Partners in development? Arab acquisitions in Islamic Africa[1]

Salim Farrar[2]

'The Oxfam charity has called on the World Bank to stop aiding foreign investors, including oil-rich Persian Gulf monarchies that can't grow their own food, buying up vast tracts of farmland in Africa'

"The rush for land is out of control and some of the world's poorest people are suffering hunger, violence and greater poverty as a result"

(Barbara Stocking, CEO Oxfam)

Introduction:

This working paper[3] seeks to explore GCC engagement in African economic development and to explore the interplay between the GCC's need for food and water security with cultural and geographical proximity, local needs for infrastructural development and the increasing role of Islamic banking and finance (here in the guise of the Islamic Development Bank).

If we read the bulk of contemporary material on recent land acquisitions in Africa, particularly in the context of 'Arab' land acquisitions, the impression we get is of a neo-colonial 'land grab'[4], in which rich (Arab) nations exploit their economic power over poor African states, structuring trade relations to favour Arab capitalists and to disadvantage the rural African poor. While there may be real concerns in relation to the degree of participation local communities have in the decision-making process (and heavy-handed enforcement of agreements in some cases), it will be suggested that the problems are less with the nature and extent of Arab involvement and more to do with democratic deficits and mechanisms of accountability within African governments. The Post-colonial and structuralist critiques pay scant regard to the overall development contexts in which these land deals are being played out, as well as underplay the mutuality of interests and 'connectedness' of the Arab world to much of the African continent.

From colonial past to post-colonial present: exploiting African development

Development in and acquisitions from Africa has rarely been with Africa in mind. During colonial times, European powers realized at an early stage, especially from 1885 (date of the Berlin Conference), the continent's comparative advantage in agricultural export and plundered its natural resources in their 'scramble for Africa'. Rather than develop true market economies and the institutions in which the natural forces of competition could have benefited both locals and settlors, as they had in Europe, the Americas and Australasia, colonials were there to 'extract' (Belgium's rule of the Congo is a prime example[5]) and appropriated land not only to provide investors with cheap

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[2] Sydney Law School, Associate Director (Islamic Law) of the Centre for Asian and Pacific Law. I would like to thank Isabelle Meere for her excellent research assistance in writing this paper.

[3] THIS IS A WORKING PAPER ONLY AND SHOULD NOT BE QUOTED WITHOUT PRIOR PERMISSION OF THE AUTHOR.

[4] The notion of 'land grabbing' has both popular and academic currency. See further: Saturnino Borras and Jennifer Franco (2010), 'From Threat to Opportunity? Problems with the Idea of a "Code of Conduct" for Land Grabbing', 13 Yale Hum. Rts & Dev. L.J., 507-523.

[5] See: Daron Acemoglu, Simon Johnson, and James A. Robinson (2001), 'The Colonial Origins of Comparative Development: An Empirical Investigation', *The American Economic Review*, Vol 91, No 5, 1369-1401, p. 1370

land they could control but also a very cheap source of local labour for European farmers, planters and miners.[6] Even in those countries where land remained in African ownership, the services sector was controlled and monopolised by the Europeans.[7] The developments which took place, in terms of abolishing the trans-Atlantic slave trade (which Europeans had begun), providing mechanised transport and infrastructure, promoting external trade through lowering of tariffs (in the British colonies), and education, all might have had some beneficial local impact. The extent of economic growth might also have varied between the African colonies and been affected by which country colonized, and whether a system of Common Law or Civil Law structured land rights and trade relationships.[8] Yet the systems and structures were more to facilitate the extraction and production of goods to be sold in the European markets and to develop local elites favourable to serving European interests than to promote and develop the economies for local Africans.

Even in post-colonial relations with Africa, where the terminology of 'development' has supplanted 'extraction,' aid programs - ostensibly to assist independent African states to implement their visions of development – have often been 'tied' (with the United States the principal exponent[9] and the Japanese a notable exception) and designed to benefit the donors by providing guaranteed export markets for donor producers, with the effect of distorting local markets and depressing local entrepreneurialism. While this was most evident between 1973 and 1985, and fell back in the 1990s because of political pressures to 'untie' aid, the phenomenon of 'tied' aid has not disappeared.[10] Indeed, research from the OECD itself acknowledges a sharp rise in tied aid since 2005 and was one of the key sticking points at the Busan Summit.[11]

If we look at the colonial and post-colonial story in Africa, though there are success stories and examples of true 'partnerships in development' and the emergence of 'ownership' concepts in certain development programs, concern with exploitation and external control remain as 'desperate' foreign powers have gone looking for resources. Since the food crisis of 2008, the general picture appears remarkably similar to the colonial pattern, as the 'scramble' for Africa has become a 'land-rush'[12] or 'land grab'[13], depending on your perspective. Western economies, in light of political pressures to reduce their dependency on Middle Eastern oil, have sought alternatives in the form of biofuels and looked to cultivate appropriate land. Similarly China, with its massive population and expanding economy, has been forced to go global in its search for a sustainable and cheap food supply. Also Arab states, especially those in the north of Africa, and the GCC, are no longer self-

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[6] Palmer, Robin, and Neil Parsons, eds. 1977. *The roots of rural poverty in Central and Southern Africa*. London: Heinemann

[7] Gareth Austin (2010), 'African Economic Development and Colonial Legacies', *International Development Policy*, Volume 1, pp 11-32, at para 8.

