

SUGARCOATING 'HOMEGROWN' DEVELOPMENT IN THE PERIPHERY:

THE POLITICS OF PRIVATIZING KURAZ SUGAR
DEVELOPMENT PROJECT IN SOUTH OMO

Yohannes Yitbarek and Benedikt Kamski



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THE ETHIOPIA PEACE RESEARCH FACILITY

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SUMMARY

- Since the Prosperity Party (PP) came to power in Ethiopia in 2018, expectations have grown that its government will revitalize Ethiopia's sugar industry through the privatization of eight sugar factories, including plantations of several thousand hectares in peripheral areas of the country. This comes in the context of the country's sugar estates—a central component of the state-led development strategy pursued by the Ethiopian People's Democratic Front (EPRDF) government—suffering a succession of cost overruns, design errors and technical overhauls.
- The Kuraz Sugar Development Project (KSDP), established in 2011, is a state-led agricultural development scheme of unparalleled scale situated in South Omo in the southwestern lowlands (now part of the newly formed Southern Ethiopia Region). The project, which faced considerable challenges under EPRDF, has continued to struggle despite the PP's sugar sector reforms and privatization programme. KSDP constitutes an exemplary case for the economic difficulties and conflict potentials currently experienced throughout the sector, with some lessons that can be learned.
- While the costs of completing KSDP as initially intended are high, the considerable investment made thus far should be considered more than mere sunk costs. Given the lack of socioeconomic trickle-down effects felt by the local population, as well as the largely irreversible transformation wrought on the region's physical landscape, the project cannot be halted without additional negative repercussions.
- The effects of KSDP's failed implementation are multi-pronged. At the top, high-ranking officials and contractors, including the Metals and Engineering Corporation (MeTEC), associated with the previous EPRDF leadership have been side-lined, while the Ethiopian Sugar Corporation (now the Ethiopian Sugar Industry Group) has undergone a fundamental reform process under the PP to facilitate the partial sale of the dysfunctional KSDP to private bidders.
- On the ground, socio-cultural dynamics have been impacted by changes to the environment and customary agropastoral land use practices, and an influx of labourers—mainly to the detriment of local livelihoods. This has several potential

consequences, including stimulating local resistance to the project and aggravating violent social conflict. As such, consultation with local communities and mutually achieved consent are prerequisites if KSDP and similar mega-projects are to achieve long-term success.

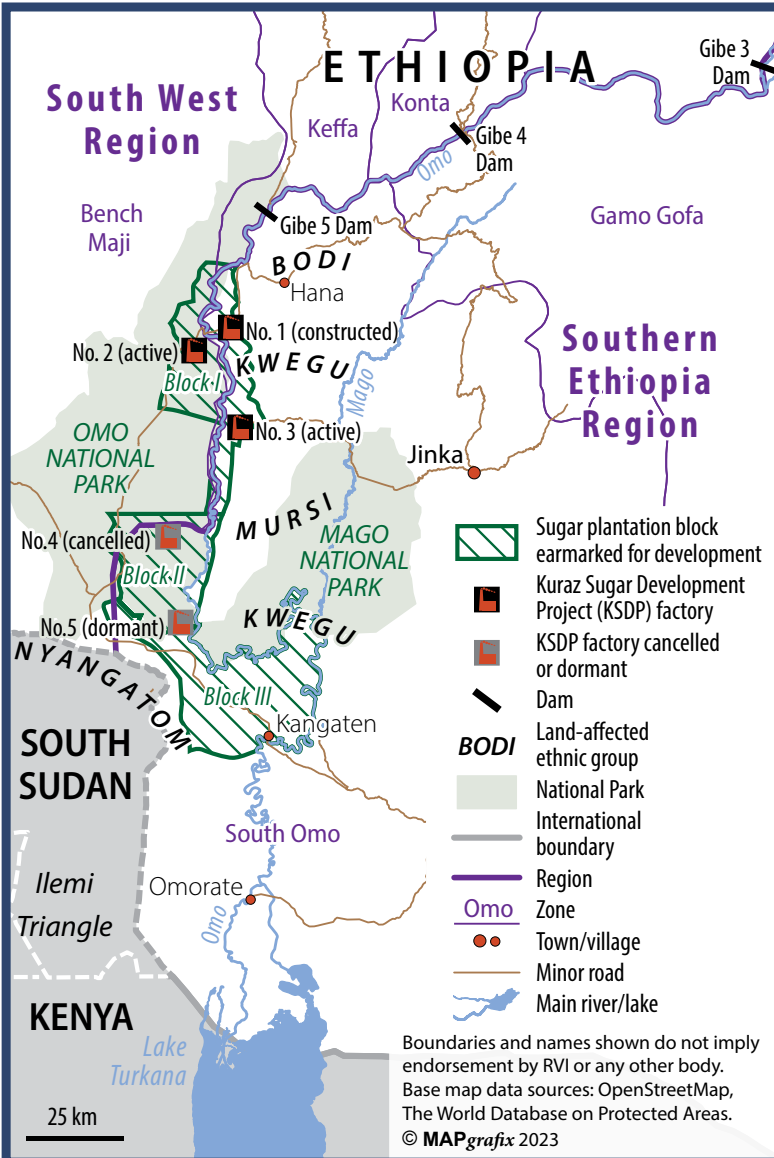
- Specific areas of focus with respect to the future of KSDP include transparency and accountability in the privatization process (including the establishment of effective investment-bidding and benefit-sharing mechanisms and participatory decision-making structures); participatory resource management (including the establishment of community conservation areas); and compensation and rehabilitation strategies (with priority given to the provision of social services and compensation for livelihood loss).

ABBREVIATIONS

ADP	Afar Democratic Party
EIH	Ethiopian Investment Holdings
CER	Central Ethiopia Region
ENDF	Ethiopian National Defense Forces
EPRDF	Ethiopian People's Revolutionary Democratic Front
ESC	Ethiopian Sugar Corporation
ESIG	Ethiopian Sugar Industry Group
FDRE	Federal Democratic Republic of Ethiopia
GERD	Grand Ethiopian Renaissance Dam
GTP	Growth and Transformation Plan (I, 2010–2015 and II, 2015–2020)
KADP	Kuraz Agricultural Development Project
KSDP	Kuraz Sugar Development Project
MetEC	Metals and Engineering Corporation
MoF	Ministry of Finance
MoP	Ministry of Peace
PP	Prosperity Party
SEPPDM	Southern Ethiopian People's Democratic Movement
SER	Southern Ethiopia Region
SNNPR	Southern Nations, Nationalities and People's Region
SWEPR	Southwestern Ethiopia People's Region
TPLF	Tigray People's Liberation Front

MAP: LOWER OMO VALLEY

showing Kuraz Sugar Development Project locations



INTRODUCTION

Ethiopia's sugar industry is up for sale. The announcement that eight sugar factories are to be privatized—including plantations of several thousand hectares in peripheral areas of the country—comes in the wake of growing challenges faced by the state-owned agroindustry. Cost overruns, design errors, technical overhauls and social conflicts have affected the operational efficiency and capacity of the country's sugar estates, once central components of the ambitious state-led development strategy pursued by the Ethiopian People's Democratic Front (EPRDF) government.

More recently, expectations have been raised that the Prosperity Party (PP) government will course correct and revitalize the national sugar industry through its heralded privatization. While the declared intention was to put the proceeds of privatization towards servicing the monumental debt load incurred by the ailing industry, in the long-term the transfer of operations to the private sector is expected to close the supply gap in the market. Despite the billions of dollars invested in expanding and modernizing estates, sugar continues to be rationed in the domestic market, with the majority of private and industrial consumption fulfilled by costly imports—amounting to at least 8.3 million quintals per year, obtained through public procurement. The volume of private imports increased further in the fiscal year 2022/23 (ending in June), illustrating the country's monumental sugar demand–supply gap.¹

Against the above backdrop, this study analyses the political economy of sugar industrialization in the lowlands of southwestern Ethiopia. In doing so, it focuses on the trajectory of the Kuraz Sugar Development Project (KSDP), a state-led agro-industrial development scheme of unparalleled scale and scope—not just nationally, but across the entire Horn of Africa. The report unpicks the role played by KSDP in the EPRDF's developmental state vision, before going on to question the project's impact on state–society relations under the PP government and conflict dynamics in Ethiopia's periphery. More specifically, it seeks to identify the direct and indirect effects of the PP's proclaimed 'New Pathway to Prosperity' (Amharic: *wode bilits'igina godana*) and peacebuilding agendas in the case study area of the Lower Omo Valley, where KSDP is situated.

While the costs of completing costly large-scale agro-industrial development schemes

1 'Astronomical imbalance on sugar supply-demand raises alarm', *Capital*, 10 July 2023. <https://www.capitalethiopia.com/2023/07/10/astronomical-imbalance-on-sugar-supply-demand-raises-alarm/>.



in Ethiopia—described by analysts as ‘white elephant’ projects² born under EPRDF’s developmental state—are often higher than originally intended, the considerable investment made in the KSDP thus far should be considered more than just ‘sunk costs’ (i.e. an investment that cannot be recovered).³ Given the lack of socioeconomic trickle-down effects felt by the local population, as well as the largely irreversible transformation wrought on the region’s natural landscape, this mega project cannot simply be halted without additional negative social, economic and ecological repercussions. Special consideration thus needs to be given to the contentious politics underlying, and implications arising from, privatization and the new ideas being put forward for agroindustrial land use in the area. Overall, the financial and operational prospects of the sugar industry in the Lower Omo Valley remain uncertain at best, leaving the livelihoods of residents (pastoralists and labourers) hanging in the balance. On top of this, there is a very real prospect that conflict dynamics in this peripheral area may be exacerbated by the events playing out not only within the sugar industry, but also in relation to the administrative restructuring of the Southern Nations, Nationalities and People’s Region (SNNPR) which is ‘carving up the south’ into smaller regional states. As such, a full understanding of the present state of affairs of KSDP in South Omo and how it might be addressed is crucial.

The remainder of the report proceeds as follows: Section 1 sets out the longer-term context and background behind the development of the KSDP, including how the project area it encompasses came to be regarded as a ‘super-periphery’. Next, section 2 outlines the history of KSDP under the EPRDF and its role in the government’s vision of a developmental state, before section 3 moves onto the evolving status of the mega-project following the ascent to power of Abiy Ahmed and the PP government, including the proposed privatization of much of the sugar industry. Section 4 then analyses the impacts of sugar industrialization and how this has played into local conflict dynamics. Finally, the current state of play is summed up and recommendations for future areas of focus laid out.

Methodology

This report is based on qualitative fieldwork conducted in South Omo zone between October and December 2022 and draws from ten years of research experience tracking the trajectory of the KSDP. A total of 17 key informant interviews were conducted with local government officials, experts, elders, ritual leaders, and herders from both the Bodi and Kwegu communities. Additional structured and semi-structured interviews were conducted with six government officials and managers working for KSDP in South Omo zone and the Ethiopian Sugar Industry Group (ESIG) in Addis Ababa. Various policy briefings, legal texts and other documents were

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- 2 Jonah Wedekind, ‘Anatomy of a White Elephant: Investment Failure and Land Conflicts on Ethiopia’s Oromia–Somali Frontier’, In *Lands of the Future: Anthropological Perspectives on Pastoralism, Land Deals and Tropes of Modernity in Eastern Africa*, edited by Echi Christina Gabbert et al., 167–188. Oxford: Berghahn Books, 2021.
 - 3 Tom Gardner, ‘Ethiopia’s economy is booming, but at what cost?’, *The Atlantic*, 11 August 2019, <https://www.theatlantic.com/international/archive/2019/08/ethiopia-china-economy/594799/>.

furthermore reviewed. All interviews conducted with KSDP, ESIG and government officials were conducted in Amharic. For interviews with Kwegu and Bodi communities, it was necessary to work with a translator fluent in both local languages and Amharic.

