

## Socio-economic Effects of Large-Scale Plantation on Local Community: The Case of Arjo-Didessa Sugar Factory, Western Ethiopia

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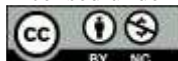
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**Abstract:** Large-scale agricultural activities have a serious impact on local economic development, incomes and the environment. This study was conducted in Arjo-Didessa Sugar Factory with the objective of examining the socio-economic effects of large-scale plantation on local community. To carry out this research, qualitative and quantitative methods (mixed method approach) were employed. Descriptive research design was used for detailed description of the effects of the factory on the local community. Data were collected from household survey through questionnaire, interviews, focus group discussions and observation with all concerned household heads, government officials, factory officials and local elders. A sample of 186 was obtained from households via systematic random sampling technique. Respondents were selected purposively for focus group discussion and interview based on their long years of existence in the area. Quantitative data were analysed through descriptive statistics whereas as qualitative data via text analysis. The finding revealed that the factory has given inadequate consideration to the local community. The plant has negative effects on the local economy in terms of loss of grazing land, crop land, lack of proper compensation and relocation. Besides, the expansion of the factory has had negative impacts on the economic and social life of local community. Based on the findings, it is recommended that the government needs to safeguard the interests of the local communities, and enforce the factory to allow the participation of the local community in all stages of the project to minimize socio-economic risks and compensate for the loss of their land.

**Keywords:** Arjo-Didessa Sugar Factory; Large-scale plantations; Local community; Socio-economic

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## 1. Introduction

Land acquisition or large-scale commercial farming can be a means and opportunity to solve the changing global economy by increasing agricultural productivity. The success of green revolution with other positive outcomes put small-scale farms productivity at the center of development. Large-scale agricultural plantations have a number of socio-economic advantages such as job opportunities and income. On the other hand, it has disadvantages with respect to financial risks due to fluctuating world market prices, dependence on cheap labor and use of advanced technologies requiring foreign exchange (Hartemink, 2005).

Large-scale agro-industries are part of agricultural investments with huge pressure on resource and land use of the areas in which they are established. Due to this fact, it is always difficult to compromise the agro-industry on one hand and lessen the negative impact it would have on the local communities on the other. When large-scale land transactions occur, local small land holders are at risk of being dispossessed or adversely integrated in schemes as contract farmers or workers (Bissonnette and De Koninck, 2015).

Brazil has recorded an economic success history in modernizing the sector by establishing a strong agricultural segment as a model for Sub-Saharan Africa (World Bank, 2011). Other factors, like export competitiveness of mega farms and the response to the 2007/8 global food crisis demanding large productions increased the emphasis of countries on large and mechanized farms over small-scale farm projects for success. As a result, countries provide different incentives to attract investors for large plantations to boost their economy. A country's probability to be targeted by foreign investors for large plantation project is positively associated with weak land governance and failure to protect traditional land ownership rights of the community (Ibid). In most cases, the adjustments made by the states to attract foreign investors deprive the benefits and rights of the local residents.

The increasing global need for agriculture and agricultural products for large-scale land investments can provide permanent and seasonal employment opportunities of all kinds, especially in off-farm that can minimize poverty by increasing their income among local population (Baumgartner, 2012).

Large-scale agricultural sector development is prime concern to Ethiopian government. Most of large-scale plantations take place in lowland areas because it is believed that pastoralism is not a sustainable means of livelihood activity (Lavers, 2012). Hence, large-scale agricultural land acquisition is included in the growth and transformational program (2010/11-2014/15).

Recently, 3.3 million hectares of land are allocated for private investment of large-scale farming, Ministry of Finance and Economic Development (MoFED, 2010). Of this amount, certain areas of land have already been transferred to investors. Recently, the federal government has been playing a pivotal role in the allocation of large-scale farming to developmental investors. Regional governments are also issuing land if the land size is less than 5000 hectares, while the transfer for the land size that is more than 5000 hectares is administered by the newly established Agricultural Investment Support Directorate (AISD) within Ministry of Agriculture (MoA), (Rahmato, 2011). Granting vast land to foreign direct investment has been resulted in land grabs in many developing countries.

