Tesemma 2007), but the above conditions have stifled investor confidence.

The Forest Development, Conservation and Utilization Proclamation encourages private investment in natural forests, with incentives such as tax abatement and low-cost long-term land concessions. A more detailed implementation plan intended to guide investors may be published in 2011 (Government Official, *pers. comm.* 18 May 2010, Addis Ababa). Investors may harvest and process remaining timber, import processing equipment tax-free, and establish timber plantations using exotic or native species at their discretion (Forest investor, *pers. comm.* 10 April 2010, Addis Ababa). Local, regional and national government entities and investors negotiate specific lease agreements.

While the challenges weigh heavily in some foreign investors' decision-making processes, others may not enter into typical cost-benefit analyses. Project impacts least likely to be understood or acknowledged by investors pertain to the rights of rural residents and invoking under-exploitation and overexploitation narratives to describe forest utilisation legitimises foreign entry into these markets. Evidence from the agricultural sector underscores three additional concerns about the broad affects of foreign investor presence on forests and forest-dependent communities:

1. Aside from low-skilled and low-waged jobs, foreign investment may have no direct benefits for the rural poor and may leave the poorest more vulnerable (Melesea&Helmsing 2010). A recent global survey of conservation program impact on poverty found timber harvest rarely benefits the poor, and non-timber forest-product programs do not significantly reduce poverty (Leisher *et al* 2010).
2. Forced human resettlement remains an issue of concern (Hammond 2008), affecting relationships between people in communities, land use practices and socio-political mobilisation.
3. Large-scale investors entering a sector do not necessarily improve domestic markets for agricultural inputs, outputs and financial services (probably the most important limiting factors to smallholder income growth) (Hazell *et al* 2010).

Economists, development agencies and governments associate increased foreign investment with economic development and poverty alleviation (Haile&Assefa 2006). However, the rationale that it will 'contribute significantly to development through the injection of capital, technology, management know-how and market access' (UNCTAD 2000) may not hold true for most rural people, particularly give constraints on free expression and market access (HRW 2010).

4. Communities at the forest–farm interface

The forest–farm interface is the locus of investment attention in highland forests. This area is home to rural households with unique livelihood characteristics and benefit claims to forest resources that distinguish them from other agricultural households. Ecological, social and economic change characterise the forest–farm interface, defined here as zones in or near forests occupied by smallholder farmers. The interface is historically remote from markets and typically difficult to access (Fisher&Hirsch 2008) and often includes ambiguous lands, lands cultivated by people who have no official use rights (Sato 2000), and legally cultivated lands. Households in Ethiopia's forest–farm interface tend to be highly dependent upon forest resources for fuelwood, livestock grazing and building materials (Mamo *et al* 2007; Yemiru *et al* 2010) and are at greatest risk of livelihood loss resulting from foreign investment in highland forests.

Only about 0.2% of remaining highland forests are undisturbed forests (Reusing 1998). In the late-1980s, government established National Forest Priority Areas (NFPAs) (Cheng *et al* 1989) to gain control over most remaining natural forest stands, most of which are in remote parts of the Gambella and Oromia regional states (Reusing 2000). Government manages natural forests through a system of 58 NFPAs, thirteen of which are under integrated forest management systems involving local communities. While most remaining forestlands are in NFPAs, less than 10% of state forest boundaries are officially mapped (World Bank 2010) and boundary demarcation can be fraught with conflict.

The Forestry Research Centre (FRC) will steer investors towards 'abandoned lands' and places 'where forests are being cleared or encroached' (Government Official, *pers. comm.*, 18 May 2010). Government's rationale for seizing forestland is questionable as pastoral livelihoods (widespread seasonal grazing and shifting cultivation) dominate the lowland (Cotula *et al* 2009; Vermeulen&Cotula 2010). Diffuse lowland infrastructure and institutional influence exist in contrast to more concentrated highland settlement and strong political networks, where dispossession processes centre on claims that people are encroaching. Uncertain forest boundaries and infusion of western conservation values create political space for government to remove encroaching farmers and open land for alternative uses.