Under the EPRDF, the Lower Omo Valley constituted a hostile environment for researchers investigating the politically sensitive impacts of large-scale development projects (roads, dams, sugar estates, etc.), as access to the sites and affected communities was often restricted by the government.⁴ Despite the initial opening of the political space under the PP government, research conducted in these areas continues to face close observation by authorities and results in self-censorship by interlocutors. Since the fieldwork in late 2022 and during the writing of this report, the status of some KSDP factories has evolved, while regional referenda in southern Ethiopia have also altered South Omo's administrative landscape in 2023. While the report seeks to factor in and analyse these most recent changes, it cannot fully rely and draw on primary data raised during the initial fieldwork phase. This was compensated with follow-up phone interviews and consultations with ongoing research projects.

4 Echi Christina Gabbert. 'Introduction. Futuremaking with Pastoralists'. In *Lands of the Future: Anthropological Perspectives on Pastoralism, Land Deals and Tropes of Modernity in Eastern Africa*, edited by Echi Christina Gabbert et al., 1–38. Oxford: Berghahn Books, 2021.



BACKGROUND AND CONTEXT

Developing the 'periphery'

Development of KSDP—Ethiopia's largest and most ambitious sugar development project—began in South Omo zone's Selamago woreda in 2011 with the construction of a water diversion scheme and the clearing of land along the lower reaches of the Omo River. This set in motion a 'dual transformation process' of radical changes to the natural landscape combined with gradual but drastic alterations in the project area's socio-cultural sphere.⁵

South Omo zone—part of the Southern Nations, Nationalities and Peoples' Region—is home to 16 indigenous ethnic minority groups, making it Ethiopia's most ethnically diverse administrative unit. The KSDP's designated area lies in the Lower Omo Valley, bordering South Sudan to the west and Kenya to the south. Territorially, the Lower Omo Valley is Ethiopia's southernmost peripheral region and historically constitutes a 'frontier'—its natural resources and indigenous peoples never fully brought under central state control.⁶ The Omo River Basin's lower catchment is characterized by a diverse landscape of open savannah, grassland and sparse woodland cover, including riverside forests. Most of the area's ethnic groups practise a mixture of cultivation and animal husbandry, utilizing vernacular agro-pastoralist livelihood systems that draw on three mutually complementary pillars: rain-fed agriculture; seasonal flood-recession farming (mainly beans, maize, sorghum and peas); and animal herding. In short, almost all local groups depend on flood-recession agriculture along the riverbanks and in the Lower Omo flood plains. The Kwegu are the only group that does not herd cattle and instead relies on keeping small ruminants, hunting, fishing and cultivation in areas along the river.⁷ Prior to the construction of the GIBE-III reservoir, flood-recession agriculture was a fundamental livelihood pillar for the approximately 100,000 people of the Bodi, Mursi, Kwegu, Kara, Nyangatom and Dassanech.⁸

5 Benedikt Kamski, 'The Kuraz Sugar Development Project', Briefing Note 1, Omo-Turkana Research Network, June 2016, https://www.canr.msu.edu/oturn/OTuRN_Briefing_Note_1.pdf.

6 John Markakis, *Ethiopia: The Last Two Frontiers*, Oxford: James Currey, 2011.

7 For an overview of agro-pastoralism in the Lower Omo Valley as practised by the Mursi, see: David Turton, 'The social organisation of the Mursi, a pastoral tribe of the lower Omo Valley, southwestern Ethiopia', PhD thesis, London School of Economics, University of London, 1973.; on the Kwegu, see: Turton, 'A problem of domination at the periphery: the Kwegu and the Mursi', *Southern Marches of Imperial Ethiopia: Essays in History and Social Anthropology*, Donald Donham and Wendy James eds., 148–175, Oxford: James Currey, 2002.; on local livelihoods, see: 'Neighbours', Mursi Online. <https://www.mursi.org/neighbours>.

8 David-Paul Pertaub, Dessalegn Tekle and Edward G. J. Stevenson, 'Flood Retreat Agriculture in the Lower Omo Valley, Ethiopia'. Briefing Note 3, Omo-Turkana Research Network, May 2019, <https://www.canr.msu.edu/oturn/OTuRNBriefingNote3.pdf>.

Until the last quarter of the nineteenth century, the area earmarked for the KSDP was largely considered—in the modernist sense—a ‘wilderness’ or ‘wasteland’ alien to the outside world.⁹ It was only in the mid-2000s that the southwestern lowlands—regarded by successive regimes as *dar agar* (‘lowlands’ or ‘the periphery’)—began to take on a new image of potential agricultural powerhouse. Pastoral and agro-pastoral areas previously seen as having little to offer national development emerged as important ‘resource corridors’, hosting large-scale development projects.¹⁰

Under Emperor Haile Selassie’s regime, a growing state presence had been established in South Omo. The creation of the Omo and Mago national parks in the 1960s and 1970s was crucial in terms of structuring and categorizing the natural environment. In order to promote centralization, the imperial government took pains to maintain a well-structured provincial administration.¹¹ Nevertheless, the administration’s activities were limited mainly to collecting tax from pastoralists and taking steps to reassure the Ethiopian state of the populace’s loyalty. Under the Derg regime (1974–1991), some efforts were made to introduce education, roads, markets and non-governmental organizations among groups in South Omo, particularly among the Hamar as well as the Nyangatom and Mursi.¹² Throughout both periods, however, there was a clear ‘civilizational’ bias against pastoralist livelihoods: their economic practices were condemned as ‘backward’, their sociocultural practices often proscribed by national governments, and their traditions suppressed.

A novel perception of the *dar agar*

The increased state presence seen in the pastoralist frontier over the past couple of decades forms part of an ongoing state-building project. In the early 2000s, the southwestern lowlands’ hydro-agricultural resources became essential building blocks in government efforts to make Ethiopia a middle-income country. Prior to this, the area had been depicted as an ‘unproductive’, ‘conflict ridden’ and ‘inhospitable’ periphery.¹³ Such portrayals were integral to the state-making project, fuelling the argument that these areas would be doomed to ‘backwardness’ in the absence of efforts to promote socioeconomic prosperity. Hence, developing the lowland

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- 9 David Turton, ‘Wilderness, wasteland or home? Three ways of imagining the Lower Omo Valley’, *Journal of Eastern African Studies* 5/1 (2011).
 - 10 Felix Girke, ‘Homeland, Boundary, Resource: the collision of place-making projects on the Lower Omo River, Ethiopia’, Max Planck Institute for Social Anthropology Working Paper No. 148, 2013, <https://d-nb.info/1124780599/34>.
 - 11 Donald Donham and Wendy James, eds., *Southern Marches of Imperial Ethiopia: Essays in History and Social Anthropology*, Oxford: James Currey, 2002.
 - 12 Yohannes Yitbarek, ‘Resistance of the Hamar to the development imperatives of the Ethiopian state: an Ethnographic Analysis’, PhD thesis, Martin-Luther-Universität Halle-Wittenberg and Max Planck Institute for Social Anthropology, 2021.
 - 13 Girke, ‘Homeland, Boundary, Resource’.

peripheries became a central element in the ideology and discourse of state intervention.¹⁴ In this regard, the early 2000s marked a crossroads for centre–periphery relations, particularly in terms of the centre’s interest in the periphery.

The first two decades of EPRDF rule (1991–2011) in the Lower Omo Valley, as in other lowland regions, can be classified as a period of administrative reorganization, with the government—through its model of ethnic federalism—employing local elites as a means of extending its power into the periphery.¹⁵ In accordance with the establishment of the federal system, South Omo zone was reorganized as an administrative zone within SNNPR and divided into woredas (districts), the number of which rapidly increased in response to the demands of the zone’s various ethnic groups. Given that the area is inhabited by both semi-nomadic (agro-)pastoral and agrarian communities, the EPRDF insisted on inclusiveness and fair representation for both these groups in the zonal administration. Nevertheless, most of the chief administrators appointed during this period were from the Aari (the most populous agricultural community living in the zone) and Mali (the second most populous) ethnic groups. This has been a major cause of discontent among ethnic groups within and beyond the zone, including the Hamar, Nyangatom, Dassanech, Bana, Tsemay, Arbore, Bodi and Kwegu. The marginal position of these pastoral groups in the zone’s political leadership has made it harder for these communities to exercise their rights—including when it comes to the use of natural resources such as land and water. As one informant from the Kwegu observed:

Under *chadig* (EPRDF), we are able to access important administrative posts in our vicinities. The site of the Selamago administration is not far from our village. Jinka, the centre of the South Omo zone administration, is not far from our village. But, the ones who run all these administrative posts are those from Ari. Our sons have not been represented. We don’t have one both in the Selamago woreda and South Omo zone administration.¹⁶

Carving up the south

The SNNPR—and South Omo zone within it—has undergone a series of political and economic changes since Abiy Ahmed came to power in 2018. From the early 1990s until the PP replaced the EPRDF in 2019, SNNPR was ruled by the Southern Ethiopian People’s Democratic Movement (SEPDM), a member party of the EPRDF ruling coalition. Hailemariam Dessalegn, who became prime minister (PM) in 2012 following the death of Meles Zenawi, was a leading SEPDM member and, uniquely in Ethiopia’s leadership history, hailed from Wolaita in southern Ethiopia. He held the post of PM until his resignation in February 2018, which paved the way for Abiy Ahmed’s ascent to power. With no substantive social and political power base, as PM Hailemariam neither advanced the competing interests of his multi-ethnic SEPDM within the

14 Tobias Hagmann and Alemmaya Mulugeta, ‘Pastoral conflicts and state-building in the Ethiopian lowlands’, *Africa Spectrum* 43/1 (2008): 19–37.

15 Markakis, *Ethiopia*.

16 Interview with Kwegu Informant, Hana town, October 2022.

EPRDF ruling coalition nor transformed the marginalized position that the diverse peoples of 'the south' held relative to the country's centre. In South Omo, he continued to pursue his predecessor's mega-development projects, including the Gilgel-Gibe dam cascades and Omo-Kuraz sugar estates, amid mounting resistance which ultimately caught on from the protests that had erupted in the Oromo and Amhara regions from 2016 to 2018.¹⁷ The ailing national sugar industry and related sugar price shocks and shortages across the country occasionally fed into the uprisings that eventually set in motion Ethiopia's 2018 political transition.¹⁸

Institutionally, the SNNPR is currently undergoing an administrative break-up, with three regional referenda since 2019 effectively splitting the region into four separate 'southern' regional states. In November 2019, the Sidama first gained regional statehood and split from SNNPR.¹⁹ Following this, in October 2021, the Southwestern Ethiopia People's Region (SWEPR) came into being through the merging of Kaffa, Sheka, Bench Sheko, Dawuro and West Omo zones, along with Konta special woreda. Then, in July 2023, the Southern Ethiopia Region (SER) was carved out of SNNPR after local council members in Konso, Gedeo, Gamo, Gofa, Wolaita and South Omo zones, as well as the Amaro, Ale, Basketo, Burji and Derashe special woredas, had voted to join the new regional state.²⁰

While the SNNPR remains—albeit strongly diminished in size—further regional splits are on the horizon. As political forces in Gurage and five neighbouring zones (plus one special woreda) are pushing for the creation of the Central Ethiopia Region (CER) as the thirteenth regional state in Ethiopia, calls for pausing and reevaluating the southern splintering are growing.²¹ Some analysts maintain that lack of adequate minority representation will lead to spiralling conflict,²²

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- 17 Asres Adimi Gikay, 'Commentary: Marginalization, anger and protest in South Omo Zone: What Prime Minister Abiy Ahmed Should Know', *Addis Standard*, 23 August 2018, <https://addisstandard.com/commentary-marginalization-anger-and-protest-in-south-omo-zone-what-prime-minister-abiy-ahmed-should-know/>.
 - 18 Tom Gardner, "'We fear for our lives': how rumours over sugar saw Ethiopian troops kill 10 people", *The Guardian*, 7 November 2017, <https://www.theguardian.com/global-development/2017/nov/07/we-fear-for-our-lives-how-rumours-over-sugar-saw-10-people-killed-in-ethiopia-romia>.
 - 19 Ermias Tesfaye and Kulle Kursha, 'Southern comfort on the rocks', *Ethiopia Insight*, 20 November 2019, <https://www.ethiopia-insight.com/2019/11/20/southern-comfort-on-the-rocks/>.
 - 20 Chalachew Tadesse, 'Referendum in Ethiopia's Southern Region', *Rift Valley Institute*, March 2023, <https://riftvalley.net/sites/default/files/publication-documents/RVI%202023.03.21%20Referendum%20in%20Ethiopia%27s%20Southern%20Region.pdf>.
 - 21 'Despite visible red flags, gov't goes ahead with birthing a new region. Time to pause and reevaluate plans!', *Addis Standard*, 18 August 2023, https://addisstandard.com/editorial-despite-visible-red-flags-govt-goes-ahead-with-birthing-a-new-region-time-to-pause-and-reevaluate-plans/?utm_source=rss&utm_medium=rss&utm_campaign=editorial-despite-visible-red-flags-govt-goes-ahead-with-birthing-a-new-region-time-to-pause-and-reevaluate-plans.
 - 22 Asres Adimi Gikay, 'Security forces' attacks on the Aari threatens South Omo's harmony', *Ethiopia Insight*, 9 May 2022, <https://www.ethiopia-insight.com/2022/05/09/security-forces-attacks-on-the-aari-threatens-south-omos-harmony>.

yet others hold that social relations can best be harmonized through orderly referenda.²³ Fragmented minority pastoralist groups hold less bargaining power in debates and shuffles for administrative zonal and regional restructuring.