Ethiopia's land-grab by large foreign investors and state-owned sugar factories expansion have resulted in forcible relocation of more than one million Ethiopians with no compensation or relocation (Brown, 2013). As a result, millions of Ethiopian farmers were dislocated illegally by state run or other giant investors. This phenomenon violated international convention and also contradicted the law of the country (Baumgartner, 2012). Yilma (2016) points that large scale sugarcane plantation displaced farmers in East Shewa, Ethiopia with insufficient temporary compensation compared to their former grain production. Large-scale investments exposed the young to drug addiction and spread of diseases because of unsafe sex (Mosisa, 2014). As the sugar factory was established few years ago in the site, there was no study conducted on the socio-economic effects of the factory on the local community. Therefore, this study attempts to describe the socio-economic effects of Arjo-Didessa Sugar factory (ADSF) on the local community.

## 2. Research Methods

### 2.1. Research Design

To carry out this research, the researcher employed mixture of qualitative and quantitative methods (mixed method approach). The design employed was a cross-sectional descriptive survey.

### 2.2. Study Area and participants

The study was conducted in 'Caffee Jaalaalaa' Farmers Association Arjo-Didessa, which is found in East Wollega, Oromia Regional State. The study area is found in Bunno Bedelle province *Caffee Jaalaalaa* kebele (a small administrative unit more than household) located some 18 kilometers away south of sugarcane plantation. The site, compared to other Farmers Association of the district, is purposively selected.

The site, compared to other Farmers Association of the district, is purposively selected. The researcher employed qualitative method to collect data from household heads, elders, government officials of both Farmers Association and district, and the factory and other members of the residents through in-depth interviews.

### 2.3. Data Collection

To gather qualitative and quantitative information addressing the specific objectives the researcher employed interview, Focus group discussion, Observation and questionnaire. Interview and focus group discussions (FGD) were conducted with eight key informants purposively selected from top managers of the factory, community elders and government officials. Accordingly, the researcher employed four FGD. The first FGD was carried out with younger dislocated household heads whereas the second FGD with local elders. However, the third and fourth were conducted with female households of Farmers Associations and with households' members whose families were totally dislocated from their farmland, respectively. Each FGD has seven members. The secondary data were collected from different books, policy papers, articles, journals, newspapers, unpublished study documents; and reports related to the issue. The remaining quantitative information was collected through questionnaire from the selected 186 household heads while 160 questionnaires were collected from the respondents at the end of the day. There are 360 households in the study area. The sample size was determined through sampling technique suggested by Krejcie and Morgan (1970). i.e.

$$S = \frac{X^2NP(1-P)}{d^2(N-1) + X^2P(1-P)}$$

Where:

S = Required Sample size

X<sup>2</sup> = the table value of the chi-square for 1 degree of freedom at the desired confidence level (1.96 for 95% confidence level. X<sup>2</sup>=1.96<sup>2</sup>=3.841)

N = Population Size

P = Population proportion (expressed as decimal) (assumed to be 0.5 (50%))

d<sup>2</sup> = Degree of accuracy (5%), expressed as a proportion (.05); It is margin of error.

Accordingly,

$$S = \frac{(3.841 \times 360 \times 0.5)(1-0.5)}{(0.05)^2(360) + 3.841 \times 0.5(0.5)} = \frac{345.69}{1.85775} = 186.0774, S = 186 \text{ (selected sample)}$$

### 2.4. Data Analysis

Finally, the researcher analysed the collected data qualitatively and quantitatively. The qualitative data were analysed using thematic analysis, while quantitative data were analysed using SPSS-20 statistical package. Then, the data were triangulated with quantitative data. Then data were organized, cleared, and coded, and descriptive statistics such as frequency and percentage were used to analyse quantitative data for reporting.