Land privatisation causes much dispute in Ethiopia (Crewett&Korf 2008; Ali *et al* 2011). Government owns all forest and agricultural land, granting usufruct rights to citizens on farmland, and maintaining management authority in forestlands. Farmland cannot be bought or sold, but use rights can be transferred within families and people can lease their farmland for limited periods. Modern farmland distribution results from complex circumstances including tradition, allocation by the socialist Derg between 1974 and 1991, and local Peasant Association decisions (Kebede 2002). Leading up to the May 2010 elections, contentious debates characterised land privatisation either as the path to productivity and efficiency or as a neoliberal conspiracy aimed at depriving rural people of land rights (Kidan 2010).

Econometric studies in Ethiopia provided no definitive evidence that tenure issues notably affect people's land use decisions, or that most people consider their tenure status insecure (Benin *et al* 2005; Deininger& Jin 2006; Crewett&Korf 2008). Those in favour of enacting policies to ensure more secure and transferable land rights tend to argue that it will increase farmers' long-term investments in their land (Ali *et al* 2011), but do not examine potentially harmful implications of formalising land transfer rights for marginalised people. In the case of forests, local actors and the state have negotiated access rights in processes that have unfolded over decades. According to Peters (2009: 1322), such land relations are 'open to interpretation' and 'careful attention has to be paid to the specific meanings and constructions, including narratives and stories placed by different social actors on the principles justifying access, use, and control'. This sentiment is central to concerns about the impact of foreign investment in forestry on landholders.

4.1 Historic land use change in the case study

According to community elders, forests in the area under study extended 17km west to the town of Arsi Negele and about 20km south to the town of Kofele as recently at 70 years ago. Highland bamboo thickets, pastures and *chafas* (wetlands) used as seasonal grazing areas punctuated forest areas. Areas too wet for cropping comprise the only remaining community grazing lands.

Italian and Ethiopian sawmill operators heavily exploited the forest in the reign of Haile Selassie (1930–1974), who also granted concessions to military officials, religious institutions and patrons. Concessions included mandatory replanting obligations, but as these regulations were not enforced, companies neglected to follow them (Poulsen 1973). The Chilalo Agricultural Development Unit (CADU), a joint Ethiopian–Swedish development programme established in the late 1960s, outlined their mandate:

An area of forest roughly estimated at 100,000ha seemed to be disintegrating annually and the almost total elimination of all real forest from the country seemed probable within 30 years at the most. Against this background, the urgent forestry needs within the Project area seemed to be:

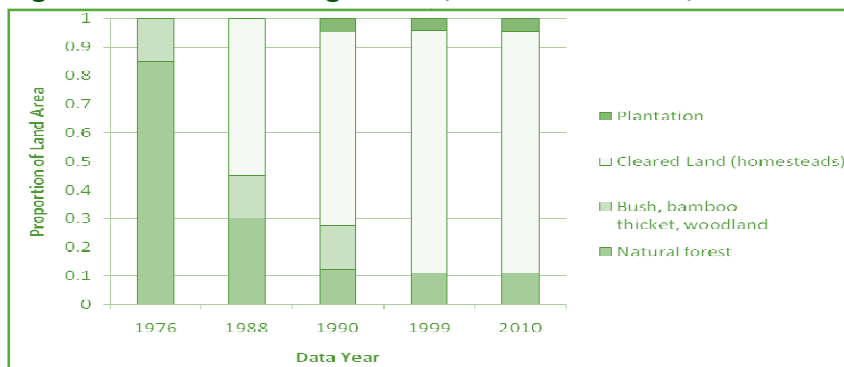
- Protection and rational utilization of the remaining forests.
- Increased reforestation of erosion-prone slopes and other areas available for planting.
- Improved wood utilization.