[8] Acemoglu (et al), above, p 1373.

[9] See: Hannes (2011), 'The Extent and Effects of Tied Aid' ('http://www.hannes.se/files/The_extent_and_effects_of_tied_aid_by_Hannes_Ryden.pdf)

[10] Ibid. See: http://www.oecd.org/development/untyingaidtherighttochoose.htm.

[11] Gideon Rabinowitz (2011), 'Tied Aid Debate tests donor ambitions before Busan Summit' (http://www.guardian.co.uk/global-development/poverty-matters/2011/nov/01/tied-aid-debate-busan-summit).

[12] Klaus Deininger, Derek Byerlee, Jonathan Lindsay, Andrew Norton, Harris Selod, and Mercedes Stickler, World Bank Report (2010), 'Rising interest in farmland: can it yield sustainable and equitable benefits?', p. 49

[13] See: 'African land grabs 'out of control' (www.upi.com/Business_News/Energy-Resources, 10 April 2012); http://farmlandgrab.org/15542.

sufficient for food or water, and have to import; a search that has assumed greater urgency in light of the underlying causes of the 'Arab Spring(s)'.

With 7.6% of the continent consisting of arable land, and only 60 persons per square mile (compared to 200 persons per square mile in Asia), Africa has been an obvious target.[14] The process of acquisition has also been made easier than in other continents because ownership of much of the land vests in the particular African state rather than individual land owners. [15]Chinese government-sponsored investors, Arab sovereign wealth funds and big western corporations have been left to negotiate their terms with African governments, governors (and possibly warlords in some instances), with little hindrance from law or legal regulation. This process has not been transparent in many cases and given rise to the suspicion that the 'new' trading and investment relationships are merely reproducing the colonial pattern and are in fact exploitative.[16] Moreover, the scale of these land deals (Sudan has reserved one fifth of its arable land to Arab countries) is giving expression to the fear exploitation is taking place on a scale never before witnessed.[17]

Arab Engagement with Africa

ARAB LAND DEALS IN 'ISLAMIC AFRICA' SINCE 2008

a) Company, Nationality/ investment nation	Deal	Purpose: TOURISM/DEVELOPEMNT
Al Ain National Wildlife (Emirati)/South Sudan (July 2008)	30 year lease of 1 680 000 ha – revenue sharing of 70%-30% between company and government	TOURISM/DEVELOPMENT
Citadel Capital Group (through Concord Agriculture) (Egypt) and South Sudan (Unity State) 2009	25 year land lease, 105 000 ha, annual lease fee $125 000 (10 year tax exemption)	FOOD SECURITY: maize and sorghum production → Citadel Capital agreed to sell produce ***locally*** in order to serve local food insecurity.[18]
Emirates Capital (merchant bank headquarters in Dubai) and GPS3 Investments (London based)/South Sudan	'Strategic Development Fund' managed by Emirates Capital US$ 55 Billion 5 year development plan (phase 1) – multiple strategies umbrella development fund with sub-funds for infrastructure, Agriculture, Energy and Mining.[19]	LOCAL DEVELOPMENT OF INFRASTRUCTURE, FOREIGN INVESTMENT IN AGRICULTURE, ENERGY, MINING

[14] 'Africa is home to fully one third of the Earth's remaining untilled arable land' (Moyo, D. 'Winner Takes All: China's Race For Resources', Basic Books, New York, 2012, p. 32).
[15] According to the 2011 International Property Rights Index, African countries have the lowest incidence of property rights in the world.
[16] Elias Kifle (2009), 'Massive sale of Ethiopian farm lands to Chinese and Arabs', *Ethiopian Review*, 3 June 2009 (www.ethiopianreview.com/content/9937).
[17] Ibid.
[18] Jay Johnson, '*South Sudan: More Cases of Land Grabs in South Sudan*', 26 March 2013, South Sudan News Agency
[19] Islamic Finance News, '*Emirates Capital Mandated to Manage the First -Ever Investment Fund Initiated by GPS3 Investments and Dedicated to the Development of the New Nation of South Sudan*', 18 March 2013, http://global.factiva.com.ezproxy2.library.usyd.edu.au/ha/default.aspx