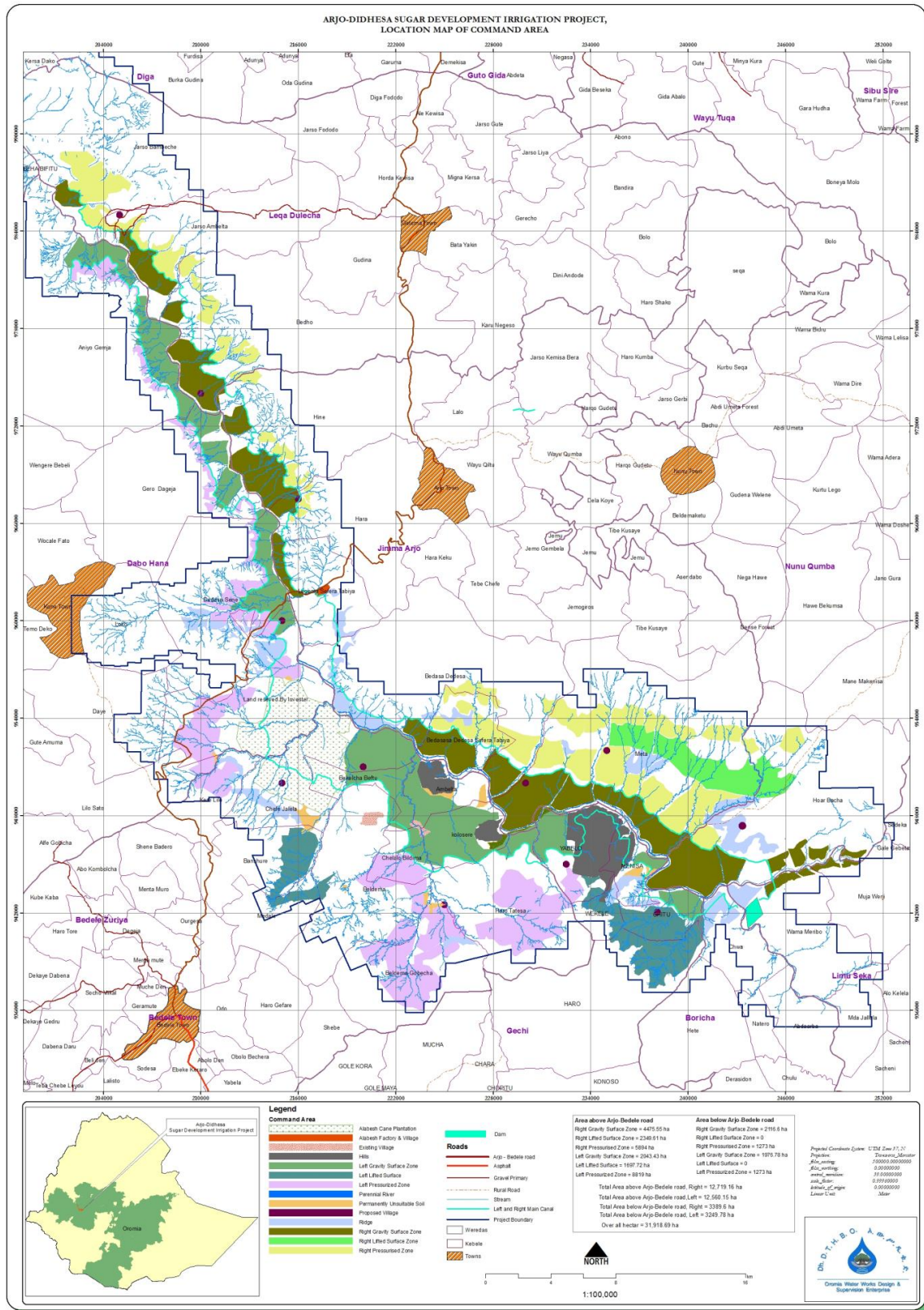


Figure 1: Map of Arjo-Didessa sugar factory  
 Source: Human Resource Office of the factory

### 3. Results and Discussions

#### 3.1. Economic Effects of Arjo-Didessa Sugar Factory on Local Communities

Regarding the economic effects of the factory on local community points, like the land possessions of the Farmers, income of the local community before and after the expansion of the factory, employment pattern of the Farmers Association dwellers and life condition of the Farmers were presented depending up on figure and facts obtained.