The southern struggles for self-administration are unleashing stiff competition and conflict between different ethnic groups seeking to capture potential economic benefits or losses that come with the re-allocation of federal budgets and income streams derived from local production sites (e.g. coffee areas).²⁴ Budget allocations, revenue distribution, and project management are also pivotal economic factors with regards to (central) government-managed and -financed development projects, including KSDP in South Omo zone or, previously, Hawassa Industrial Park in Sidama region.²⁵

Within the newly formed SER, in which South Omo—the location of KSDP—is a zone, there has been heated debate and controversy over the site of the capital city of the new region. The political elites of Gamo and Wolaita initially argued with each other over the transfer of power to Arba Minch and Sodo respectively as the new primary administrative seats of SER's government. Following disputes between the two groups, it was decided that the main administrative regional bureaus would be distributed among six zonal cities (Sodo, Arba Minch, Konso, Sawala, Dilla and Jinka) in the new so-called 'cluster region'.²⁶ Sodo city in Wolaita zone nevertheless hosts the seat of the regional presidency—a decision that triggered new violence and protest in Gamo zone following the announcement.²⁷ Officials in the smaller and less influential South Omo zone applauded the clustering which endows Jinka town with six regional bureaus (notably Pastoralist Affairs, as well as Education, Health, Youth and Sport, and Technique and Vocation).

Since 2018, South Omo has been impacted by neighbouring demands for regional statehood

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- 23 Bereket Eshetu Messele, 'Splitting Southern Nations region into four can promote peace', Ethiopia Insight, 10 October 2020, <https://www.ethiopia-insight.com/2020/10/10/splitting-southern-nations-region-into-four-can-promote-peace/>.
- 24 Yared Tsegaye, 'In federal Ethiopia's diverse South West, it's time to wake up and smell the coffee', Ethiopia Insight, 23 January 2023, <https://www.ethiopia-insight.com/2023/01/23/in-federal-ethiopia-diverse-south-west-its-time-to-wake-up-and-smell-the-coffee/>.
- 25 There was a lack of clarity and controversy over Hawassa Industrial Park, originally built in the multi-ethnic city of Hawassa, which was previously part of SNNPR but then became part of Sidama regional state in June 2020. This raised questions regarding revenue distribution, ownership and responsibilities following the November 2019 referendum.
- 26 'Allocation of administrative offices between cities in newly established cluster regions in Southern Ethiopia raises discontent', Addis Standard, 9 August 2023, <https://addisstandard.com/allocation-of-administrative-offices-between-cities-in-newly-established-cluster-regions-in-southern-ethiopia-raises-discontent/>.
- 27 Gamo Zone Government Communication Affairs, 'Gamo zone discussed the new Southern Ethiopia Region', 1 August 2023, https://m.facebook.com/story.php?story_fbid=pfbidowLFQszyNT2ppsrUsd05F2ope4BeWiFJ3rzE65kj618aLH7M3DmjseDFeFoWP2l&id=100069415860348&mbextid=Nif5oz.

and zonal status by various ethnic groups, seeking to attain greater recognition through upscaled administrations. Members of the sedentary Aari community, the most populous of the 16 officially recognized ethnic groups in South Omo, has been driving an agenda for the four Aari woredas to be combined into a separate zone. When the government initially tabled this request, this resulted in unrest between Aaris agitating for zonal self-administration and other ethnic groups in South Omo opposing this.²⁸ The Aari struggle prompted agropastoralist and pastoralist groups to demand zonal status for some of their woredas.

The creation of a special 'pastoralist zone', separate from the Aari-dominated South Omo zone and including the districts of Hana (Mursi), Dassenech, Hamar and Nyangatom, was one of the proposals discussed among the (agro-)pastoralist community leaders in South Omo.²⁹ A study by the Ethiopian Policy Studies Institute on potential constitutional amendments furthermore noted that 'while South Omo has four pastoralist woredas, the constitution does not clearly articulate how to ensure the benefit of these communities [as] these areas are not treated as pastoralist areas.'³⁰ Finally, in August 2023, with the inauguration of the SER's new administration, headed by Tilahun Kebede, it was announced that the South Omo zone would be split into two separate entities: the Aari zone with an administrative centre in Jinka, and a new 'Pastoralist zone' which will combine the woredas of South Omo's (agro-)pastoralist groups (Hamar, Nyangatom, Maale, Bena-Tsemay and Selamago). South Omo zone will henceforth cease to exist.

Overall, following decades of neglect, controlling the periphery and exploiting its natural resources has become a key plank of the country's state-building strategy, first under the EPRDF and now under the PP government.³¹ Despite economic investments since the 2000s and more recent administrative reshuffles, the Lower Omo Valley has to date remained what some have called a 'super-periphery',³² emphasizing that among Ethiopia's multiple peripheral areas, South Omo's indigenous (agro-)pastoral inhabitants, many of whom have faced dispossession, sedentarization and displacement, suffer from a super-exploited socioeconomic status. It was against this ongoing backdrop of imbalanced centre-periphery relations that the planning of KSDP, to which the report now turns, took place.

28 Etenesh Abera, 'Uneasy calm returns in Jinka, environs; more than 130 detained after days of unrest leaves trail of displacement, property destruction', *Addis Standard*, 12 April 2022, <https://addisstandard.com/analysis-uneasy-calm-returns-in-jinka-environs-more-than-30-detained-after-days-of-unrest-leaves-trail-of-displacement-property-destruction/>.

29 Asres Adimi Gikay, 'The Reasons for South Omo People's Demand for Statehood', *Ethiopia Observer*, 18 June 2020, <https://www.ethiopiaobserver.com/2020/06/18/the-reasons-for-south-omo-peoples-for-statehood/>.

30 Policy Studies Institute, 'FDRE Constitution after three decades: Inquiring into whether and what to amend', PSI Research Report, Federal and Diversity Management Policy Studies Center, Addis Ababa, October 2022.

31 Markakis, *Ethiopia*, 131.

32 Benedikt Kamski, 'Water, sugar, and growth: the practical effects of a "failed" development intervention in the southwestern lowlands of Ethiopia', *Journal of Eastern African Studies* 13/4 (2019).

MAP: NEW SOUTHERN REGIONAL STATES



KURAZ SUGAR DEVELOPMENT PROJECT: THE EPRDF YEARS

The KSDP was launched more than a decade ago, in 2011. Looking retrospectively, the development of South Omo's sugar industry can be divided into four phases, each of which mark a crucial turning point in the mega-project's trajectory. The first two of these fall under the period of EPRDF rule, and will be explored below. The following two periods—which includes the current phase—have taken place under the PP government, and will be explored in section three. Before delving into these periods, however, it is necessary to outline how KSDP arose out of Ethiopia's first Growth and Transformation Plan (GTP-I) and the role played by the Ethiopian Sugar Corporation (ESC).

GTP-I and the Ethiopian Sugar Corporation

The idea that sugar agriculture and large-scale commercial farming could provide Ethiopia with an engine for growth dates back to the imperial regime under Haile Selassie I. The first plantations were established in Wonji-Shoa in the upper Awash River Basin in 1954, while Metahara Sugar Factory began operations in middle Awash Valley in 1969. During this time, sugar was promoted as an 'exotic' commodity that would 'accustom' Ethiopians to 'modern' tastes.³³ In 1975, Ethiopia's socialist Derg government nationalized all sugar estates. Three years later, the Ministry of Industry established the ESC to manage the two existing estates.³⁴ In 1998, the EPRDF government created the Ethiopian Sugar Industry Support Centre, heralding a period of expansion and partial modernization of the country's sugar estates.

GTP-I, which ran from financial year 2010/11 to 2014/15, envisioned the sugar industry as a key strategic sector for Ethiopia's economic development and structural transformation. Since the mid-2000s, the EPRDF government had committed itself to 'developmental capitalism' (*Amharic: lematawi habt*), which went hand-in-hand with the idea of the developmental state. The aim was to modernise the economy from above using large-scale investments in strategically important sectors, notably agriculture and energy. Using dedicated parastatals, the government set about investing heavily in hydropower development and the sugar industry. Initially, however, the latter received far less attention, with the primary focus placed on monumental

33 Yidneckachew Ayele Zikargie, Poul Wisborg and Logan Cochrane, 'State-led modernization of the Ethiopian sugar industry: questions of power and agency in lowland transformation', *Journal of Eastern African Studies* 16/3 (2022).

34 See: Ethiopian Sugar Industry Group, 'Ethiopian Sugar Industry Profile', 31 January 2023, <http://etsugar.com/esig/2023/01/31/ethiopian-sugar-industry-profile/>.

projects such as the Gilgel-Gibe Dam cascades and the Grand Ethiopian Renaissance Dam (GERD).

It was only in 2010 that policymakers began paying comparable strategic attention to the sugar industry, with the spike in refined sugar prices turning sugar agriculture into a potentially lucrative export industry. Moreover, large-scale agriculture was seen as a viable option for unlocking the commercially underutilized hydro-agricultural potential of Ethiopia's river basins. Here, existing irrigation potential combined with soil quality features and favourable meteorological variables were seen as conducive to the growing of high-quality, high-sugar-content cane. In line with the government's strategy of placing state-owned corporations at the forefront of the developmental state, the ESC was rejuvenated in 2010 as a parastatal tasked with spearheading the ambitious sugar development strategy set out in GTP-I.

Shortly thereafter, the ESC announced its intention to expand sugarcane cultivation across the country to 320,000 hectares (ha), with new processing plants to be constructed in SNNPR, Amhara, Tigray and Afar regional states. The ultimate target was for Ethiopia to rank among the top ten global sugar producers by 2023. In doing so, the ESC intended to produce 2.25 million tonnes of sugar each year (with 1.25 million tonnes of excess sugar exported to the international market), increase annual ethanol production to 181,604 kilolitres, and generate 101 MW/year of power.³⁵ To achieve these goals, the ESC set out plans to construct ten new sugarcane factories and modernize existing estates over the duration of GTP-I. Thus, in the following years, planning and eventually construction commenced for four new factories in the Omo Valley (SNNPR), two in Beles Valley (Amhara), and one in Welkait (Tigray), while modernisation works were conducted on the older factories of Tendaho (Afar), Kesem (Afar) and the sugar mill in Arjo Didessa (Oromia), which was transferred back into state ownership. In this endeavour, KSDP—undoubtedly the largest, costliest and most ambitious project undertaken as part of GTP-I—stands out as a state-led agricultural development scheme of unprecedented scale and scope. More than 245,000 ha of land in the South Omo and Benchi Maji zones of the SNNPR (counting land size prior to integration into the new Southwest Ethiopia Peoples' Region) was initially earmarked for sugar estate development, providing—were it to happen—an estimated 700,000 jobs for workers mobilized from across the country.³⁶ In parallel, the government pursued a so-called 'voluntary villagization plan' to (re)settle local agro-pastoralist populations, promulgating a vision of modernizing 'backward' livelihood practices.³⁷

35 An ambitious target was set to increase sugar-processing capacities eightfold in order to meet domestic demand and allow the export of surpluses, which it was hoped would boost foreign currency earnings (see GTP-I).