Company, Nationality/investment nation	Deal	Purpose: FOOD SECURITY
Abu Dhabi Fund for Development/Sudan	30 000 ha lease, lease for free[20]	Food Security; export everything to UAE
Al Ghurair Foods (joint venture with a Gulf Agricultural company)/Sudan	100,000 ha in 99yr lease	Food security; Grain[21]
FORAS International Investment Company (Saudi Arabian)/ Mali	5 000 ha (200 000 already acquired according to International Rice Research Institute)	FOOD SECURITY; rice production
Libyan African Investment Portfolio (Libya) and Mali	100 000 ha, free of charge for 50 yrs, duties and activities tax exemption 30 yrs, company tax exemption 8 yrs, import tax exemption 3 yrs	FOOD SECURITY: rice and cattle production
MALIBYA (Libyan sovereign fund)/Mali	50 yr lease 100 000 ha, land is free, only water is charged	FOOD SECURITY; rice, tomato and livestock DEVELOPMENT: Irrigation canal, and roads
Saudi Star Agriculture Development (Saudi-Ethiopian businessman) and Ethiopian government (2011)	50 yr 10 000 ha lease, free of rent (planned acquisition of 500 000 ha land)	FOOD; RICE, MAIZE, TEFF, SUGARCANE AND OILSEED. Rice primarily for export, sold domestically if doesn't meet export standards
SepahanAfrique (Iran)/Sierra Leone (Marampa and BuyaRomende Chiefdoms)	10 117 ha (surface and below surface rights) – promised land owners USD 20,000 in the first year, USD 40,000 in the second year, and USD 50,000 in the third year (hadn't paid as of 2011)	PALM OIL & RICE PRODUCTION (apparently mineral s too)
The National Prawn Company and Al Rajhi International Company for Investment (Saudi) and Mauritania government	Memorandum of Understanding – develop agricultural sector of Mauritania; proposed projects estimated at value of 1 million	FOOD SECURITY (both nations) ECONOMIC GROWTH IN MAURITANIA, & INVESTMENT GOALS FOR BUSINESSES[22]

[20] Xan Rice, *'Abu Dhabi Develops food farms in Sudan',* 2 July 2008, The Guardian, http://www.guardian.co.uk/environment/2008/jul/02/food.sudan

[21] (19/02/2012). "Al Ghurair to seal 99-year farmland lease in Sudan".*Gulf news (Dubayy, United Arab Emirates)*

[22] Islamic Finance News, 'Government of Mauritania and Al-Rajhi Sign MOU to Transform the Food Security Roadmap in the Muslim World and Collaborate on $1bn Investments', 11 February 2013, http://global.factiva.com.ezproxy1.library.usyd.edu.au/ha/default.aspx

According to recent figures, trade between African countries and the rest of the world, especially the countries of the GCC and China, has grown significantly. Over the last 10 years, African trade with the GCC alone has increased 170%[23] which, in conjunction with the exponential growth in GCC investment, has provoked commentators to evoke comparisons of the contemporary Arab pioneers to buccaneering pirates or the no-holds-barred approaches of American frontiersmen in the nineteenth century 'Wild West'.[24] With an appetite apparently as insatiable, if not more, than the Chinese, American and British, Arab Sheikhs are projected as converting huge tracts of African owned land to Arab 'Sheikhdoms'. As the above table demonstrates, 'Sheikhs' from Saudi Arabia and the Emirates, in particular, have been active investors in certain African economies. But amusing and confusing hybrid notions of 'Cowboy Sheikhs' do little to clarify what lies behind these investments nor these organic development partnerships that are growing outside (some might say complimentary to) the traditional development networks. Whereas in the past, European excesses and exploitation through the trans-Atlantic slave trade were downgraded and legitimated because of the pre-existing and ancient trans-Saharan slave trade with the Arabs,[25] today positive and productive Arab relations with African states are also being glossed over (we can only speculate as to the reasons, but possibly because it undercuts the activities of western NGOs).

The relationships between Africans and the 'Arabs' has never been as one-sided as media polemics would suggest for, first and foremost, Arabs are also 'African'. Their inter-twined histories are ancient, pre-date colonial conquests and are linked through language, culture and, of course, religion (Islam).[26] Some North African 'Arab' states proudly proclaim they are 'African', with explicit references to that effect in Algerian, Tunisian, Libyan (in its 1951 Constitution at least), Moroccan and Mauritanian constitutions. With thirteen members of the Organisation of African Unity (OAU) also being Arabic-speaking and predominantly Muslim states, there is a close affinity between the latter, the Arab League, the Gulf Cooperation Council (GCC) and the Organisation of Islamic Cooperation (OIC). They share similar stances on colonialism and economic development and tend to vote en bloc at the UN. So in a very real sense, there is a mutuality of interests – even if that mutuality, on numerous occasions, has been strained.

The history of Arab developmental assistance to African countries also has its distinctive features which sets it apart from, for want of a better term, the 'western model'.[27] Rather than treat all

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[23] Islamic Finance News, Supplements, 'Africa an Uncertain Future', http://www.islamicfinancenews.com/2012_IFNsupplement_Africa.asp.

[24] Jose Graziano da Silva, the head of the UN Food and Agriculture Organization, likened the situation to the 'Wild West' and that a 'sheriff' is needed to curb the 'stampede' for African land (see 'FAO: Africa land grabs like "Wild West", www.upi.com/Business_News/Energy-Resources, 11 February 2012).

[25] See Herbert Klein (1999), 'The Atlantic Slave Trade', Cambridge, CUP, pp 9-10.

[26] See: Izzud-din Amar Musa, 'Islam and Africa' in Khair El-Din Haseeb (Ed),(1985) *The Arabs in Africa*, Croom Helm, London, pp 58-74.