#### Comparison of farmers' land possession

Respondents were asked about the amount of land they possessed before and after the expansion of the factory to their village and their opinions were presented in the Table 1 below.

Table1. Land distributions of the households before and after the expansion of the factory (N= 160)

Land owned by the farmers in hectares	Land owned before		Land owned after	
	N	%	N	%
Less than 2 hectares	15	9.4	152	95
2-4 hectares	50	31.3	6	3.8
5-10 hectares	95	59.4	2	1.3
Total	160	100.0	160	100

Source: Researcher computation based on the field data, 2017

Table 1 exhibits that 59.4% of the Farmers Association households have owned 5-10 hectares of land before the expansion of the factory. The number of Farmers owing the same amount of land after the expansion of the factory went down to 1.3%. Secondly, 31.3% of the households owned 2-4 hectares of land before the expansion of the factory, and this goes down to only 3.8% of the population after the expansion. 9.4% of the households owned less than 2 hectares before the expansion of the factory, whereas 95% of the households owned less than 2 hectares of land after the expansion of the factory.

The focus group discussants disclosed that there were two categories of the local communities with regard to the impact of the expansion of the factory on the possession of land. The first one was total displacement of 35 households who lost their farmlands and now scattered throughout the Farmers Association, and few other families who even left the district totally with no compensation to their former properties. This was the area where the factory constructed a camp known as command five. The command area of the factory is to be used for sugarcane plantation, irrigation, infrastructure and other purposes.

Secondly, there are many households who lost part of their fertile farm and grazing lands as a result of factory's sugarcane plant expansion but still living there. The life of these local communities is restricted to small farmland near their residence which was surrounded by the factory's sugarcane plant. Furthermore, the researcher conducted an observation in one of the villages in the Farmers Association where the local farmers of the village were surrounded by the sugarcane plants that were owned by the factory. The observation revealed that the local farmers have no land for farming and grazing except small plots for shelter. The size of land owned by the local farmers particularly in 'Caffee Jaalalaa' Farmers Association decreased after the Arjo-Didessa sugar factory expansion. This significantly reduced their capacity to produce and sustain their life. In general, the study showed that the factory grabbed land from the local communities with no replacement and compensation for the last seven years. Thus, the local communities were left in a dire situation to the extent of failing to feed their family.

Similar study conducted in Bako-Tibe District of Western Oromia Region shows that farmers of the local community were dislocated from their land with no compensation. Accordingly, the survey result of the respondents disclosed that 87% of the farmers were dislocated with no compensation of any form either in cash or in other form (Gobena, 2010). The same is true with Arjo-Didessa sugar

factory as both projects devoid the local community from their right to use their land or get compensation in case of displacement.

### Comparison of farmers' income

The respondents were asked to estimate their annual income before and after the expansion. The majority of the respondents (113) or 70.6% were earning above 50,000 Birr per year before the expansion (Table 2). However, the figure decreased to 3(1.9%) Birr per year after the expansion of the factory. Similarly, 18.1% of the households used to earn 20,001-50,000 Birr per year and it went down to only 0.6% Birr per year after the expansion. In addition, 3.8% of the households used to earn 10,001-20,000 Birr annually before the factory's expansion while the figure decreased to 0.6% Birr per year after the expansion of the plantation. In addition, 1.9% of the Farmers Association households earned 1-2000 Birr per year before the expansion of the factory but increased to 70% after the expansion of the factory.