Source: Poulsen 1970:3

Invoking under- and over-utilisation narratives, the programme calls for heightened protection from anthropogenic destruction and greater efficiency and productivity in forest use. From 1976 to 1988, when the *Derg* granted every household a small farm (usually about two hectares, depending on household size), a dramatic conversion of natural forests to farmland occurred in the study area (see *Figure 2*). At the time, the Enterprise undertook more organised timber harvesting, with technical assistance from the Swedish government to convert of 87% of the natural forest to plantation forest and generate state revenue, while 13% was to be restored and conserved (MoA 1990).

Swedish consultants developed a forest management plan dividing the natural forest into management units or blocks and established ‘working circles’ based on forest cover, slope and access (see *Table 2*). In 1990, the project produced over 2 million seedlings, targeting about 2,000 ha annually for replanting. Insufficient revenue to execute the plan led to overharvesting standing native timber to make up for account deficits and plantation development eventually halted. The project established over 15,000ha of plantation in the Arsi Forest by the 1980s, but realised none of the planned natural forest improvements. While they provided part of the original rationale for forestry engagement in the area, restoration and conservation objectives were not implemented, which shows how conservation language (narratives of over-exploitation) are used to legitimise resource dispossession.

Figure 2: Land use change in 141,976ha forest area, 1976–2011



Notes: 1. Land cover estimates of ‘bush, bamboo thicket, woodland’ are carried backwards from 1990 figures as placeholders; actual pre-1990 figures are unknown 2. The area includes the study site and land under the jurisdiction of different Kebeles.

Sources: MoA 1990; Didha 2008

Table 2: Natural forest working circles in study site, 1990

| Block # | Working circle type (ha) | | | | | | | Total |
|---------|--------------------------|----------|------------|-----------|----------------------------|--------------------|----------------|-------------|
| | Reforestation | Wildlife | Protection | Selection | Natural forest improvement | Bamboo development | Nature reserve | |
| 7 | 6455 | 0 | 0 | 0 | 0 | 0 | 0 | 6455 |
| 8 | 5455 | 0 | 344 | 374 | 548 | 0 | 0 | 6722 |
| 9 | 6138 | 0 | 0 | 337 | 374 | 0 | 0 | 6849 |
| 10 | 4073 | 0 | 788 | 366 | 1125 | 0 | 0 | 6352 |
| 11 | 7339 | 0 | 0 | 0 | 0 | 0 | 0 | 7339 |

Adapted from: MoA 1990

Plantation harvests accelerated into the 2000s as seedlings planted in the 1970s have matured, leading to significant revenue generation. The programme's success led to government establishing more Enterprises in other parts of the Oromia Regional State, effectively expanding state revenue generation (see Table 3). The Enterprise contributes to a range of community development projects, for example:

- building schools and clinics in Kebeles bordering plantation and natural forests;
- disbursing Eucalyptus seedlings to try to boost farm incomes;
- providing supplementary agricultural extension services; and
- exploring options to devolve some natural forest management authority to communities.

Still, most plantation and natural forest revenues generated bypass the communities that live near them.

Table 3: Extent (ha) and value (£) of forest enterprise landholdings, 2010

| Name of enterprise | Concession area (ha) | | | | Estimated value (£) |
|--------------------|----------------------|------------------|----------------|------------------|---------------------|
| | Plantation forest | Natural forest | Bare land | Total | |
| Arsi | 15,162 | 186,690 | 32,800 | 234,652 | 26,269,000 |
| Bale | 3,483 | 248,536 | 185,089 | 437,108 | 26,957,700 |
| Borena-Guji | 6,389 | 97,215 | 106,175 | 209,779 | 18,287,680 |
| Addis Ababa | 22,036 | 16,694 | 4,174 | 42,904 | 7,981,870 |
| Hararge | 4,958 | 10,278 | 21,183 | 36,419 | 6,464,500 |
| Ilubabor | 4,446 | 359,862 | 6,936 | 371,244 | 38,993,800 |
| Jimma | 8,948 | 181,792 | 36,525 | 227,265 | 34,212,670 |
| Wallaga | 10,405 | 100,527 | 75,436 | 186,368 | 15,403,750 |
| Total | 75,827 | 1,201,594 | 468,318 | 1,745,738 | 174,570,970 |