36 For details on land/labour ratio, see: Benedikt Kamski, "The Kuraz Sugar Development Project (Briefing Note 1)".

37 Edward G. J. Stevenson and Lucie Buffavand, "Do Our Bodies Know Their Ways?" Villagization, Food Insecurity, and Ill-Being in Ethiopia's Lower Omo Valley', *African Studies Review* 61/1 (2018).

Since then, the mega-project has faced considerable delays and cost overruns, and been subject to severe criticism. Developments in the Lower Omo Valley attracted attention as early as 2013, when (mostly) international rights organizations denounced the eviction of local communities from land earmarked for plantation development, as well as the anticipated ecological impacts of irrigated commercial agriculture.³⁸ Moreover, allegations were made that security forces had been involved in forcefully resettling communities.³⁹ Even so, little solid information about KSDP was available at the time, with most reports and studies focused on private commercial farming schemes in the context of wider debates on 'land grabbing'. Finally, in 2016, Ethiopian lawmakers were made aware of the mismanagement, incomplete planning and alleged diversion of funds taking place at KSDP. Also at this time, the first studies drawing on primary research into the project's state and implementation began to emerge.⁴⁰ The lack of information up to this point had partly been driven by a defensive attitude that 'external' researchers and journalists were wilfully misinterpreting the government's 'vision of development', focussing on negative impacts while overlooking the benefits envisioned for the local population. As a consequence, several lacunae remained about the project's true scale and composition.

Phase 1: Preparation and planning (2011–2016)

In hindsight, the most decisive phase in KSDP was its initial preparation and planning. It was in January 2011—during the thirteenth Annual Pastoralist's Day in Jinka, South Omo zone's administrative capital—that then PM Meles Zenawi announced the government's ambitious plans for the South Western Lowlands of Ethiopia, the lands and peoples of the Lower Omo Valley included.⁴¹ Large-scale sugarcane estates would, he claimed, not only bring employment but help modernize the region's 'backward' livelihoods. The administration was committed to making Lower Omo Valley a focus of investment, capitalizing on the region's 'unused' hydro-agricultural potential to bring services (i.e. 'development') to this previously neglected part of the country. It is important to note, though, that exploiting the region's hydro-agricultural resources was not a brainchild of the EPRDF's newfound developmental policies, but was actually conceived at least 20 years earlier under the Derg.

The central document underpinning the government's ambitious vision was the 1996 Omo-

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- 38 Starting in 2013, several reports raised concerns about human rights violations and the progressive marginalization of the Lower Omo Valley's indigenous population. For a list of relevant reports, see: www.mursi.org/documents-and-texts/reports.
- 39 See: Anuradha Mittal, ed., 'Omo: Local Tribes Under Threat', The Oakland Institute, February 2023, https://www.oaklandinstitute.org/sites/oaklandinstitute.org/files/OI_Report_Omo_Ethiopia.pdf.
- 40 See: Yohannes Anberbir, 'Sugar Corp. in the red', *Ethiopia Reporter*, 14 May 2016, <https://www.thereporterethiopia.com/4648/>.
- 41 Meles Zenawi, Speech by Meles Zenawi during the 13th Annual Pastoralists' Day celebrations, Jinka, South Omo, 25 January 2011. Accessed 24 October 2016, <https://www.mursi.org/pdf/Meles%20Jinka%20speech.pdf/view>.



Gibe River Basin Integrated Development Master Plan Study (Masterplan).⁴² The Masterplan was prepared following earlier Derg-era assessments of the Omo-Gibe River Basin that had identified the area's untapped potential for commercial irrigated farming.⁴³ Downstream plantation development, however, required upstream damming. The GIBE-III reservoir, completed in 2015, created a regulated river flow that made large-scale irrigation feasible. In disrupting the annual pattern of downstream flooding, however, it affected traditional livelihood patterns in the lower catchment.⁴⁴ Despite environmental and social impact assessments having been conducted for GIBE-III, as well as KSDP, the extent to which the assessments' findings were considered when implementing the projects is questionable.⁴⁵ There are only a few technical studies available that assess the combined impact of upstream damming and commercial irrigated farming in the river's lower catchment,⁴⁶ and, significantly, the feasibility assessments carried out for KSDP did not cover the entire project area.⁴⁷

The project commenced in early 2011 across multiple locations, with the most visible changes observable in Selamago woreda on land traditionally inhabited by the Me'en (sub-divided into Mela and Chirim and known to outsiders as the Bodi), Mursi and Kwegu. While the initial plans had envisioned KSDP reaching 245,000 ha, the operational design projected that 5 factories would require at least 175,000 ha of land in total. However, feasibility studies for sugarcane irrigation were initially only conducted for a total 10,000 ha (1 Block). But by then land clearance, resettlement schemes and infrastructural groundwork (including roads and dam/river diversions) had already commenced. By October 2014, an area of 10,000 ha had been cleared and the feasible limit was thus technically reached. Yet, clearance continued beyond this to 23,000 ha by February 2016. Only over the course of the operational year 2016, was the overall projected cultivation area reduced by more than 40 per cent to 100,000 ha. And by then, three processing factories (Omo-Kuraz I-III) were already under construction. To correct course, the

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- 42 Richard Woodroffe & Associates and Mascott Ltd., 'Omo-Gibe River Basin Integrated Development Master Plan Study, Final Report for the Ministry of Water Resources of the Federal Democratic Republic of Ethiopia (15 volumes)', December 1996.
- 43 Water Resources Development Authority, 'Survey of the Lower Omo Basin', 1984.
- 44 Edward G. J. Stevenson and Benedikt Kamski, 'Ethiopia's "blue oil" hydropower, irrigation and development in the Omo-Turkana Basin.', in *Lands of the Future: Anthropological Perspectives on Pastoralism, Land Deals and Tropes of Modernity in Eastern Africa*, eds. Echi Christina Gabbert et al., Oxford: Berghahn Books, 2021.
- 45 Jennifer Hodbod et al., 'Social-ecological change in the Omo-Turkana basin: A synthesis of current developments', *Ambio* 48 (2019).
- 46 Sean Avery, 'Lake Turkana & The Lower Omo: Hydrological Impacts Of Major Dam & Irrigation Developments: Volume I – Report', African Studies Centre, University of Oxford, October 2012, https://africanstudies.web.ox.ac.uk/sites/default/files/africanstudies/documents/media/executive_summary_introduction.pdf; Sean Avery, 'What Future for Lake Turkana? The impact of hydropower and irrigation development on the world's largest desert lake', African Studies Centre, University of Oxford, 2013. www.mursi.org/pdf/copy3_of_pastoral-livelihoods.pdf/view.
- 47 Benedikt Kamski, 'The Kuraz Sugar Development Project (KSDP) in Ethiopia: between "sweet visions" and mounting challenges', *Journal of Eastern African Studies* 10/3 (2016).

planned Kuraz IV and V estates were merged and construction of only the factory commenced (Kuraz V). This discrepancy between initial plans, feasibility studies and development practice was thus enormous—but inadequately addressed by the ESC under EPRDF through subsequent sweeping reductions in project size—and to date continues to affect irrigation efficiency and overall yield (see Phase 3 below).⁴⁸

Parallel developments were also in evidence, such as the expansion and upgrading of road infrastructure across the zone, as well as improved phone network connectivity in areas with little or no existing coverage. Meanwhile, drastic changes to the natural and socio-cultural landscape occurred at breakneck speed. By 2016, 30,000 people had been employed by the ESC and various subcontractors for land preparation, construction work and the initial cultivation of sugarcane. Most of these workers were daily labour migrants who had travelled from other parts of the country (the so-called 'highlands' and 'highland peripheries')⁴⁹ to the dar agar of South Omo in search of economic opportunities. A distinction needs to be pointed out here between these labour migrants and so-called Konso 'settlers' who preceded the arrival of those seeking a wage from KSDP and related MeTEC construction works in the area. The Konso were resettled to the Salamago plains as early 2005,⁵⁰ as part of the government's intended purpose to teach 'modern' farming practices to the Bodi and thus prepare the local pastoral community for the imminent development that would come with the KSDP.⁵¹ According to ESC estimates, less than 5 per cent of positions directly or indirectly related to the development of KSDP were actually occupied by the indigenous inhabitants of the district.⁵²

Phase 2: Plantation production and problems (2016–2018)

The completion of the GIBE-III reservoir in the Omo River's upper catchment, which has changed the basin's long-term hydrological cycle, was a milestone for large-scale commercial farming in the region.⁵³

Land clearances in the lower catchment, further encroachment on agro-pastoralist land and the ending of seasonal flooding not only affected local livelihoods but local capacities for dealing with external shocks. The government's villagization programme, which had started early in the project with plans to permanently settle more than 2,700 Bodi and Mursi households

48 Interview with Project Implementation officer at Kuraz I and III, Kuraz III factory site. 27 October 2022.

49 Markakis, *Ethiopia*.

50 Asfaw Ayke, 'Challenges and Opportunities of "Salamago Resettlement": The Resettlement of Konso Farmers in the Ethnic Lands of the Bodi Agro-Pastoralists, South-West Ethiopia', Forum for Social Studies: Addis Ababa, 2005.

51 Fana Gebresenbet, 'Sugar industrialization and distress selling of livestock among the Bodi pastoralists in Ethiopia's lower Omo valley', *Pastoralism* 11/22 (2021).

52 Benedikt Kamski, 'The Kuraz Sugar Development Project (Briefing Note 1)'.

53 Stevenson and Kamski, 'Ethiopia's "blue oil"'

in Salamago, had not been successful. Moreover, as demonstrated by multiple external assessments, most measures aimed at including local groups in the plantation economy were either delayed, insufficient or not followed through.⁵⁴

Despite the visible changes it brought about, this second phase was indicative of the project's future prospects. Overall, 2016 was a crucial year for the Ethiopian developmental state and several of its flagship projects. While the massive delays in the construction of GERD only emerged publicly in 2018, the debt burden and delays in Ethiopian Railway Line projects, among many other large-scale development projects, cast a long shadow over the EPRDF's development strategy.⁵⁵ As for the sugar industry, May 2016 saw the ESC's top management forced to justify themselves before the Enterprises Standing Committee of the House of People's Representatives. A leading Ethiopian newspaper opined in a headline that the ESC was 'in the red'.⁵⁶ This was a noteworthy development in at least two regards: first, the ESC's financial dealings were put under the spotlight and, second, it called into question the planning and execution of the EPRDF's sugar industrialization policy. It also provided insights into the political economy of the developmental state in general and the sugar industry in particular.

The ESC's main contractor for factory construction, the Metals and Engineering Corporation (MetEC), was reportedly paid 90 per cent of the total contract value in advance for the entire Omo-Kuraz construction of processing factories, ultimately failing to deliver on any of them. Together with the ESC, MetEC must assume responsibility for the state of play at the end of GTP-I. Created in 2010, MetEC's core business focus was on the production and export of light arms and munitions, Nevertheless, it was meant to assume a pivotal role in the developmental state project and, as a parastatal, was directly accountable to the Ministry of Industry (since 2018, the Ministry of Public Enterprises).⁵⁷ Although many individuals linked to the Ethiopian National Defense Forces (ENDF) occupied key management and operational positions, MetEC was neither owned by nor under the direct leadership of the ENDF or the Ministry of Defense. Rather, it was designed to be a 'hybrid commercial-public' entity—in other words, a tool for the government to implement its top-down approach to development while maintaining the characteristics of a private sector entity.⁵⁸

By 2013, it was reported that MetEC was engaged in 15 different industries, operating

54 Stevenson and Buffavand, 'Do Our Bodies'.

55 Biruk Terrefe, 'Renaissance Derailed: The Politics of Infrastructural Statecraft in the EPRDF's Ethiopia', MPhil Dissertation, University of Oxford (forthcoming).