[27] This is intended in a descriptive as opposed to a normative sense, as preferential targeting of aid using criteria of 'cultural proximity' or 'brotherhood' does not sit well within a 'blind' needs-based development paradigm. Nevertheless, it does tally with notions of 'charity begins at home' and Islamic prescriptions of allocating Islamic tithes ('zakat') which put religious denomination first (for Arabic readers, see: Al-Siyuti, Jalaluddin, *Sharh at-Tanbih*, n.d., Dar al-Fikr, Beirut, Vol. 1, pp. 221 and 261; Al-Sharbini, Muhammad, al-Khatib, *Al-Iqna' fi Hal al-Fadz Abi Shuja'*, n.d., Dar al-Fikr, Beirut, Vol. 1, pp. 184 and 201).

countries equally[28], Arab and Sub-Saharan African countries have been the preferred recipients whether this has been channelled through national (eg of Kuwait, Saudi Arabia and UAE) or the multilateral agencies (Arab Bank for Economic Development in Africa; Arab Fund for Economic and Social Development, and the Islamic Development Bank – which is funded predominantly by the rich Arab states). The amounts have also been substantial (though with big drops during and immediately after Gulf wars).[29] Further, in form, none of this aid, and especially loans, has ever been tied to procurement of donor export goods and services; a factor clearly distinguishing western aid from Arab aid.[30] Indeed, tying aid and loans to donor export industries would be anathema to Arab states who, being members of the Islamic Development Bank, and upholders of Islamic values (at least in principle), would fall foul of Islamic definitions of usury ('riba'), and would be 'at war with God and His Messenger' if they did.[31] This is not to say that religious motives have necessarily underpinned Arab relations with Africa- indeed, political self-interest have clearly been factors-[32] but there is a sense their relations should be grounded in mutual understanding, a common brotherhood and sharing, relieving of hardship, as well as in furtherance of trade and business as opposed to Arab control and exploitation.

Examples of this cooperation are numerous. They include the recent deal signed between the African Development Bank group and the Islamic Development Bank in December 2010. This comprises US $500 million from each institution over a period of three years, starting from 2011, for co-financing sovereign projects in their Member Countries. The funding focuses on infrastructure, water and sanitation, regional integration, education, social infrastructure, institutional capacity building, training, gathering statistics, as well as food security.[33] Perhaps of greater importance is the role the IDB is playing in managing regional food security and its attempts to offset the negative impacts of unstable food prices on the poorest of the African LDCs. Of US$1, 158 million approved by IDB Board of Governors for development financing projects in its last session (the most it has ever dispensed), $275 million was allocated specifically for agriculture, livestock and water supplies in rural areas in a number of African Member Countries including Cameroon, Chad, Uganda, Benin, Burkina Faso, Mali, Niger, Mauritania and Togo.[34]

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[28] This is not to suggest that 'western' countries have treated all development recipient countries equally, but their preferred development models would suggest that they should.

[29] Neumayer, Eric (2004). 'Arab-related bilateral and multilateral sources of development finance: issues, trends and the way forward' [online]. London: LSE Research Online (available at: http://eprints.lse.ac.uk/archive/00000629), p. 10.

[30] Ibid, p. 13. See also: Ahmed Yousef Al-Qora'i, 'The Scope of Actual Arab Political Interest in Africa' in Khair El-Deen Haseeb (1985), *The Arabs in Africa*, op. cit., p. 263.

[31] In a famous saying of Prophet Muhammad, he is reported to have said: 'Every loan that draws a benefit to the lender is usury'. Islamic scholars included not just interest, but also loans made conditional upon the donors receiving benefits 'in kind', such as cheaper rents, services or products. See M. Umer Chapra, (2006), 'The nature of riba in Islam', *The Journal of Islamic Economics and Finance* (Bangladesh), Vol. 2, No 1, Jan-June 2006, pp 7-25, at p. 9.

[32] Neumayer (2004), above, p. 5.

[33] Islamic Development Bank, 'News': "*IsDB and AfDB Groups Sign New US$ 1 Billion Partnership MOU"*, Thursday, 23 December 2010, http://www.isdb.org/irj/portal/anonymous?NavigationTarget=navurl://71cd39288bf9ac31b2b312401ca8eea7.

[34] See the IDB News Portal: http://www.isdb.org/irj/portal/anonymous/idb_news_en.

Examples of IDB sanctioned development projects in the region are given in the table below.[35]

ISLAMIC DEVELOPMENT BANK ASSISTANCE TO 'ISLAMIC AFRICA' SINCE 2008

Country	Project Details	Purpose
Mauritania	1)In 2010. US$ 9.4 million loan financing (interest-free). 2) In 2009, US$ 108 million for participation in the Rehabilitation Program of the National Company for Mineral Industry (SNIM) * **The IDB Group has approved more than US$ 757 million (as of Feb 2013) for development projects in various development sectors in Mauritania, including several foreign trade operations in the country.** [36]	Education: new Nouakchott University Campus Project
Mali	1)2010. US$ 40.8 million Loan + Istisna'a financing for the Djenne Agricultural Development Project. 2) US$ 16 million Loan financing for the Kalabancoro Water Supply Project. ***As of 24 June 2012, the Islamic Development Bank had approved projects worth US$ 756 million for 90 operations covering development projects, trade financing and private sector support.**[37]	
Sudan	2009. 1) US$12.6 million loan from Islamic Solidarity Fund for Development, Water Harvesting Project for Agro-Pastoral Development in Al-Gadarif State.	Securing enough water during dry season for both agricultural and pastoral purposes to improve life conditions for rural population and increase their income.

[35] I have omitted many IDB projects and listed only those which tally with countries where there have been substantial land deals.
[36] See the IDB News Portal: http://www.isdb.org/irj/portal/anonymous/idb_news_en.
[37] Ibid.