Adapted from: Oromia Forest Enterprise 2010

Forest regulations and enforcement

Current access claims and selective regulatory enforcement have an historical basis; discrepancies between ownership claims on paper and in practice can be traced back to the early days of Amhara rule in the region. Inconsistent enforcement also seems to have a long history, positioning regulations as secondary to ongoing processes of negotiation over forest access in the context of changing social relations.

Following conquest of the Arsi area at the end of the 19th century, forests became state property (see Table 4). The emperor granted land concessions, with accompanying rights to local labour, mainly to Amhara military officials, widows and other outside elites (Poulsen 1973). While the army and police were summoned on numerous occasions (as recently as spring 2010) to enforce access restrictions, benefit distributions represent a chain of less contentious interactions between the state, outside elites and local people. Specific regulations governing forest access have remained relatively uniform (see Table 4), though enforcement has varied dramatically over time, and access claims are ill-defined. While few questioned the state's right to levy taxes, people resisted further steps to establish a formal presence in the area and exert

additional controls over resources. During initial government efforts to establish plantations in the 1970s, locals uprooted or livestock trampled seedlings, so armed military guarded plantations until local people eventually accepted them. These tightly enforced regulations contrast with the current government's loose enforcement. In hindsight, Community Elders (*pers. comm.* 18 December 2009) viewed tight Derg enforcement of forest access restrictions positively. In a timeline exercise conducted with community elders, interviewees described the early days of the Derg as a time of abundance:

At that time people were afraid and the Enterprise was keeping the forest well. Many people used the forest for production of honey and the people said 'the forest is our shade' so it should not be touched.

... the forests were full and wide and every species was present. We used the forest for farming equipment and grasses ... all people were keeping the forests, even elders and youth.

These quotes reveal that actors actively used forests in ways that did not, in their perception, conflict with a climate of rigid enforcement and that they saw themselves as forest managers and stewards. In the context of diminishing natural forests (see *Figure 2*), memories of abundance in the late 1970s were likely strongly shaped by higher forest cover and lower human population densities at the time.

Table 4: Forest regulations and governing bodies in Arsi Forest, 1930-present

| Regime | Forest regulations | Arsi Forest governing institution |
|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Haile Selassie 1930–1974 | Emperor owns all forestlands and government sets hunting days. Permission needed for grazing, wood collection and other activities. Concessions granted at Emperor's discretion. | Imperial Court |
| The Derg 1974–1991 | State owns all forestlands. Written permission needed to hunt, settle, fell trees, collect, load or transport any forest product, graze cattle and remove resources from the forest, except taking fallen branches, leaves, bark, setting beehives or harvesting honey. | Munessa-Shashemene Integrated State Forest Development and Utilization Project, the Chilalo Agricultural Development Unit (CADU) |
| Ethiopian People's Revolutionary Democratic Front 1992–present | Forest development encouraged. Permission required to cut trees, settle temporarily or permanently, graze domestic animals, hunt, carry cutting saws and tools used for cutting trees or extracting honey. | Arsi Forest Enterprise |

Source: Poulsen 1973:10–11.

Compared to natural forests, plantations are considered well guarded today. Except for limited grazing and periodic access to slash from plantation thinning, plantation production feeds urban — not local — markets. In natural forests, community consumption of forest products is largely unregulated: even when higher order offenses such as timber harvesting sometimes receive local police attention, they rarely result in convictions. Corruption, insufficient labour force, low commitment, authority and politicking undermine efforts to protect natural forest. Subjective regulatory enforcement contributes to a sense that forest access is politically and socially negotiable. Changing values and policies also shape perceptions of resource rights. When asked about selective harvesting by local people of one species (*Podocarpus falcatus*) for fuelwood, a guard explained that the Derg wanted to eradicate large indigenous trees to convert natural forest to plantation. People were informally permitted to cut large indigenous species and over time came to see it as a right (Forest Guard, *pers. comm.* 18 March 2010).