56 Anberbir, 'Sugar Corp'.

57 Fana Gebresenbet and Benedikt Kamski, 'The paradox of the Ethiopian Developmental State: bureaucrats and politicians in the sugar industry', *Journal of Contemporary African Studies* 37/4 (2019).

58 Patrick Ferras, 'The Ethiopian National Defense Forces since 1991', in *Routledge Handbook of the Horn of Africa*, ed. Jean-Nicolas Bach, Abingdon: Routledge, 2022, 207–208.

approximately 100 factories across the country.⁵⁹ In terms of its record in the defence industry, MetEC's performance was outstanding. The same could not be said for most of its civilian projects, however, including the sugar industry, fertilizer production and the steel business. MetEC was accused of corruption and diversion of funds over a period of years, particularly in regards to the steel business.⁶⁰ Moreover, the involvement of subcontractors (both domestic and international) arose from a lack of technical capacity in these novel industries.

Thus, by the time Abiy Ahmed and the PP came to power in 2018, the grand ambitions set out in the EPRDF's much-vaunted vision for a developmental state—in particular, as it applied to the sugar industry in general and KSDP specifically—looked to be on shaky ground.



Omo river banks, Photo by Charlie Rosser, Nyangatom, April/May 2019

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- 59 Bhupendra Kumar, 'Corporate Governance Practices & Failures in Ethiopia: A Case Study of METEC', SSRN, April 2021.
- 60 Nizar Manek, 'Ethiopia Probes Possible Looting of Funds for Sugar Expansion', BBN Bloomberg, 22 October 2019, <https://www.bnnbloomberg.ca/ethiopia-probes-possible-looting-of-funds-for-sugar-expansion-1.1335393>.

PRIVATIZATION DRIVE AND POLITICAL TRANSITION

Upon coming to office in April 2018, PM Abiy Ahmed confidently announced the government's ambition to finalize the sugar projects in the south. Together with his predecessor Hailemariam Desalegn and Eritrea's president Isayas Afewerki, Abiy Ahmed inaugurated Omo-Kuraz III estate in October 2018, stating that the 'problems seem to be alleviated' and asserting that the region's mega-projects would be completed under his administration.⁶¹ The degree to which past challenges had been overcome during his first six months in office, however, remained unclear. More generally, promises were made to radically change state-society relations and reverse the (political and economic) failures of the EPRDF regime. In pursuit of this, Abiy's administration made serious attempts to crack down on corruption, break up political-economic favouritism and diminish the roles played by individuals and groups associated with the TPLF.⁶²

The populist zeal exhibited in the early phase of Abiy's administration initially restored faith in KSDP's transformative potential. This was reinforced by the new ideological hegemony



Inauguration of Omo-Kuraz III', Source: ENA, 14 October 2018, https://www.ena.et/web/eng/w/en_3689

promulgated by the PP. In 2019, the government launched the Homegrown Economic Reform Agenda and shortly after that the 'Ten-Year Development Plan' (2021–2030), setting out a presumably alternative blueprint to the EPRDF's authoritarian developmental state policies. Significantly, the government stressed the idea of a bigger role for the private sector in its new roadmap towards 'economic prosperity'.⁶³

These economic and political reforms are, according to the government,

- 61 See: 'Omo Kuraz III Inauguration Demonstrates Potential to Complete Delayed Mega Projects, PM Abiy', ENA, 24 October 2018, www.ena.et/web/eng/w/en_3689.
- 62 Mahlet Fasil and Yared Tsegaye, 'Analysis: Inside Ethiopia's trial of grand corruption. Who is accused of what?', *Addis Standard*, 11 December 2018, <https://addisstandard.com/analysis-inside-ethiopias-trial-of-grand-corruption-who-is-accused-of-what/>.
- 63 'Six Things to Know about Ethiopia's New Program', IMF News, 23 December 2019, <https://www.imf.org/en/News/Articles/2019/12/23/na122319-six-things-to-know-about-ethiopias-new-program>.

guided by a 'philosophy of *medemer*'—an Amharic term for 'coming together' that is also the title of Abiy Ahmed's book, published in October 2019. While this supposedly novel approach to governance incorporates a variety of promises and ideas concerning Ethiopia's development, its key principles and impact on the implementation of projects such as KSDP remain somewhat opaque. As a political slogan, it stresses consensus and reconciliation, while also implying novel approaches to development. Regarding the economy, although *medemer* encourages greater private sector involvement, it does not necessarily seek to limit the state's role in the economy.⁶⁴ In effect, *medemer* should be seen as the underlying philosophy driving the PP's development vision, including the Ten-Year Development Plan and Homegrown Economic Reform Agenda.

Despite the sugar industry's status as a central pillar of GTP-I and GTP-II, however, it is barely mentioned, if at all, in the PP's development plans. The strategic focus on the industry appears to have disappeared, and—despite Abiy's promises upon becoming PM—it seems likely the debt load and setbacks faced by KSDP extend beyond what the current administration is capable of addressing. It is against the above backdrop that KSDP underwent its third phase, explored below.

Phase 3: An inactive and unproductive money pit (2018–2022)

KSDP's third phase was determined by attempts to avoid a 'white elephant'—a project difficult to dispose of and expensive to maintain. The ESC reverted to external subcontractors (especially Chinese and Indian companies), adding to the project's already exorbitant capital outlay and debt burden. At the same time, the ESC underwent a phase of restructuring, including the separation of operational and technical entities, and accountability structures.⁶⁵ Water works were 'outsourced' (costly) and most construction work subcontracted. ESC at that point was mainly administering the funds, which also resulted in delays of funds disbursement to various subcontractors (see Kuraz V). During 2018, KSDP's first two—and to date only—operational estates were inaugurated. The opening of the Omo-Kuraz III processing plant was described as a crucial milestone, demonstrating the PP government's ability to rescue seemingly failed projects inherited from the EPRDF.⁶⁶ Omo-Kuraz II and III were built by Chinese company Complant Ltd, while construction of Omo-Kuraz V, located in Nyangatom woreda, had been subcontracted to another Chinese company, Jianglian International Engineering Co., Ltd, in 2016. Omo-Kuraz I, by contrast, continued to lie idle after the construction contract was withdrawn from MetEC in the wake of allegations of corruption and malicious deception.⁶⁷

Following the inauguration of Omo-Kuraz II and III, progress slowed to the point of reversal, with construction work on Omo-Kuraz-V stalled since 2019 due to delays in the disbursements

64 Daniel Behailu, 'Medemer in a land of extremes', *Ethiopia Insight*, 16 February 2020, <https://www.ethiopia-insight.com/2020/02/16/medemer-in-a-land-of-extremes/>.

65 Fana Gebresenbet and Kamski, 'The paradox'.

66 ENA, 'Omo Kuraz III'.

67 Benedikt Kamski, 'The Kuraz Sugar Development Project (Briefing Note 1)'.

of funds.⁶⁸ By mid-2023, 13,000 ha of land had been cleared and partially cultivated on the western side of the Omo River to supply the two operational factories. Even so, neither factory is able to operate at full capacity due to cane shortages and lengthy technical revisions. Moreover, the number of day labourers and permanently employed workers on the plantation (i.e. cultivation and processing) has fallen to 1,700—a decrease of nearly 95 per cent since 2016.⁶⁹ The vast majority of seasonal workers and permanent employees come from various regions of SNNPR, particularly Wolaita, Konso, Gamo and Gofa zones, including a sizable portion from central Ethiopia. Thus, local communities face becoming minorities on their own lands due to the region's rapidly shifting demography. The local Bodi, Mursi and Kwegu people, meanwhile, have been given low-paid seasonal jobs, such as sugar plantations guards or cane cutters. Significantly, KSDP's size and short- to mid-term objectives were adjusted to take account of its limited financial capacities and lack of new funding, impacting compensation measures and the planned integration of local communities into the plantation economy. In the absence of processing capacities, the development of outgrower schemes has been put on hold, while the provision of irrigated plots to resettled communities and mechanized land preparation has been halted due lack of finance.



Dormant Omo-Kuraz II factory, July 2023, Photo by Jed Stevenson

68 'Omo Kuraz Sugar Estate Remains a "Sweet" Dream', *Addis Fortune*, 18 February 2023, <https://addisfortune.news/omo-kuraz-sugar-estate-remains-a-sweet-dream/>.

69 Interview with Manager of Kuraz I and II, telephone, 27 June 2023.

Phase 4: Privatization and dual-purpose use (2022–)

Since the successful inauguration of Omo-Kuraz II and III, public attention has drifted away from the increasingly disastrous state of the sugar industry, including its flagship KSDP. It is worth noting, that currently neither Kuraz II nor III are operating at full capacity and are currently evidently not processing sugar cane, partly due to technical shortcomings of the factories and ongoing maintenance.⁷⁰ This stands in contrast to the ESIG's CEO, Weyo Roba, declaring in February 2023 that Kuraz II and II sugar factories were showing encouraging signs or performance and would be given priority attention.⁷¹ According to the Ministry of Trade and Regional Integration, only 10 per cent of domestic sugar demand was met in the 2022/23 fiscal year (ending in June)—30 per cent of the industry target.⁷² Despite this, the industry and its financial needs went unmentioned by PM Abiy in his 6 July 2023 speech to parliament on the country's economic state. This is unsurprising inasmuch as legislators mainly enquired⁷³ about sources of funding for novel 'vanity projects' and increasingly less so about prominent 'development projects' of the past whose privatization was merely criticized for 'not going as fast as it was required'.⁷⁴ Since coming to power, the PP government has launched a series of projects that it claims are crucial elements in its reform agenda. These 'vanity projects' include the construction of parks and museums, as well as beautification projects (e.g. 'Beautifying Sheger', 'Chaka').⁷⁵ Progress in filling the GERD reservoir, meanwhile, was credited to the PP administration's determination. The source of funds for these various projects remains opaque. At the same time, former ESC and current ESIG sources interviewed, stated that the sugar industry has not been allocated any significant new financing.⁷⁶

Turning the tide of sugar industrialization has been and continues to be a complex matter. An initial attempt in this regard became evident in April 2019 when the MoF and ESC announced the government's intention to privatize (initially six) ESC-operated estates.⁷⁷ While this

70 Information from ongoing field research projects, South Omo, August 2023.

71 ESIG, 'Omo Kuraz Two and Three Sugar Factories Should Give Emphasis to Remaining Activities', 9 February 2023, <https://etsugar.com/esig/2023/02/09/omo-kuraz-two-and-three-sugar-factories-should-give-emphasis-to-remaining-activities>.

72 *Capital*, 'Astronomical imbalance'.

73 Yonas Abiye, 'Law makers push gov't to speed up privatization', *The Reporter*, 11 May 2019, <https://www.thereporterethiopia.com/7960/>.

74 Sisay Sahlu, 'Finance Minister pressed on funding for PM's "fancy" projects', *The Reporter*, 10 June 2023, <https://www.thereporterethiopia.com/34629/>.

75 Asebe Regassa and Rony Emmenegger, 'The emperor, the lion and the peacock: Monuments and contested state sovereignty in contemporary Ethiopia', *Environment and Planning C: Politics and Space* (2023).

76 Interview with Project Implementation officer at Kuraz I and III, Kuraz III factory site, 27 October 2022; Interview with former ESC official, telephone, October 2022.