Table 2. Self-report income distribution of the households before and after factory's expansion (N=160)

Amount of income in Birr	Income before expansion		Income after expansion	
	N	%	N	%
1- 2000 Birr	3	1.9	113	70.6
2001- 5000 Birr	5	3.1	39	24.4
5001-10,000 Birr	4	2.5	3	1.9
10,001-20,000 Birr	6	3.8	1	.6
20,001-50,000 Birr	29	18.1	1	.6
above 50,000 Birr	113	70.6	3	1.9
Total	160	100.0	100.0	100.0

Source: Researcher computation based on the field data, 2017

The final report on Lao Sugar Plantation and Factory of Savannakhet Province shows large-scale sugar plantations contributed to the decrease in income and food provision of the local community. This occurred because of the decrease in livestock production and land grab (Behailu, 2015). Therefore, the study proves the income of the local community decreases as a result of the expansion of large-scale sugar plantations in the study area which share same character with the phenomena's of Arjo-Didessa sugar factory on the local community.

### Job opportunities

Out of the sample population of 160, 143 respondents (89.4%) replied that there was no employment opportunity the factory created to the community of the Farmers Association. But only 17 (10.6%) acknowledged the creation of employment opportunity by the factory (Table 3). Despite this, the factory created very few jobs opportunity of which 5.6% daily labourer, 1.9% temporarily job opportunity, 1.9% permanent job opportunity and 1.3% other related job opportunity. Therefore, the employment opportunity the factory created for the local community was irrelevant.

Table 3. Created job opportunities for local communities by the factory and its category (N= 160)

Kinds of employment opportunity	N	%
No employment opportunity	143	89.4
Daily labor in the factory	9	5.6
Seasonal employment opportunity migrated to the area to shelter under the sugarcane plant in the factory	3	1.9
Permanent employment opportunity migrated to the area to shelter under the sugarcane plant in the factory	3	1.9
Others	2	1.3
Total	160	100.0

Source: Researcher computation based on the field data, 2017

There are two contradicting opinions in this regard. On one hand, factory officials argue that the expansion of the factory created employment opportunity to the local community. On the contrary, the local elders discussed that the factory has created very few employment opportunities. Contrary to this, interview results with the manager of the factory showed the factory created job for many young people. They organized themselves into groups and engaged in activities like barber, restaurant, beauty salon, shoes makers and the like. Accordingly, the factory created three forms of employment opportunities namely: seasonal employment opportunity, daily laborers and, permanent for the local community (Table 4). The permanent job opportunity offered on competitive base as it needs some specific profession. So, there is no special consideration for the local community. But, as far as the seasonal and daily labours concerned, the number of the local community was by far more than people from other parts of the country.

Table 4. Types of job opportunity created by the factory for the local community and others

Kinds of job opportunities	Male	Female	Total
Permanent	944	141	1085
Contract	22	3	25
Seasonal	950	520	1470
Total	1916	664	2580

Source: Factory's newspaper vol.2, 2016

### Living conditions of the farmers

Female household's focus group discussants described that the life of all Farmers Association households was dependent on land as the only means to lead their life. However, after the operation of the factory in Farmers Association, their main source of income which is land was overtaken by the factory. As a result, their life condition is affected by minimizing the number of crops they cultivate, income they earn, and livestock they produce and even the feeding capacity of the family.

Living condition of local community after the establishment of Arjo-Didessa sugar factory. Accordingly, the majority of the respondents 135 (84.4%) expressed that the establishment of the factory negatively affects their life while 13 (8.1%) of them said that they have noticed positive changes in terms of their life conditions after the expansion of the factory (Table 5). Furthermore, one of the interviewees reveals that "the production capacity of our land that provides us with excess products before the establishment of the Arjo-Didessa sugar factory has decreased." Thus, from this finding it can be inferred that the factory's operation in the Farmers Association have negatively impacted the life condition of the majority of the local residents.