Enforcing forest regulations involves a range of actors with different levels of authority (see *Figure 3*). Local forest experts identified challenges to effective enforcement at different levels of government, emphasising inattention to forest regulatory enforcement. Forest protection is a common rallying point in political speeches and community events, but rarely leads to substantive action. Forest guards expressed frustration at government's weak enforcement:

Officials are afraid to enforce regulations because they don't want to harm their standing in the community or their chances of re-election.

Source: Forest Guard, pers. comm. 18 March 2010

Enforcement is political and tensions between rhetoric and action exist. Leaders routinely advocate for forest conservation while also working to maintain their identity as egalitarian men of the people. Enforcement patterns reflect broader trends in forest management; the state is generally willing to proceed with forest exploitation before specific rights and responsibilities are detailed, and the difference between paper regulations and practice shows forest access to be negotiable between actors over time.

Figure 3: Government entities involved in enforcing forest regulation, Arsi Forest



Source: Local forest experts, 17 May 2010, Arsi Forest

Forest benefit distributions from the 1880s to the present

The benefits, beneficiaries and effects of forest exploitation in the study site are shown in Table 5. Beneficiary categories include the state, outside elites and local people, but these categories are comprised of individuals who are heterogeneous and hold a range of entitlements and capabilities. Nevertheless, this framing provides a coarse-grained lens for assessing forest benefit allocations.

Table 5: Selected benefits, beneficiaries and effects, 1880s–2010

| Decade(s) | Benefit | Beneficiary | Other effects |
|-------------|----------------------------------------------------------------------------------|------------------------|----------------------------------------------------------------------------------------------------|
| 1880s–1930s | Forest requisition | State | Local people marginalised |
| 1940s–1960s | Able to grant land & labour to elites | State & outside elites | Social tension; Locals marginalised |
| 1940s–1970s | Post-harvest replanting requirements not enforced | Outside elites | Accelerated land conversion; changing forest composition |
| 1970s–2010 | Able to collect fuelwood, timber, graze livestock and hunt (irregularly granted) | Local people | Uncertainty over rules & regulations; seedling regeneration inhibited; changing forest composition |
| 1980s | Able to harvest native timber and convert forest to plantation | State | Accelerated land conversion; changing forest composition |
| 1990s–2010 | Forest converted to farmland | Local people | Accelerated land conversion |

Reinvestments in forests have been limited to nonexistent, but the benefits include myriad ways that actors and institutions access forest resources, ranging from timber harvest to outright forest conversion for agricultural. Some benefits constrain other actors or institutions; some may serve as compensation for other lost benefits and most exact costs on forest resources. Foreign investment will likely greatly affect existing forest benefit distributions (see *Table 6*), although different actors will feel the effects differently, with locals exposed to direct livelihood impacts, such as restricted grazing and fuelwood collection.

Figure 6: Effects of new tenures (e.g. foreign investment) on forest benefits, 1940–2011

| | State | Local people | Outside elites |
|----------------------------|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Historic benefit* | Timber harvest and sale; Able to grant land to patrons | Wildlife hunting access; Medicinal plant harvest; Religious worship | Receiving timber concession |
| Benefit likely to change | Receiving bribes; Able to grant access to locals | Converting agricultural land; Collecting fuelwood; Harvesting building material; Grazing livestock | Illegal timber harvest; Cheap fuelwood available |
| Benefit unlikely to change | Receiving plantation revenues; Receiving hunting permit sales | Access to beekeeping sites | Plantation wood products available; Recreational wildlife hunting [†] access |