77 FDRE, 'Investment Opportunities in Ethiopian Sugar Industry', Ministry of Finance and Ethiopian Sugar Corporation, April 2019, https://www.mofed.gov.et/media/filer_public/20/e1/20e17042-044c-4ff7-8d16-c97acf26670b/investment_opportunities_in_ethiopian_sugar_industry__ministry_of_finance.pdf.

strategic shift—from state-ownership to privatization—was seen as part of the new reform agenda, attempts to partially privatize ESC holdings had already been made in 2017 under PM Hailemariam Dessalegn. Initially delayed due to the COVID-19 pandemic and instability in the country, in 2019 the PP government took concrete steps to advance its privatization strategy in the first quarter of 2020.⁷⁸

To pave the way for the partial privatization of the sugar industry, in November 2019 the MoF drafted (but never implemented) a Sugar Industry Administration Proclamation which was to establish the Ethiopian Sugar Board to regulate and facilitate the privatization of sugar factories.⁷⁹ By March 2022, the Council of Ministers dissolved the ESC formed the ESIG,⁸⁰ which was tasked it with overseeing operations in the two newly constructed plants in Kesem (Afar) and Tana Beles (Amhara), as well as the Ethiopia's three oldest sugar factories, in Wonji, Metehara and Fincha (all Oromia),⁸¹ which had been managed by the ESC since 2010. Overall, ESIG is responsible for supervising all of the eight state-owned sugar plants, including the privatization process for state-owned sugar estates, which at present is being handled by the Public Enterprise Holding and Administration Agency. On 19 August 2022, Ethiopian Investment Holdings (EIH) and MoF officially invited both domestic and international private investors to submit expressions of interest to bid for the tendering of any of a total of eight estates (Welkait, Tendaho, Kesem, Omo-Kuraz I, II, and II, Arjo Didessa, and Tana Beles), for up to 100 per cent ownership.⁸²

In terms of KSDP's privatization process, the government claimed that over 20 investors had expressed an interest in the acquisition of sugar estates, including both domestic and foreign (mainly Chinese) investors. However, according to our available sources, none had formally completed their bid by the time fieldwork for this study was completed. Nevertheless, a number of foreign firms with a presence in Ethiopia, including the Nigerian Dangote Group, were

78 Ethiopian Sugar Corporation, 'Ethiopia to Privatize Sugar Projects in First Quarter of 2020', 1 December 2019, <https://web.archive.org/web/20200513120714/https://www.ethiopiainsugar.com/ethiopia-to-privatize-sugar-projects-in-first-quarter-of-2020/>.

79 FDRE, 'Sugar Industry Administration Proclamation (draft)', House of People's Representatives, November 2019, <https://eng.addisstandard.com/wp-content/uploads/2019/11/Ethiopian-Sugar-Proclamation-V1.pdf>.

80 FDRE, 'Ethiopian Sugar Industry Group Establishment', Council of Ministers Regulation No. 500/2022, https://www.mofed.gov.et/media/filer_public/51/2f/512f3113-c6d5-4e47-b991-7eb037ff16e6/sugar_industry_administration_proclamation.pdf.

81 'Sugar Industry Group Replaces Corporation as Privatisation Efforts Lag', *Addis Fortune*, 30 April 2022, <https://addisfortune.news/sugar-industry-group-replaces-corporation-as-privatisation-efforts-lag/>.

82 FDRE, 'Invitation to Submit Expression Of Interest For The Tendering Of Eight State-owned Sugar Enterprises', Ethiopian Investment Holdings and Ministry of Finance, 19 August 2022, https://www.mofed.gov.et/media/filer_public/10/08/1008cfe7-4feb-4f58-9924-coa5e19a4048/invitation_to_submit_expression_of_interest_eoi.pdf.

reportedly interested in bidding—though it is unclear for which estates exactly.⁸³ Moreover, Coca Cola, via the East African Bottling S.C., is reported to be interested in bidding for one of the sugar estates in order to ensure a steady supply for its bottling factories amid sugar supply shortages.⁸⁴ Indications that Coca Cola is preparing to open a bottling factory in Sidama's capital city Hawassa⁸⁵ has led to speculation that the company may eye one of the Omo-Kuraz estates, given the relative proximity to the southern city, but there is no concrete evidence for a bid by the beverage giant.

Domestically, the newly formed Ethio-Sugar Manufacturing Industry S.C. (henceforth Ethio-Sugar) was among the first Ethiopia-based bidders to emerge following the announcement of the privatization process in late 2019. With predominantly Oromo management and board members, the shareholder company was set up 'with the objective to take the ownership of the Wonji/Shoa and Metahara sugar complex, via the Government of Ethiopia's privatization program'.⁸⁶ The company also claims to have an interest in bidding for parts of the Omo-Kuraz estates⁸⁷ and insists that it can procure sufficient shareholder capital through attracting local businesses and diaspora investments.⁸⁸ Initially positive that the PP government under Abiy Ahmed would be favourable towards local Oromo share holding companies, Ethio-Sugar's management lamented that the federal government was allegedly not giving equal opportunities to local companies in the bidding process.⁸⁹ Its CEO stated that 'the government should consider Ethiopians as opposed to only prioritizing hard currency'.⁹⁰ This came after Ethio-Sugar's advertisements for the sale of shares was temporarily banned by the government because the company's name and logo were allegedly causing potential investors in the sugar industry to mistake the private

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- 83 Samuel Bogale, 'Dangote, Coca Cola among firms vying for Ethiopia's sugar factories', *The Reporter*, 26 May 2023, <https://www.thereporterethiopia.com/34265/>.
- 84 Abiy Solomon, 'Coca-Cola eyes acquiring one of Ethiopia's sugar factories', *Addis Zeybe*, 8 November 2022, <https://addiszeybe.com/featured/news/business/coca-cola-eyes-acquiring-one-of-ethiopia-s-sugar-factories>.
- 85 Birhanu Fikade, 'Coca-Cola joins race for sugar plants', *The Reporter*, 30 November 2019, <https://www.thereporterethiopia.com/8982/>.
- 86 Ethio-Sugar Manufacturing S.C., 'Our Foundation', *Facebook*, 30 November 2022. <https://www.facebook.com/ethiosugar1/photos/a.264010717619599/1090011185019544/?type=3>.
- 87 Ethio-Sugar Manufacturing S.C., 'Background', <https://www.ethiosugar.com/about/background>. <https://www.facebook.com/photo/?fbid=188727923785821&set=a.179528181372462>.
- 88 Birhanu Fekade, 'Local company eyes Wonji, Metehara', *The Reporter*, 18 May 2019, <https://www.thereporterethiopia.com/7998/>.
- 89 'Birhanu Fikade, 'ወንጃና መተራራ ስኢርፋብ ሪከፖርትን ለመግዛት የተነሳው ኩባንያ መንግሥት የአኩልነት ወዳዳሪነት ዕድል አንዳሰጠውጠየቀ' (transl. from Amharic: 'Company that wants to buy Wonji and Metehara sugar factories asks government for equal competitive opportunities'). *The Reporter*, 7 July 2019. <https://www.ethiopianreporter.com/64923/>.
- 90 Muluken Yewondwossen, 'Upstart, local sugar company in privatization push'. *Capital*, 8 July 2019, <https://www.capitalethiopia.com/2019/07/08/upstart-local-sugar-company-in-privatization-push/>.

Ethio-Sugar company with the state-owned Ethiopian Sugar Corporation.⁹¹ Frustrated by the sluggish bidding process, the company took over an agro-processing company with land in Hamer, South Omo, while keeping an eye on future opportunities to acquire stakes in the proximate KSDP.⁹² In Hamer (Korcha *kebele*) Ethio-Sugar leased 10,000 ha of land and owns a crushing plant (capable of crushing 3,500 tonnes of cane per day and producing 30,000 litres of ethanol per day). It is unrealistic, however, that domestic shareholder companies with limited capital can take over (parts of) more high profile estates of KSDP without strong financial and political support from the Oromia wing of the PP—which could provoke accusations of favouritism in the bidding process, given KSDP's high national profile. Nevertheless, as is the case in other resource sectors in frontiers,⁹³ under the PP government, Oromo start-up companies and conglomerates are attempting to shore up dysfunctional state-owned or private development corporations and projects.

At the same time, a portion of the KSDP project area—specifically the land previously designated for a sugar plantation in Kuraz III—has been given over to a wheat farm in mid 2022 as part of the PP government's lowland wheat clustering initiative, launched in 2019. The PP government envisions that the lowland wheat project will not only help reduce Ethiopia's reliance on imports over the long term, but immediately improve the livelihoods of farmers and pastoralists living in the vicinity of project areas. The wheat farm is currently run by the Kuraz Agricultural Development Project (KADP) on 400 ha of land close to the Kweagu village of Shorumkono. The KADP planning expert interviewed for this study explained that the wheat farm is a pilot project designed to determine whether local wheat production is feasible or not.⁹⁴ While KADP can be seen as a promising attempt to build on existing infrastructure for agro-economic gain, wheat farming will probably require fewer employees than the sugar industry and could amplify existing grievances between communities. The Konso people who have been resettled to Selamago are likely to be perceived as better qualified for grain agriculture than indigenous agro-pastoralist communities. Moreover, the emergence of the KADP means a new stakeholder has been introduced into an already complex playing field—while KADP is accountable to the Ministry of Irrigation and Lowlands, ESIG is accountable to EIH. Overall, the PP government's development strategy appears to be somewhat contradictory, as it embraces both privatization in the case of KSDP and the thickening of the state in the case of KADP.

On top of this, the partial privatization of KSDP and its individual estates raises questions

91 'Authority Lifts Ban on Ethiopian Sugar Ads', *Addis Fortune*, 5 October 2019, <https://addisfortune.news/authority-lifts-ban-on-ethiopian-sugar-ads/>.

92 'Ethio Sugar Acquires Agro-processing Company in Hamer'. *Birr Metrics*, 11 January 2022, <https://birrmetrics.com/ethio-sugar-acquires-agro-processing-company-in-hamer/>.

93 See the case of gold in Guji: Asebe Regassa and Damena Abebe, 'Gold Glitters, Grievances Grow: Contestation And Uncertainty Around Midroc And Godu Gold Mines In Guji, Oromia', Rift Valley Institute, June 2023, https://riftvalley.net/sites/default/files/publication-documents/RVI%202023.06.23%20Gold%20Glitters%20Grievances%20Grow_FINAL_compressed.pdf.

94 Interview with Manager of KADP, Kuraz III, 27 October 2022.

(about, for example, land lease and irrigation fees, as well as the inclusion of local groups into the plantation economy) not previously applicable under state ownership and public management. Interviews with ESIG indicate that the announcement regarding the sugar industry's privatization—which goes beyond the large estates found in Lower Omo Valley—has received a mixed response.⁹⁵ While there is interest in the established and operational estates in Amhara and Oromia, according to interview partners only two potential foreign investors have so far actually visited the KSDP's premises. According to ESIG sources, asymmetries in processing capacity and cultivation areas between the different estates have forestalled comprehensive economic and operational feasibility evaluations. Significantly, both of the foreign investors reportedly cited security concerns as a major factor impeding investment.⁹⁶ Moreover, the reputational risks associated with the project (such as allegations of human right violations, forced land expropriation and insufficient compensation) remain unclear. In March 2023, EIH claimed that 'over twenty local and international investors' had expressed an interest in the tender, but thus far has not revealed who the companies are or the extent to which their interest is serious.⁹⁷ Moreover, the impression by interview partners that investor interest in KSDP is low, was only reinforced in late July, as the EIH and MoF announced that the deadline for submissions to bid for the privatization of sugar estates would be extended to 5 October 2023. The decision for this was made 'in response to ... potential bidders expressing their need to have more time to complete their assessment for this opportunity.'⁹⁸

A 2019 scenario-mapping of the economic outlook and local implications of privatization illustrates the complexity of subjecting KSDP to operational and ownership changes. As a parastatal and main debtor of the sugar industrialization, the ESC faces a twofold dilemma. First, macroeconomic (i.e. employment creation), agro-economic (i.e. export revenues, fulfilment of domestic demand) and developmental (i.e. modernization of agro-pastoralist livelihoods) progress has not been achieved despite massive capital investment. In terms of KSDP's ownership structure, certain concessions based on the nature of the investor will be unavoidable. Second, and related to this trade-off, KSDP's developmental goals will either need to be adjusted or taken on by the state, which would require additional investments. Thus, attempts at benefit-sharing and compensation for loss of livelihoods requires a collaborative arrangement with a financially strong third party willing to take over a project beset by technical

95 Interview with Manager of Kuraz I and III, Jinka, 28 October 2022.

96 Interview with Manager of Kuraz I and III, Jinka, 28 October 2022.

97 FDRE, 'The Government of Ethiopia Investors Update on Tendering Process of Sugar Enterprises', Press Release, 3 March 2023, Ethiopian Investment Holdings and Ministry of Finance, https://twitter.com/MoF_Ethiopia/status/1631574311235354624.