Table 5. Effect of Arjo-Didessa sugar factory on livelihoods of local community (N=160)

Living conditions	N	%
Improved	13	8.1
Deteriorated	135	84.4
Unchanged	12	7.5
Total	160	100.0

Source: Researcher computation based on the field data, 2017

### 3.2. Social Effects of Arjo-Didessa Sugar Factory on the Local Communities

To measure the social effects of Arjo-Didessa sugar factory on local community, ten items like (the status of social system like *Iqub* and *Dabo*, social security, social bondage, status of sexual harassment, conflicts on arrangements of communal property, norms and values of the local community) were prepared by using a five Likert scale that ranges from 1=strongly agree to 5=strongly disagree on negative statements. Accordingly, the mean average of 2.36 for 160 respondents' shows the factory has negative effects on the social conditions of the local community (Table 6). Therefore, these findings attest that the expansion of the factory has changed the social lives of the local population. In most cases, its negative effects are more than positive outcomes.

Table 6. Social effects of Arjo-Didessa sugar factory on the local community (N= 160)

	N	Minimum	Maximum	Mean	Std. Deviation
Social effects	160	1.00	3.00	2.3625	.62934

Source: Researcher computation based on the field data, 2017

One study on Politics of Development and Resettlement conducted in Gambella founded out that large-scale investments have many negative impacts than positive one on the local communities. The result revealed that such plantations have exposed local communities to drug addiction, and accompanied with wide spread of sexually transmitted diseases (Mosisa, 2014). This implies that projects run by government and individual investors need to give due consideration for the local communities value and norms.

### 3.3. Livelihood Strategies Adopted by People Relocated from their Land

After the dislocation of local communities from their land, only 21 farmers adopted new alternative means of production different from farming land (Table 7). Despite this fact, there is no sound alternative adopted by the local community. For instance, the alternatives include: 1 respondent acquired livestock production; 3 respondents employed as daily labourers; 3 respondents and 9 respondents pick out livestock, daily labor and trade together went far whereas 9 respondents adopted other alternatives like carpenter, serving other people with low payment per year and the like. But 139 respondents out of the total 160 replied that they have adopted no alternative livelihood strategies after their dislocation, showing that they are lingering in similar farming activities but with highly reduced land size and low level of productivity. Hence, one can deduce that their life condition has dropped and became worse than the pre-expansion period of the factory.



Table 7. Cross tab between new means of production and kinds of alternatives adopted by the communities after their dislocation

		No. of respondents	Kinds of alternatives adopted				Total
			Livestock production	Daily labor	all	Other	
Adoption of alternatives means of production after dislocation	Yes	21	1	3	9	8	21
	No	139	0	0	0	0	139
Total		160					160

Source: Researcher computation based on the field data, 2017

Local elder interviewee stated that:

We are farmers where all our life depends upon land for crop and livestock production. We are unskilled framers. We could not seek alternative source of income like trading and others because we have lost our farmland without compensation to the inhumane practices of Arjo-Didessa sugar factory for the last seven years. Thus, to tell you the truth the option we had after the expansion of the factory to our farmland was 'sadaqaa gaafachuu' literally to mean 'seeking support of other neighboring Farmers' whose land was not encroached by the factory's expansion. (Interview conducted with local elder).

On other hand, while collecting data from the Farmers Association the researcher came across a man of 38 years old in *Baafata Zone* (an administrative level below Farmers Association status) of the same Farmers Association experiencing wood work. He could not use modern machine for his carpentry activity because of lack of electric power. The village is small and it is out of the reach of electric power. This shows that the majority of the Farmers Association residents have not adopted alternative means of livelihood though their family size is too small.

Out of the total respondents 160, 157 respondents replied that they have adopted new life style that was different from farming land and livestock production (Table 8). On the other hand, few individuals did the adoption of new social supportive system different from their past experience.