Notes: * *Benefits of the past, less prevalent or non-existent today*; [†] *Negligible wildlife hunting persists among locals, but outside elites undertake trophy hunting (which generates state revenue) — likely to continue with foreign investment.*

Local people stand to lose substantial benefits under increased foreign investment scenarios. Compared to potential benefits associated with foreign investment like land lease payments, royalties, stumpage fees and other incomes, losses borne by the state are small and mainly consist of political power forfeited when ceasing to grant local people informal access to forest resources. Bribe payments will likely continue, possibly shifting from the courts and checkpoints to other recipients. Outside elites will accrue the benefits of available plantation wood and fuelwood sales, unaffected by new investments.

5. Community forest benefits and potential conflict

The forest area studied provides the state, outside elites and local people with a range of benefits. This section details how forest resources contribute to household livelihoods and explores the effects of changing forest tenure on local communities. We examine events surrounding a recent forest boundary demarcation exercise in the area and consider potential conflict that might accompany tenure changes.

5.1 Household livelihoods and forests

Data from a household livelihood survey highlights attributes of different wealth groups and their related forest benefits (see *Table 7*). Household attributes vary in terms of average land and livestock holdings, which affect crop production and the ability to withstand livelihood stress associated with drought, crop failure or currency devaluation. All wealth groups in the study area rely on forests to supplement their livelihoods. Households rely on forest products for livestock grazing land, homestead sites, fuelwood, building materials and other non-timber forest products, and generate (42% of mean) cash incomes by selling fuelwood. Fuelwood demand in the area is high, partly due to a thriving alcohol distillation industry in nearby Arsi Negele. Households with donkeys earn more from fuelwood sales as they are able to get higher prices closer to market, sell larger volumes of wood and reduce transportation costs.

Other studies have found comparable forest incomes as a percentage of total household cash incomes, (e.g., Mamo *et al* (2007) found 39% in central Ethiopia; Babulo *et al* (2008) found 27% in northern Tigray; Yemiru *et al* (2010) found 34–53% in the Bale Mountains). Interviewees described a recent social shift in which the sale of fuelwood had become less stigmatised. While previously only widows and the very poor collected fuelwood for sale, it is now common among all wealth groups. Female-headed households and women earn their family's primary income are particularly dependent on fuelwood collection due to small landholdings, their inability to plough fields and a lack of alternative income sources.

Table 7: Household attributes by wealth ranking in study site, 2010

| Attributes by household | Household wealth rank | | | | Weighted mean |
|------------------------------------------------------------------|-----------------------|------------|--------------|-----------------|---------------|
| | Very poor (6%) | Poor (28%) | Medium (54%) | Wealthier (12%) | |
| Mean age of head | 42 | 34 | 49 | 47 | 44 |
| Female-headed | 33% | 0 | 0 | 0 | 2 |
| Mean household members | 6.8 | 6.9 | 10.7 | 14.3 | 9.8 |
| Mean landholding size (ha) | 0.3 | 0.7 | 1.1 | 1.7 | 1.0 |
| Mean tropical livestock units | 0.93 | 1.54 | 5.04 | 8.85 | 4.3 |
| Household crop production as a % of minimum caloric requirements | 56% | 72% | 94% | 108% | 87% |
| Mean staple food expenditures as a % of mean total income | 27% | 24% | 19% | 12% | 20% |
| Mean fuelwood income as a % of mean cash income | 85% | 65% | 28% | 37% | 42% |
| Mean number of donkeys | 0.50 | 0.88 | 1.00 | 2.00 | 1.06 |

5.2 Forest access change and conflict

New restrictions on forest access will compromise the ability of households to meet their livelihood needs. Access restrictions can incite conflict between enforcers and communities. Disputes over a 2009–2010 forest boundary demarcation provide grounds to explore these dynamics.