98 FDRE, 'Request for proposal in the tendering of 8 state-owned sugar enterprises: Notice for Extension of the Bid Proposal Submission Date to 5th October 2023', Ministry of Finance and Ethiopian Investment Holdings, 31 July 2023, <https://www.facebook.com/photo/?fbid=672238924945028&set=a.288721929963398>.

flaws and reputational and operational risks.⁹⁹ The prospects of such a partner being found in the immediate term are dubious at best, leaving the future of KSDP shrouded in uncertainty and unlikely to yield its previously promised benefits.



Agro-pastoral fields, Photo by Charlie Rosser, Nyangatom, April/May 2019

99 Mercy Fekadu et al., 'Sugar industry in the Lower Omo: Exploring different scenarios of privatization', Briefing Note 6, Omo-Turkana Research Network, August 2019, <https://www.canr.msu.edu/oturn/OTuRN6Privatization.pdf>.

IMPACTS OF SUGAR INDUSTRIALIZATION AND THREATS OF CONFLICT

A 2019 report prepared by the Omo-Turkana Research Network synthesized existing knowledge on the impacts of hydrological, agricultural and economic change on the Omo-Turkana Basin's societies and ecosystems.¹⁰⁰ While this remains the most comprehensive assessment from an interdisciplinary perspective, several other publications—both journalistic and academic—have analysed the current state of affairs in Lower Omo Valley, particularly the direct and indirect impacts of KSDP. Overall, there is a consensus that it is the region's indigenous agro-pastoralists who are most directly affected, as their livelihoods have been impacted by major changes to the physical landscape. On the other hand, job creation—at least during the early years of project development—together with the expansion of infrastructure into the periphery, are generally considered positive side-effects of KSDP.

Several reports indicate that the modernist trajectory of resource extraction and the management of populations in relocated settlements have fostered social crises of marginalization and displacement.¹⁰¹ These conclusions dovetail with the findings of the study's fieldwork, as well as interviews with government officials and members of affected communities. For instance, the deputy manager of Omo-Kuraz I and III stated in a personal conversation that:

Prior to 2018, a number of projects were already underway, including the development of irrigation canals, the construction of residences for factory workers, and social service facilities (schools, health centres, and veterinary care centres) for local communities. All of those projects have been discontinued. We put a stop to all of those projects due to a lack of money until the government finds a solution.¹⁰²

The negative consequences of the KSDP interventions have been severely felt by the Bodi and Kwegu (including all groups whose livelihoods are based on flood recession agriculture), with the filling of the Gibe-III dam reservoir in 2015 making it impossible for them to practise flood-retreat agriculture. Additionally, the Bodi are unable to effectively practise rain-fed agriculture in mid-altitude regions, where the Konso have been relocated by the regional administration

100 Hodbod et al., 'Social-ecological change'.

101 See the Omo-Turkana Research Network's Briefing Note series and other recent studies: www.canr.msu.edu/oturn/briefing_notes; www.canr.msu.edu/oturn/publications.

102 Interview with Deputy Manager of Kuraz I and III, Kuraz III factory site, 26 October 2022.

since 2005, due to fear of violence breaking out. As a result, the Bodi have experienced the loss of two sources of food production—recession and rain-fed farming—causing them to become food insecure.

The government's land distribution and promise of access to irrigation encouraged settled farming in South Omo. For example, in Selamago woreda, the Bodi, Kwegu and Mursi communities were supposed to be given irrigated fields, basic infrastructure and access to social services. The idea was to provide each household with a hectare of land to cultivate staple crops, primarily maize. Then, in 2016, the government announced that each household had to contribute 0.75 ha of land in order to collectivize their plots and become outgrowers of sugar, leaving just 0.25 ha for cultivating staple crops. By 2022, the area that had been cleared in 2013 for farming and homesteading was covered with regenerating bushes and grasses.

Sources of conflict

Under the PP, Ethiopia's sugar industry has been impacted by the highly unstable security situation. On one hand, investor interest and confidence has been negatively affected by land disputes more generally, including, as mentioned, by latent pastoral and resource conflicts in South Omo. Overall, the investment climate has been shaken by the Tigray war (including in north Amhara and Afar), as well as the Oromo Liberation Army (OLA) and Amhara Fano insurgencies in the Oromia and Amhara regions respectively. On the other hand, sugar estates—some of them advertised for sale by the MoF and EIH—have been directly impacted or targeted by fighting. For example, Arjo Didessa sugar factory, located in the zonal borderlands between the East Wollega, Buno Bedelle and Jimma zones in the western Oromia region—a hotbed for OLA activities since 2019¹⁰³—was briefly occupied by combatants of OLA's western command in September 2022.¹⁰⁴ The factory was a strategic location in the insurgency against ENDF which has a military camp in Didessa. In a similar case, combat activities by the OLA forced Ethiopia's most productive estate, the Finchaa sugar factory, located in the Horo Guduru Wollega zone, out of operation for one week in February 2022.¹⁰⁵ Moreover, during the first phase of the war in Tigray, the Welkait sugar factory in West Tigray was reportedly damaged through an air bombardment in November 2021. Over 180 Chinese factory employees were evacuated¹⁰⁶ and ESC workers had to be relocated to other factories in the country, while a part

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- 103 Damena Abebe, 'Conflict Trend Analysis: Western Oromia'. March 2023, Rift Valley Institute, https://riftvalley.net/sites/default/files/publication-documents/RV1%202023_03.14%20Western%20Oromia_Conflict%20Trend%20Report.pdf.
- 104 The occupation, of which there is video footage, was reported by OLA's international spokesperson, see: <https://twitter.com/OdaaTarbiWBO/status/1564729353237315585>.
- 105 Fasika Tadesse, 'Ethiopian Sugar Plant Stops Work After Attack by Rebel Army', *Bloomberg*, 14 February 2022, <https://www.bloomberg.com/news/articles/2022-02-14/one-of-ethiopia-s-biggest-sugar-plants-stops-work-after-attack?leadSource=uverify%20wall#xj4y7vzkg>.
- 106 Zecharias Zelalem, 'Instability may make Ethiopia a hard sell to foreign investors', *Al Jazeera*, 5 February 2021, <https://www.aljazeera.com/economy/2021/2/5/instability-makes-ethiopia-a-hard-sell-to-foreign-investors>.

of its (mainly Tigrayan) workforce was displaced and sought shelter in Mekelle, according to the president of the Confederation of Ethiopian Trade Unions (CETU).¹⁰⁷ With Western Tigray (Welkai-Tsegede) still in dispute between the Tigray's Interim Regional Administration and occupying Amhara forces, to date Welkai sugar factory remains dormant, despite efforts by the administration to restart industrial activities elsewhere in Tigray region since the signing of the Pretoria peace deal.

According to reports from the ESC, the ten sugar projects currently under development have almost all been affected by the ongoing conflicts in one way or another. This became apparent shortly after the government announced the privatization its sugar estates and hired Ernst & Young to undertake their evaluation. Commenting on this, Minister of Finance, Eyob Tekalign, explained: 'sugar privatization is halted because potential investors and experts could not travel to fields and visit the factories status due to the conflict in the country. It will continue with full force, as soon as the war is over'.¹⁰⁸

With much of the public focus on the security situation in regions like Tigray and Amhara, which historically constituted the core of the Ethiopian polity, insecurities in the peripheries have received less attention. Over the last three years, the humanitarian situation in the Lower Omo Valley has worsened, while recurrent outbreaks of disease and starvation related to the effects of droughts on livestock and low staple yields have been largely overlooked, and their links to resource-intensive or unproductive KSDP estates and prior land dispossession¹⁰⁹ are being denied by the government.¹¹⁰

But the pressures on rural land in South Omo is only rising: a major source of conflict in Selamago woreda derives from an increasingly large and diversified set of actors demanding their share of increasingly scarce resources. Along with its local communities—the Bodi, Kwegu, Mursi, Dime and Konso—Selamago hosts a variety of new actors, including private investors and state agencies overseeing the building of dams, irrigation canals, and sugar cane and wheat farms. The majority of local pastoralist informants from the Bodi and Kwegu expressed continued anger at the land dispossession they had experienced, which has led to food insecurity and

107 Molla Mitiku, 'Interview: Gov't should open its doors for discussion, respond to demands of workers, reduce labor taxes', *Addis Standard*, 23 March 2023, <https://addisstandard.com/the-interview-govt-should-open-its-doors-for-discussion-respond-to-demands-of-workers-reduce-labor-taxes-kasahun-follo-president-of-cetu/>.

108 Ashenafi Endale, 'Sugar production drops as conflict spills-over', *The Reporter*, 22 January 2022, <https://www.thereporterethiopia.com/12639/>.

109 The Oakland Institute, 'Dam and Sugar Plantations Yield Starvation and Death in Ethiopia's Lower Omo Valley', 2023, www.oaklandinstitute.org/sites/oaklandinstitute.org/files/plantations-starvation-lower-omo.pdf.

110 Samuel Bogale, 'Omo sugar projects cause "starvation and death," report says', *The Reporter*, 25 February 2023, <https://www.thereporterethiopia.com/31430/>.

a dependence on insufficient food aid.¹¹¹ Inadequate compensation for loss of land and water access is a major source of grievances, and there is a general perception that promises made by the federal government and private investors have not been kept. A recent visit to Hana and villages near Omo-Kuraz II suggests that local social services (including health and education infrastructures) are largely deserted and dysfunctional.¹¹²

More specifically, our empirical data from Bodi and Kwegu communities indicates that the two groups hold grievances over land alienation and unmet government promises arising from KSDP. Bodi land was first taken away to resettle the Konso people and later to launch KSDP. In the mid-2000s, the EPRDF government decided to settle around 5,000 poor Konso on Bodi land as part of its scheme to ensure food security for vulnerable people without access to land or property. The Konso, however, were expected to perform another function on behalf of the government—a mission of cultural transformation, as the Konso practice agro-pastoralism and sedentary agriculture, which are regarded as more ‘civilized and modernized’ than fully pastoralist lifestyles.¹¹³

Community leaders have for the most part been the alleged key mobilizers of local conflict, with one of the most common triggers for violence being vehicular accidents where drivers accidentally (or intentionally) hit people and/or animals before driving off. In the wake of such incidents, locals have been known to exact revenge against drivers and passengers passing through the area. For instance, in December 2017, 12 truck drivers were killed by the Bodi after a Bodi man had died in a car accident. Public and private trucks run frequently between Jinka, headquarters of South Omo zone, and Hana, a small town near the sugar factory, meaning factory workers often become targets for retaliation.¹¹⁴

There have also been repeated clashes between local communities (mainly Bodi and Mursi) and security forces. These confrontations have been prompted by the PP government’s disarmament campaign in agro-pastoral areas of South Omo, launched with a view to securitizing development projects, particularly sugar factories and plantations, ahead of the government’s privatization drive.¹¹⁵ In late 2019, security forces launched a ‘campaign of forced disarmament’ of pastoralists that local communities say involved the shooting of civilians, mass detentions, beatings and torture as well as the desecration of traditional burial sites—human atrocities

111 Interview with Bodi and Kwegu Informants, near Hana town, October 2022.

112 Information from ongoing field research projects, Hana town, August 2023.

113 Asfaw Ayke, ‘Challenges and Opportunities of Salamago Resettlement’.

114 Interview with Manager of Kuraz I and III, Jinka, 28 October 2022; Yohannes Yitbarek, ‘Clashing values: the 2015 conflict in Hamar district of South Omo Zone, southern Ethiopia’, In *Legal pluralism in Ethiopia: actors, challenges and solutions*, edited by Susanne Epple and Getachew Assefa, Bielefeld: transcript, 2020, 371–398.