	2) US$ 19.50 million Leasing financing for the Cotton Ginning Plants Project 3) US$ 11 million Leasing (Supplementary Financing) for the White Nile Sugar Project 4) US$ 10.3 million Instalment Sale for the Development Project of the Faculty of Engineering, University of Khartoum. 5) US$ 11.4 million Loan + Technical Assistance Grant for Microfinance Support Program 6) Nov 2012, US$ 20.3 million for Rainwater Harvesting in White Nile, South Kordofan, Sinnar and Darfur States.	Assist the Faculty of Engineering in producing qualified engineering graduates equipped with needed skills to support community development
Ethiopia	2009. 1) The BED approved US$ 16 million grant, ten year program. 2) US$ 268,000 for Ethiopia Program: Expansion of Woldiya Salem School, Woldiya Town, Amhara Region. 3) US$ 330,000 Special Assistance Grant. 4) 2010. US$586,000 (grant) for the Construction of Alternative Basic Education (ABE) Centers in Afar Region. 5) US$ 302,000 for the Construction of a Children Village in Wolkite Town, SNNPR Region	Support the Muslim community in Ethiopia through providing health and education services. Education. Expansion of Waliso Children Village, Waliso. Education.

A closer examination of Arab trade deals with African states, within their cultural and development contexts, further questions the reality of any 'land grab'. In the following section, therefore, I set out some of the recorded agreements entered into since 2008 and focus on Ethiopia and South Sudan. Ethiopia and South Sudan may not be classed as 'Islamic Africa' in the sense that they are religiously pluralist, but they are included within this analysis because of their historical relationships with the Arab and Muslim world. They are also good case studies to explore the relevance of religious difference, as opposed to religious motivation (which would be very difficult, if not impossible, to determine). If Arabs (Muslims) were looking to exploit their power, one would have thought that would be more likely where the governing parties do not share the same religious profile. A second reason for choosing these countries is that this is where the most Arab land deals have taken place and, in the case of Ethiopia, given rise to the greatest controversy.

Ethiopia

Arguably the cradle of humanity, Ethiopia has a long and proud history (though tortured in recent times), and possibly of all African countries, is iconic of the continent's cultural and religious diversity, with its blending of Christian, Islamic, Jewish and Animist traditions, both within and between 70-80 tribal affiliations (though some of the ethnic groups, such as the Amhara and the Somali, are also distinguished by their religion – Eastern Orthodox Christian and Muslim, respectively). The links between Ethiopia and the Arab (Muslim) world are ancient and strong, with migration from the Arabic Peninsular reported during the time of Prophet Muhammad in the seventh century, and the praising of Ethiopia in Islamic texts as a 'land of justice' where persecuted Muslims would find sanctuary. But current external relations are diplomatically sensitive and complicated by ongoing rivalries, regional upheavals and emergence of new government figures following the recent death of former Prime Minister, Meles Zenawi.

Over the last decade, but especially from 2008, Ethiopia has received a lot of attention from foreign investors – a process that has been the result of changes in government policy in favour of export-led growth, capitalist production and urbanisation (or 'villagisation', as the policy has controversially come to be known).[38] Although Western Europeans have been the biggest investors, Middle Eastern investors have been a close second with requests of 537,500 hectares of land up to 2011 (21.5% of the total requested).[39] The majority of the land requested has not been in populated areas, and where it has touched already settled areas, generally speaking this has not been in the Afar and Somali regions [40]– where the people are predominantly, if not exclusively, Muslim.[41] Rather, much of the investment activity has been in the western Gambela region which, though sparsely populated, has a local indigenous population which is exclusively non-Muslim (84% Christian, 16% Animist). Given that the Middle Eastern investors are Muslim and that the Afar, in particular, are among the poorest in the region, neglect of their areas might seem surprising, but it indicates religious identity, as such, is not a determinant of investment (at least in Ethiopia) and it should be

[38] See: Philipp Baumgartner, Joachim von Braun, Degnet Abebaw, and Marc Muller (2013), 'Impacts of large–scale land investments on income, prices, and employment: empirical analyses in Ethiopia', *Annual World Bank Conference on land and Poverty*, The World Bank, Washington DC, April 8–11, 2013, p. 9.
[39] Ibid, p. 10.
[40] Ibid.
[41] "Afar." *Worldmark Encyclopedia of Cultures and Daily Life*. Ed. Timothy L. Gall and Jeneen Hobby. 2nd ed. Vol. 1: Africa. Detroit: Gale, 2009. 7-11. *U.S. History In Context*. Web. 29 Apr. 2013.

remembered that the IDB has been putting in development money in these regions in any event (see above table). Rather, it points to the role of the Ethiopian government in directing investment (when it is they who allocate parcels of land and 'use rights' through a centralised licensing system) in accordance with government policy (as well as indicating which land is the most productive and fertile).[42] It is a sovereign national government (for good or ill) that is calling the shots and negotiating with Arab (and non-Arab) overseas investors. This does not imply that the deals entered into are necessarily in the best interests of pastoralists, nomadic tribes and other indigenous groups whose lives are clearly being disrupted in the re-settlement process,[43] but it does question the notion of Arab oligarchs or rich oil sheikhs buying up whatever land they wish, subject to *their* terms and conditions.