Demarcation, or re-establishing forest boundaries by the state, reaffirms state claims to authority over forest benefit distributions; establishing homesteads creates a permanent claim by households over forest resources. Conflicts with local communities over homestead and farm encroachment have arisen at every demarcation in the last four decades. The state has responded by reducing the size of the natural forest by varying degrees to accommodate new farms. Due to a combination of cumulative forest loss, emerging values and revenue streams associated with ecotourism, conservation and ecosystem service payments, officials are now less likely to consent to new homestead claims. In 2009, they demolished homesteads built in forest areas since the previous demarcation in 1999 and replanted forest. The demarcation process involves assessing forest boundary markers and verifying land use at established points. After an initial visit, a second visit is scheduled to confirm boundaries, collect additional data and hold meetings. Enterprise workers later demolish houses in the presence of Ethiopian military (*Figures 4 and 5*).

Figure 4: Demolished homestead

Photo taken immediately after a homestead was demolished. Household possessions are bundled in the foreground and roofing, fencing and other building materials are piled in the mid-ground. A native Podocarpus tree is shown in the centre background.

Figure 5: Forest guard marks official natural forest boundary

Following discussions, a forest guard marks a remnant Croton macrostachyus tree in the midst of crops to demarcate the official natural forest boundary



A demarcation exercise conducted by the Enterprise, local government authorities and Ethiopian military from winter 2009 to spring 2010 revealed that 54 households (8% of all households in the community) had expanded their farms or established new homesteads (ranging in size from 0.25 to 11.25 hectares) inside the natural forest area under study. In March 2010, demarcation activities resulted in violent conflict in a community adjacent to the case under study. Five managerial staff, 43 guards and day labourers, and six military members arrived at a site to prepare already cleared areas for tree planting. About 2,000 members of the local Kebele descended on Enterprise employees with sticks, rocks and traditional spears, leaving the military untouched. One man was hospitalized and many sustained broken bones, cuts and other injuries. Planting activities were halted and a series of community meetings followed.

The community, Enterprise and government authorities are still negotiating, but government identified alternative communal grazing land in a different part of the Kebele where households without landholding could relocate. However, this decision had complex economic and social implications for local communities. Eight months later, in December 2010, most households had returned to the superior soil conditions on forest plots for cropping. When asked about the government's decision-making process, an elder (*pers. Comm.* 20 April 2010) responded:

Why do you ask this question? We do not agree. The government is powerful; we are afraid. We have attended many meetings and separated without resolution. Our alternative is to educate our children for government work.

Access claims described previously in the case emphasise negotiation between actors, but local people have little recourse when higher-level authorities are determined to enforce restrictions. Peasant-state relations are characterised by 'political marginalisation, heavy state intervention and highly extractive relations between state and peasants' (Milas&Latif 2000:363). The community repeatedly asserted that resettlement on community grazing land was unacceptable because the land was the future site of a mosque and school, representing an unsuccessful appeal to officials' higher religious and familial values. The focus of violence on Enterprise employees while community members assiduously avoided harming military personnel exposes the limits of dissent. In effect, households were saying to Enterprise workers (mostly neighbours living under shared circumstances): How can you deny us our basic subsistence rights?

Aside from other challenges had people attacked soldiers, their moral claims would not have resonated with the same force. The limits to protest may be even more strongly felt as foreign investors enter contested spaces. As foreign investors receive preferential protections and economic interests supersede historically negotiated value-based claims, local claims to forest resources may be further marginalised.

Peluso&Ribot (2003: 163) point out that 'states often manage people as subjects to whom privileges, rather than rights, are to be delegated'. Household-level forest benefit claims are rooted in customary and historical access to forest resources; locals weave rights together with understandings of what constitutes legitimate use. New revenue-generating opportunities in forest areas increasingly threaten such claims. Since rights are not formally devolved, informal forest benefit distributions are not guaranteed, leaving local people disadvantaged as they attempt to assert access claims.