Table 8. Adoption of new life style and social supportive system of the local community's after dislocation

		Adoption of new life style after dislocation		Total
		Yes	No	
New social supportive system adopted after dislocation	Yes	1	1	2
	No	2	156	158
Total		3	157	160

Source: Researcher computation based on the field data, 2017

### 3.4. Supportive Systems Established by the Factory and Other Official Actors to Minimize the Impacts on Dislocated People

From 160 sampled respondents, 105 (65.6%) replied that the factory has promised to pay proper amount of compensation at the time of dislocation from their farmland (Table 9). Further the table also justifies that from the total respondents none of them are paid compensation during their dislocation from their land. Therefore, the survey result indicates that the factory obtained the farmland of the local community forcefully; illegally without providing proper compensation for the loss of their property. It also sounds that the factory deceived the local community by failing to provide them with proper compensation in accordance with the promises entered early.

Table 9. Crosstab between the promised compensation before dislocation and compensation paid to the Farmers after their dislocation

			Promised to pay proper amount of compensation before dislocation		Total
			Yes	No	
Compensation was paid for the farmers at time of dislocation	No	160	105	55	160
Total			105	55	160

Source: Survey result, 2017

According to the Arjo-Didessa sugar factory compensation and rehabilitation head officer:

The factory had started operating in the area since 2001 E.C. At the beginning the factory was established on the basis of investment laws in the country. The idea at the initial stage was that the land over which the sugarcane production is going to take place was considered idle land but later on after the expansion of the sugarcane plant the farmers of the area came with green paper that testifies their land ownership right. Though not immediately discussion was initiated with authorities of the district in order to settle the problem of farmers. In the process the factory was transformed to government since 2004 E.C. from the Pakistanis private company; Al-Habasha and then after the compensation procedure was started by establishing several committees responsible to determine compensation.

During an interview with official in the district investment office, he stated that at the beginning, it was proposed that the Farmers Association dwellers will produce and sale the sugarcane to the factory on their own farmland but later on the idea was left out because there was a fear that farmers may not be able produce satisfactorily to the amount the factory needs to produce sugar. During the execution process all their properties were counted for compensation. But the procedures starting from identifying the properties of the farmers to the stage of determining the amount of compensation by the organized experts takes time to provide them the intended amount of compensation. Because of this, till now no farmer has received any kinds of compensation and no farmer was relocated to other places (Interview conducted with Bunno Bedelle district investment official).

However, the Ethiopian constitution under article 40 (8) puts an obligation to pay compensation for the loss of property as the result of investment activities. Here, the article stipulates, "Without prejudice to the right to individual to private property, the government may expropriate private property for public purposes subject to payment in advance of compensation commensurate to the value of the property."

In addition to the above provision of constitution the current FDRE Rural Land Administration and Land Use Proclamation, Proclamation No.456/2005, under its Article 7 (3) stipulates that:

Holder of rural land who is evicted for the purpose of public use shall be given compensation proportional to the development he has made on the land and the property acquired, or shall be given substitute land thereon. Where the rural landholder is evicted by Federal Government, the rate of compensation would be determined based on the Federal land administration law. Where the rural land holder is evicted by Regional Governments, the rate of compensation would be determined based on the rural land administration laws of regions.

Thus, as the factory was a state led project governed by Ethiopian Sugar Corporation, it failed to pay proper amount of compensation to the local community in accordance with the constitution and Federal land administration (Proclamation No.456/2005) for the past seven years.

About 56.3% of the respondents believe that the factory was established to grab their land forcefully, 25% feel that the factory does not affect the life in any way, 12.5% have the opinion that they possess a feeling of ownership to the factory and 5% of the respondents have other kinds of feelings (Table 10).

Table 10. Perception of the local community to Arjo-Didessa sugar factory's operation in their Farmers Association (N=160)

Perception of the local community	N	Percent
Abstinenes	2	1.3
Feels sense of ownership to the factory	20	12.5
Consider the factory as a plant established to grab their land forcibly	90	56.3
Feel the factory doesn't affect the life in any way	40	25.0
Other	8	5.0
Total	160	100.0

Source: Researcher computation based on the field data, 2017

The majority of the respondents feel unhappy about the factory's operation in their Farmers Association because of improper treatment by the factory against their right and interest.