In response to waves of criticism surrounding the foreign land investments, former Prime Minister Meles Zenawi stated:

> 'New land will only be allocated to applicants who submit "proper" business and land-use plans, manage the environment and provide jobs for local citizens.'[44]

An analysis of one of the controversial Land Rent contractual agreements in the Gambela province provides some evidence to support this assertion. On 25 October 2010, the Ethiopian Ministry of Agriculture and Rural Development signed a land lease agreement with the Saudi Star Agricultural Development Plc.[45] This agreement, which incorporates the Abobo District Administration of Gambela (and not just the government of the Federal Democratic Republic of Ethiopia), provides a renewable 50 year lease[46] of 10,000 hectares of rural land for the purpose of rice farming.[47] The annual lease rate is 300,000 Birr (approximately $16000) but is subject to revision by the government 'as the need arises.'[48] Saudi Star is also obligated to conserve tree plantations that have not been cleared for earth

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[42] The former Ethiopian Prime Minister expressed his desire to work closely with the IDB in the area of trade and investment sectors and wanted especially to enhance trade and investment relations with Saudi Arabia, which he thought would benefit both parties because of Ethiopia's conducive investment environment. See the Islamic Development Bank News portal, "***Ethiopian Prime Minister holds talks with Islamic Dev't Bank Group President***" Sunday, 17 January 2010, http://www.isdb.org/irj/portal/anonymous?NavigationTarget=navurl://71cd39288bf9ac31b2b312401ca8eea7 .

[43] The extent of the disruption of re-settlement and the charges of military violence and abuse of locals is highly contentious and met with claim and counter-claim. Human Rights NGOs, such as Human Rights Watch, report instances of beatings, torture and rape (see: http://www.hrw.org/news/2012/08/28/ethiopia-army-commits-torture-rape), whereas the chairman of the UK parliament's international development committee (which is overseeing British investments in the region), Sir Malcolm Bruce, has said the allegations against villagisation are unsubstantiated (cf William Lloyd George, 'World Bank told to investigate links to Ethiopia 'villagisation' project', *Guardian*, 19 March 2013 (accessed 26 April 2013).

[44] Bloomberg, 9 May 2012.

[45] The agreement was originally signed in 2009 in the wake of the global food crisis, but following negotiation was replaced in 2010. Saudi Star is a private limited company incorporated under Ethiopian law and has the same liabilities, as well as rights, as all local firms.

[46] Land Rent Contractual Agreement made between Ministry of Agriculture and Saudi Star Agricultural Development PLC, Article 2.1.

[47] Ibid, Article 1.1.

[48] Ibid, Article 2.2.4 and Article 5.5.

works, apply appropriate methods to prevent soil erosion, observe and implement applicable legislation providing for natural resource conservation, as well as to conduct environmental impact assessment reports.[49] The agreement does not permit Saudi Star to hold onto the land without developing it (which otherwise would have had the negative effect of potentially depriving local pastoralists of valuable land without the compensation of economic development), and requires Saudi Star to develop one quarter of the land within the first year of the signing of the agreement and the receipt of all relevant government permits, and the entire 10,000 hectares within four years. If and when Saudi Star develops 75% or more of the land, it has the right to transfer that portion of the land to another individual or company, but only with the prior permit of the Ethiopian government.[50] The remaining quarter of the land is non-transferable.[51] The Ethiopian government arrogates to itself the 'exclusive right'[52] to monitor and supervise implementation of the agreement, and can terminate the agreement for 'justified good cause' subject to 6 months prior notice.[53] The agreement does not mention what proportion of the produce of the rice farm should be allocated specifically for export (ie to Saudi Arabia) and how much for the domestic market, an issue that has been a bone of contention for international NGOs concerned at Ethiopia's ability to feed its own people. Nor does it refer to the provision of local jobs or obligate Saudi Star to provide necessary infrastructure, nearby health and medical facilities, transportation, etc (though the agreement gives the company the right[54]). Cognizant of its local and global profile, these details are mentioned on Saudi Star's owner's website, promising 55% of the food produced will be for local markets, 5000 jobs for locals by the end of 2013 (upon completion of the development) as well as a commitment to invest in infrastructure, including the building of roads and provision of vocational education.[55]

Looking at these terms, conditions and powers, as well as public pronouncements (from which it would be very difficult for Saudi Star to resile), it is difficult to argue the Saudi Star project amounts to a 'land grab'. First, and foremost, this is not a 'sale' which transfers unencumbered and absolute rights to the company, but a lease – conferring only 'use rights' in common with the rest of the Ethiopian population and under the control of the Ethiopian government. While the annual lease rate is generous and the complete exemption from all import duties, and taxes on repatriation of capital and profits extremely so,[56] this is not an unusual term for Arab investors who do not charge locals or foreigners tax in their own countries;[57] nor is it unreasonable given the substantial investment (and risks) such

[49] Ibid, Article 4.1 a) to d).
[50] Ibid, Article 4.11.
[51] Ibid, Article 4.12.
[52] Ibid, Article 5.
[53] Ibid, Article 5.4.
[54] Ibid, Article 3.2.
[55] See: http://www.sheikhmohammedalamoudi.info/gambella-jobs-with-saudi-star. According to reports, the Ethiopian Ministry has required 40% of the yield to be sold domestically; see http://www.bloomberg.com/news/2011-03-23/saudi-billionaire-s-company-will-invest-2-5-billion-in-ethiopia-rice-farm.html.
[56] Above, Article 6.2.
[57] Indeed, the 'maks' or traders tax, is prohibited according to established schools of Shari'ah and sayings of the Prophet (in the collections of Ahmad's *Musnad*, such tax collectors are equated with 'companions of

development entails. Tax incentives are also very common in countries outside Africa (see Malaysia's investment law regime) which are looking for overseas investors.