115 See: Maria Gerth-Niculescu ‘Ethiopia Cracks down on tribe’, *Deutsche Welle*, 21 January 2020, <https://www.dw.com/en/ethiopia-cracks-down-on-tribes-in-sugar-factory-area/video-52069147>.

which government officials denies.¹¹⁶ Detailed field reports on several incidents concerning the Bodi, Mursi and Kwegu point to a security crack-down in Selamago woreda—an escalation of violence rather than peacebuilding measures.¹¹⁷

Moreover, the regional administrative restructuring in southern Ethiopia (see: 'Carving up the south') and related reconfigurations of access to resources, infrastructure and distribution of federal budgets has resulted in numerous clashes between, or protests by, different ethnic groups over the last three years. To what extent the newly created South Ethiopia Region, including the announced split of South Omo zone into the Aari and Pastoral zones respectively, will settle or enflame the high conflict potential in the area will need to be observed and further researched in the near future. So far, there is no indication that previous conflicts related to the splintering of the SNNPR since 2019 have directly affected KSDP—though reports of unrest related to administrative restructuring in the south have not been conducive to the investment climate and the privatisation of KSDP estates that are up for sale.

Peacemaking initiatives

The aforementioned violent disarmament campaign of pastoralists by security forces in South Omo in late 2019, stands in stark contrast to the PP's emphasis on unity, national dialogue and peacebuilding which were also pronounced in SNPR during the 2019 Sidama Referendum and prior events such as the Omo-Kuraz III inauguration. In November 2018, the establishment of the Ministry of Peace (MoP), which was endowed with the jurisdiction of pastoralist affairs through a newly released Pastoral Development Strategy and Policy,¹¹⁸ also raised hopes that pastoral livelihoods in South Omo would be more valued and better protected under the new PP government.¹¹⁹ Such promises were made at the seventeenth Annual Pastoralists' Day, organized by the MoP in Jinka, South Omo under the banner of 'Enhanced Pastoralists' Participation and Benefit for National Unity'¹²⁰—striking a very different tone to Meles Zenawi's infamous speech at the thirteenth Pastoralist Day also held in Jinka over a decade ago.¹²¹ Nevertheless, the initial coupling of the MoP with pastoral affairs also highlights the conflict potential that the

116 Robbie Corey-Boulet, "Killing without any reason": Deaths in rural Ethiopia spark outcry', *AFP*, 16 October 2019, <https://web.archive.org/web/20221005200351/https://news.yahoo.com/killing-without-reason-deaths-rural-ethiopia-spark-outcry-032902013.html>.

117 Concerned Scholars Ethiopia, 'Memo on violence in South Omo areas, SNNPRS, Ethiopia (October 2019): a call for preventive action and rule of law', 25 October 2019, [https://www.canr.msu.edu/oturn/Memo_\(4.0\)_on_violence_in_South____Omo_areas_SNNPRS_Ethiopia_\(26_October_2019\).pdf](https://www.canr.msu.edu/oturn/Memo_(4.0)_on_violence_in_South____Omo_areas_SNNPRS_Ethiopia_(26_October_2019).pdf).

118 FDRE, 'Pastoral Development Policy and Strategy', Ministry of Peace, Addis Ababa, October 2020,

119 See: 'FDRE Pastoral Development and Policy Strategy', Coalition of European Lobbies for Eastern African Pastoralism (CELEP), <https://www.celep.info/policies/fdre-pastoral-development-policy-and-strategy/>.

120 Brook Abdu, 'Peace Ministry draws-up pastoralist policy', *The Reporter*, 19 January 2019, <https://www.thereporterethiopia.com/7235/>.

121 Meles Zenawi, 'Speech'.

PP government saw among pastoralist groups and the need to pacify the peripheral spaces they inhabit. Subsequent policy and administrative changes, including creation of the Ministry of Lowlands and Irrigation in late 2021—which assumed additional administrative responsibilities of managing pastoralist livelihoods—furthermore illustrates the continuity of a ‘productivist’ development agenda that prioritises the modernisation of peripheral lowlands through irrigated agriculture over protecting and integrating the productive potentials of pastoralists.¹²²

Concerning peacebuilding at the local level, the study’s interviews and focus group discussions highlighted two institutions involved in conflict resolution/management in South Omo under the PP. The first consists of customary institutions, led by Bodi and Kwegu elders. These are effective in managing conflict within their own ethnic group, and sometimes play a role in resolving conflict outside their group. The second, meanwhile, consists of decentralized government bodies, organized according to administrative structures and boundaries. Each kebele (the smallest administrative unit in Ethiopia) has a standing peace and security committee, its members also known as community liaison or peacebuilding officers, mandated with the prevention of and mediation in local conflicts. Interventions carried out by these committees are, however, often reactive, taking place only after tensions have erupted into violent conflict. To what extent there is also a constant feedback between these officers and the federal MoP is unclear. As ‘outsiders’, in practice peacebuilding efforts are hampered by the government personnel’s limited legitimacy within the communities or their lack of experience with and knowledge of the parallel customary conflict resolution mechanisms. They sometimes also hold biased attitudes against pastoralists, or may have ethnic affiliation to one of the conflict parties, or consider one group ‘more modern’ than others (note the aforementioned example of Konso versus Bodi).

Government authorities at woreda level also often insist on working with selected local administrators, Bodi and Kwegu community leaders, and more recently youth representatives—all of whom they identify as ‘positive thinkers’ in the sense that they are seen as promoting peace and reconciliation.¹²³ This view did not go unchallenged, however, with some claiming that those deemed ‘positive thinkers’ are in fact those regarded as ‘less threatening’ to the interests of woreda authorities, including when it comes to the sugar industry. Moreover, the authorities often incorporate local elders as a means of deterring them from mobilizing community members to engage in acts of resistance.

The lack of peacebuilding ownership and participation by local communities and other stakeholders, combined with inadequate government consultation in South Omo, has led observers to question the legitimacy of these formal conflict-resolution efforts—not least when they turn violent. More generally, the conceptualization of ‘peace deals’ as the business

122 Echi Christina Gabbert, Fana Gebresenbet and Jonah Wedekind, ‘Pastoralists for Future’, In *Lands of the Future: Anthropological Perspectives on Pastoralism, Land Deals and Tropes of Modernity in Eastern Africa*, edited by Gabbert et al., Oxford: Berghahn Books, 309–317.

123 Interview with a Kwegu informant, Hana town, 26 October 2022.

of international, regional and national actors and their institutions (e.g. the Pretoria peace deal between the Ethiopian government and the TPLF)—rather than as bottom-up, community-driven initiatives—has prompted concerns about the functionality of the PP's peacebuilding rhetoric in practice. In the case of South Omo, most externally sponsored top-down peacemaking processes have failed to address the underlying causes of conflict. As a result, there is more public focus on the manifestations of conflict (e.g. the violent disarmament campaigns) than on how to improve peacebuilding institutions on the ground. Currently, peacemaking efforts in South Omo also strongly reflect the outcomes desired by external actors (e.g. federal officials and ministries), rather than those sought by local communities, which might include greater equity and compensation when it comes to the past impacts of the sugar agro-industrialization.

POLICY CONSIDERATIONS

The early planning and implementation of KSDP was driven by an EPRDF political agenda that espoused development, progress and modernity, characterized in practice by a top-down authoritarian approach to development. Despite the grand ambitions set out for KSDP, the project was already facing significant challenges by the time the EPRDF lost power in 2018. Since then, and despite initial promises to the contrary, the PP government has failed to put the ailing mega-project back on track, and seems unlikely to do so for the foreseeable future. Fast forward five years, SNNPR went through a period of administrative restructuring, which is likely to shape future centre-periphery relations and, *sensu latu*, conflict and competition over resources, especially with the creation of the new SER.

In fact, the findings of this study indicate that KSDP's developmental failure and debt burden is now regarded largely as an uncomfortable hangover from the EPRDF period. Here, two interrelated issues stand out. First, Abiy Ahmed's medemer philosophy did not in fact reshape—at least in a positive sense—how the government deals with local discontent and the growing frustrations directed at the project. On the contrary, the pursuit of privatization required swift action to break local resistance.

Second, the economic and social transformation of Lower Omo Valley did not materialize in the manner intended, leaving little hope for 'quick wins' following the inauguration of Omo-Kuraz I and II. The announced ideological shift away from developmental capitalism did not materialise and the state, albeit unsuccessful, remains authoritatively involved in the economy. With other issues now dominating the policy agenda, including the war in Tigray, political interest in the vexatious sugar industrialisation of the previous regime has dropped off. At present, KSDP holds little potential for bringing together the key factions upon which the PP's power base is founded. Given this, additional state funds are not forthcoming, feeding into the growing neglect shown towards the mega-scheme. On the other hand, privatization potentially offers a novel entry point for domestic actors looking to capitalize on the government's advance investment, although little progress has been made to date. Significantly, new interest groups trying to shore up assets in the privatisation process are unlikely to be successful given the planning and implementation deficits of the project in its initial phases. Overall, the study found that, despite significant changes in resource governance and party politics of 'the south' under the PP, South Omo remains what we have referred to as a 'super-periphery'.

The effects of KSDP's failed implementation are multi-pronged. At the top, some high-ranking officials lost their jobs, while the ESC underwent a radical restructuring process. On the ground, socio-cultural dynamics have been impacted by changes to the physical environment and an influx of labourers—mainly to the detriment of local communities, and with potential consequences in terms of conflict dynamics. Thus, consultation with local communities and mutually achieved consent are prerequisites for the acceptance and long-term success of KSDP

(and similar projects), and can significantly reduce the risk of violent conflict breaking out. In pursuit of this aim, we recommend the following areas of focus are given due consideration:

- **Transparency and accountability in the privatization process:** To ensure peaceful and mutually beneficial relations between new stakeholders and local communities, the government should act as a genuine mediator, transparently communicating KSDP's challenges and opportunities to all sides. It is therefore vital that effective benefit-sharing mechanisms and participatory decision-making structures are established.
- **Participatory resource management:** The decrease in KSDP's project area and the repurposing of agricultural land previously earmarked for sugar cane cultivation offers novel opportunities for participatory resource management, including the establishment of community-led production and conservation areas. Such approaches should be further developed in order to instigate rehabilitation measures and increase land use for traditional and commercial agriculture.
- **Compensation and rehabilitation strategies:** In terms of mitigating KSDP's already visible humanitarian impacts, priority should be given to the provision of social services and compensation for livelihood loss, and environmental restoration. Such efforts need to be undertaken in conjunction with genuine impact assessment studies showing how local populations have been directly or indirectly affected by the transformation of the physical environment.
- **Recognizing customary peacebuilding institutions:** To improve local conflict resolution around KSDP, traditional peacebuilding institutions must be recognized by the local government administrations and harmonized with formal state institutions accordingly. Related government disarmament campaigns, furthermore, must be based on trustbuilding initiatives between the government and agro-pastoralist groups that also address the root causes of resource-related grievances and armed conflict. The recognition of past injustices against dispossessed and displaced communities by government security forces could furthermore serve as the basis for peacebuilding in the future.
- **Balancing regional restructuring and economic redistribution:** The creation of new regional states (e.g. South Ethiopia Region) and lower level administrative units must be accompanied with a transparent consultative process that addresses economic distributive questions of federal budgeting and revenues from development projects (e.g. KSDP), as well as questions of fair representation within the federal state and ruling party—particularly for agro-pastoralists peoples who lack the resources and networks to make their grievances heard and demands count. Related to this, the splitting of the South Omo zone into the Aari and Pastoralists zones respectively must be further scrutinized and evaluated together with agro-pastoral community representatives.

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