Therefore, as the above data of both sources reveals that no consideration was given to the local community in all its operations in the '*Caffee Jaalalaa*' Farmers Association. As a result, the community of the areas is unsatisfied about the establishment of the factory in the area.

Table 11 shows that 88.1% of the respondents replied that the factory totally refrained from providing any kind of follow up and assistance, while 10.6% rated the assistance; follow up as fair enough.

Table 11. Follow up of the local community by the factory and other concerned body to stabilize their life after dislocation (N=160)

How follow up is held?	N	%
Frequently	2	1.3
Fair enough	17	10.6
Never at all	141	88.1
Total	160	100.0

Source: Researcher computation based on the field data, 2017

Therefore, the above data imply that neither the local governments nor the factory knows the situation of the displaced local community to stabilize their life. Of course, it was indicated that follow up discussions were conducted by the officials but in vain.

## 4. Conclusions and Recommendations

### 4.1. Conclusions

The finding indicated that the majority of the households of the Farmers Association have had a large family size yet did not get compensation of properties for their major sources of income. Though the land was their main source of income to lead their life, it was taken away by the factory forcefully with no replacement and compensation. The study has clearly shown the factory's negative economic impacts on local community. The findings exhibit the prevalence of 'land grab' by the factory from the local communities with no replacement and compensation.

Arjo-Didessa sugar factory created very little job opportunity to the residents of the local community. And the few created jobs opportunities are irrelevant in changing the life condition of the employee. As a result, the factory has not been able to deliver extra job opportunity.

Regarding the social effects, the study revealed that the factory damaged the health conditions and norms of the local community. The factory obtained illegally and forcefully the farmland of the local community without providing proper compensation on the loss of their land. It is a state-led project governed by Ethiopian Sugar Corporation; however, it failed to pay proper amount of compensation

to the local community in accordance with the constitution of the country, article 40(8) and Federal land administration proclamations No.456/2005, under its Article 7 (3). No consideration was given to the local community in all its operations. In addition to this, the study revealed that no extra supportive measures were undertaken by both the factory and District officials that have been devoid the farmers means of survival and left them hopeless after dislocation. The study also stipulates that no subsequent monitoring, follow up and supportive mechanisms were put in place after the dislocation of the farmers. As a result, the community of the area feels unhappy on what has been done on their life as a result of the factory's illegal expansion.

#### 4.2. Recommendations

This research has found out that the state runs large-scale plantations of Arjo-Didessa sugar factory brought no significant economic and social benefits to the local communities. Besides, the plant has all rounded negative economic and social effects on local communities of *Caffee Jaalalaa* Farmers Association.

Thus, such negative effects can be minimized or such giant state-owned plant can be made beneficial to the local communities if sound measures are taken.

To realize this the government of the country has a responsibility to safeguard the interests of the local communities. The development policies must not be carried out disregard the local community. Moreover, the government shall allow the active participation of the local community in the diverse aspects of factory work to benefit the locals and minimize negative consequences. If this is done so, the community would also feel a sense of ownership rather than developing phobia over the factory. Thus, large-scale plantations that are run by state or investors should operate after full consultation with local communities. The displaced local community shall get adequate compensation, in accordance with the law of the country and relocate them to the area where the local community would lead healthy life as before by crop and livestock production.

The Arjo-Didessa sugar factory should develop transparency and the culture of peaceful conflict settlement through healthy discussions with the local community than taking improper measure in case the local community raise about the land right. In this way, local communities may develop a sense of ownership and responsibility than being hostile to the factory. Also, the factory and other pertained body must make necessary support after their dislocation. This can be done by paying them proper amount of compensation, relocation, job opportunity, infrastructural developments and the like.

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