Secondly, Saudi Star is an exceptional case. It is not truly an example of a 'foreign' investor taking land rights from locals, as the owner of Saudi Star, Mohamed al-Amoudi, was born in Ethiopia and did not migrate to Saudi Arabia until he was 19. While he is a now a Saudi citizen and his fortune is derived from his conglomerate business ventures overseas, it would be churlish to suggest that he is other than the 'prodigal son' returning home. He is Ethiopia's largest single largest investor,[58] and through the investment vehicle of MIDROC Ethiopia Investment Group, owns 41 other companies operating in all sectors of the Ethiopian economy, including agriculture and the agro-industry. Conscious of being seen as a pillaging 'Arab', his corporate website refers to him as a 'development partner and a great son of his motherland – Ethiopia,' and is quick to stress all his companies' strategic interests are in accordance with the long-term visions of the country. It states:

> 'Companies are encouraged to act in their long term strategic interest and not just only the short term quick profit making measures. So each company has a dynamic strategy with its vision, mission, and goals clearly mapped.'[59]

Al-Amoudi is not without his critics and he has been fiercely condemned locally and in the diaspora for his support to controversial former PM Meles Zenawi,[60] and possibly because of Ethiopia's fraught ethnic politics.[61]

More on point, however, is whether this government/ private partnership is exploitative or ethical in the light of international best practice. One of the important documents coming out of the global food crisis and food security problem has been the FAO's 'Voluntary Guidelines on the Responsible Governance of the Tenure of Land, Fisheries and Forests in the Context of National Food Security' (2012).[62] These guidelines are directed mainly at persuading States of their responsibilities under International Law and stated commitments to the Millennium Goals, but they also highlight expectations of non-State actors, including private businesses and overseas investors. The overarching principles provide:

Hellfire') and is not charged in Saudi Arabia. This should not be confused with 'zakah' or the religious tithes, which could be inserted here as the farm produces 'quwt', or agricultural staples (rice). Islamically, one lunar year after the farm is in full production, it should be distributing a specified portion of its rice to the Muslim poor (without payment) as 'zakah'. The annual lease is likely to be regarded as 'kharaj,' that is, a land tax, which has a long accepted tradition in Shari'ah (cf Metin Cosgel, Rasha Ahmed &Thomas Miceli (2008), 'Law, State Power and Taxation in Islamic History', *Papers on Economics of Religion*, No 8/02, http://econpapers.repec.org/scripts/redir.pf?u=http%3A%2F%2Fwww.ugr.es%2F~teoriahe%2FRePEc%2Fgra%2Fpaoner%2Fper08_02.pdf;h=repec:gra:paoner:08/02).

[58] See: http://www.sheikhmohammedalamoudi.info/.

[59] www.midroc-ethiopia.com.et/md04_citzinship.html (accessed on 29 April 2013).

[60] This should not be a surprise given the political complexion of Saudi Arabia. It should be acknowledged, however, that Al-Amoudi has stressed publicly his support for democratic government as well as a free, though responsible, press. See further, the unofficial website: http://mohammed-al-amoudi.com/home.

[61] See further: Alexander Meckelburg, 'Changing Ethnic Relations: A Preliminary Investigation of Gambella, South West Ethiopia', Asian-African Institute of the University of Hamburg, http://www.anyuakmedia.com/Changing%20Ethnic%20Relations%20in%20Gambella.pdf (accessed 29 April 2013).

[62] http://www.fao.org/fileadmin/user_upload/newsroom/docs/VGsennglish.pdf.

> 'Non-state actors including business enterprises have a responsibility to respect human rights and legitimate tenure rights. Business enterprises should act with due diligence to avoid infringing on the human rights and legitimate tenure rights of others. They should include appropriate risk management systems to prevent and address adverse impacts on human rights and legitimate tenure rights. Business enterprises should provide for and cooperate in non-judicial mechanisms to provide remedy, including effective operational-level grievance mechanisms, where appropriate, where they have caused or contributed to adverse impacts on human rights and legitimate tenure rights. Business enterprises should identify and assess any actual or potential impacts on human rights and legitimate tenure rights in which they may be involved.'[63]

The emphasis is thus on foreign investors avoiding breaching human rights (as interpreted by International Law) of those on the land, applying 'due diligence,' adopting risk management processes and procedures, and resolving conflict without resort to formal legal mechanisms (eg community mediation).

In terms of clauses relating directly to investment, paragraph 12.4 states:

> 'Responsible investments should do no harm, safeguard against dispossession of legitimate tenure right holders and environmental damage, and should respect human rights. Such investments should be made working in partnership with relevant levels of government and local holders of tenure rights to land, fisheries and forests, respecting their legitimate tenure rights. They should strive to further contribute to policy objectives, such as poverty eradication; food security and sustainable use of land, fisheries and forests; support local communities; contribute to rural development; promote and secure local food production systems; enhance social and economic sustainable development; create employment; diversify livelihoods; provide benefits to the country and its people, including the poor and most vulnerable; and comply with national laws and international core labour standards as well as, when applicable, obligations related to standards of the International Labour Organization.'