6. Conclusion

The case reveals two broad areas of concern regarding increased foreign investment in forests:

- Little scrutiny of widespread forest clearing for agriculture likely to significantly impact on local livelihoods, forests and potential future engagement in forest-based activities.
- Locals less able to make livelihood claims in the face of new tenures that draw legitimacy from the market, rather than local values.

Current foreign investment in forestry and the resultant impacts are small, but alongside agricultural investment impacts and potential future investments in forest-based emission reduction programmes (e.g.

the *Clean Development Mechanism* and *Reducing Emissions from Deforestation and Forest Degradation*), potential effects on household livelihoods are tremendous. The 'foreignisation of space' (Zoomers 2010:433) holds few certain benefits for rural people. Narratives of under- and over-exploitation that legitimise domestic and foreign interventions in rural livelihoods have veiled contradictory policies and facilitated forest benefit transfers to the state and outside elites.

Foreign investment in highland forests will affect rural livelihoods, due to the interconnectedness of forest and agricultural incomes at the forest–farm interface. As noted in studies on the devolution of forest management from the state to rural people, calls for democratic institution-building can be problematic when institutional climates do not hold 'inclusion and equity as goals' (Becker 2001:506). Competition between elite actors over resources stifles cooperation and transparent policy-making to govern land tenure and investment (Gatzweiler 2007). Therefore, institutions capable of and interested in protecting rural livelihoods and access claims will likely not materialise without significant pressure from individuals and organisations with the power to leverage change.

As access claims are socio-political, not formal, formal processes are needed to establish and enforce livelihood claims and articulate workable tenure arrangements at community level. Such formal processes should institute more transparent application, approval and monitoring protocols for all land investments affecting forests. As resources become more limited and new markets evolve to generate revenues from them, rural livelihood claims tend to be evaluated in terms of emerging value systems, not the systems in which claims evolved. The narratives and histories that shaped access claims must be documented so that rural people and advocates can make comprehensive resource rights claims.

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LDPI Working Paper Series

A convergence of factors has been driving a revaluation of land by powerful economic and political actors. This is occurring across the world, but especially in the global South. As a result, we see unfolding worldwide a dramatic rise in the extent of cross-border, transnational corporation-driven and, in some cases, foreign government-driven, large-scale land deals. The phrase ‘global land grab’ has become a catch-all phrase to describe this explosion of (trans)national commercial land transactions revolving around the production and sale of food and biofuels, conservation and mining activities.

The Land Deal Politics Initiative launched in 2010 as an ‘engaged research’ initiative, taking the side of the rural poor, but based on solid evidence and detailed, field-based research. The LDPI promotes in-depth and systematic enquiry to inform deeper, meaningful and productive debates about the global trends and local manifestations. The LDPI aims for a broad framework encompassing the political economy, political ecology and political sociology of land deals centred on food, biofuels, minerals and conservation. Working within the broad analytical lenses of these three fields, the LDPI uses as a general framework the four key questions in agrarian political economy: (i) who owns what? (ii) who does what? (iii) who gets what? and (iv) what do they do with the surplus wealth created? Two additional key questions highlight political dynamics between groups and social classes: ‘what do they do to each other?’, and ‘how do changes in politics get shaped by dynamic ecologies, and vice versa?’ The LDPI network explores a range of big picture questions through detailed in-depth case studies in several sites globally, focusing on the politics of land deals.

Household livelihoods and increasing foreign investment pressure in Ethiopia’s natural forests

Foreign investment in Ethiopia’s forestry sector is currently limited, but agricultural investments that affect forests — largely through forest clearing — are commonplace. This paper describes the nature of forest investments and outlines the challenges and opportunities associated with implementing them. Given the key role forests play in rural livelihoods, new tenure arrangements will have significant implications for communities located at the forest–farm interface. This paper presents evidence from a case study in the Arsi Forest area of Oromia Regional State to examine historic and contemporary forest benefit distributions and investigate potential for conflict over competing forest access claims associated with new investments.