This clause has four prongs: avoiding harm, working in partnership with all relevant stakeholders, furthering local development goals and the need for compliance with local and international law.

The guidelines also recommend appropriate taxation of investments in order for States to be better able to further their broader economic and social objectives (see paragraph 19).

If we apply these broad standards to the Saudi Star agreement, there are both 'ticks' and 'crosses,' but what is evident is that 'human rights' of the indigenous users of the land are not addressed explicitly, nor are they referred to as negotiating parties or stakeholders. This reflects the Ethiopian state law of landholding which vests legal land rights in government rather than in the hands of individual landholders or land users. So in this case, negotiations have proceeded through the 'Abobo district administration of Gambela Regional state', rather than with affected land users directly. One also might question whether a 'due diligence' test has been properly applied given the close friendship of Mohammed al-

[63] Paragraph 3.2.

Amoudi with former Prime Minister Meles Zenawi. The former's proximity to political power does not sit well with the allegations of the latter's human rights' abuses. Investigations are also still ongoing as to alleged forced relocations, and other human rights abuses (see Human Rights Watch) which al-Amoudi strongly denies.[64]

The lack of attention to human rights concerns in the lease agreements, as with the tax exemptions, should also be looked at in context. Saudi investors, where their hearts are attached to Islamic values and to Islamic sources for foundational positions, would not formally include human rights' positions within agreements (as the latter rest on human reasoning as opposed to divine writ); and it would be a logical non-sequitur to argue that implies they would be necessarily indifferent to participation rights of local stakeholders, especially where that would have political ramifications and where not inconsistent with the Islamic and Qur'anic principle of 'shura' (consultation). Again, as Mohammed al-Amoudi states on his own website:

> 'The Sheikh seeks wherever possible to avoid political controversy. He is a businessman first and foremost. However, he is also an advocate of modernisation, one who affirms that social, political and economic rights are intimately linked to development and that his first duty, as a global entrepreneur, is to help create the conditions for a sustainable liberal democracy, based on the rule of law, through active investment in the economic infrastructure of his homeland and in Africa.'[65]

South Sudan

The Republic of South Sudan declared its independence from Sudan on 9 July 2011, so is at the beginning of its process of nation building. Home to 65 ethnic groups,[66] its religious identification is complex and has been distorted both by secessionist forces, and by western countries (notably the United States) wanting to categorise it as largely Christian and Animist.[67] The reality is very different as identification, traditionally, has been tribal, as opposed to religious, with religious affiliation varying within tribes and even within the same household.[68] Even the family of the current President of South Sudan is a religious hybrid, he being a Catholic and his son a Muslim. The actual proportion of Muslims in South Sudan, therefore, could be significantly larger than the 'statistics' suggest. What is true, however, is

[64] See: http://www.sheikhmohammedalamoudi.info/saudi-star-denies-human-rights-watch-claims. It should also be mentioned that Saudi Star's personnel have been the subject of local attacks and its support of the government's enforcement measures should be examined in that context.
[65] http://www.sheikhmohammedalamoudi.info/modernisation-indigenous-capitalism-africa.
[66] David K. Deng (2011), 'Land belongs to the community': Demystifying the 'global land grab' in Southern Sudan, Working Paper 4, The Land Deal Politics Initiative, p. 1.
[67] According to the World Fact Book, South Sudan has a Muslim population of 454,700, just over 4% of its total population (see http://joshuaproject.net/countries.php?rog3=OD). The CIA website lists South Sudan as exclusively Christian and Animist (see https://www.cia.gov/library/publications/the-world-factbook/geos/od.html). The underlying bases for these statistics are unclear, but it would seem to associate (and conflate) tribal affiliation with religious affiliation.
[68] See further the excellent blog by Noah Saloman, 'Freeing religion at the birth of South Sudan', http://blogs.ssrc.org/tif/2012/04/12/freeing-religion-at-the-birth-of-south-sudan/.

that South Sudan is a secular and democratic state, rather than an Arab African or Islamic one like its northern neighbour.[69]

Given its very recent independence and the continuation of tensions in different parts of the country, it is presumptuous and premature to provide definitive comment on the nature and extent of Arab investment in South Sudan. Shortly before South Sudan's independence, the Islamic Development Bank expressed its intention to assist with development activities in the 'South of Sudan', but this author is not aware of any declarations and disbursements made to the fledgling country by the IDB's Board after July 2011. The government of South Sudan, however, has been very keen to attract foreign investment in order to develop its own agriculture for the economic betterment of its people, and local infrastructure. Recognizing problems of the recent past and the uncertainties of Sudanese land tenure and how this may have deterred potential investors,[70] new land policies have been announced through the South Sudan Land Commission. These include guiding principles on the security of land rights, equitable access to land and provisions relating to security and diversity of tenure.[71] In its search for willing investors, the government has also turned to the Gulf and, in particular, to the United Arab Emirates, recognizing their interest in the region (for their food security), links with European institutions and capacity to assist in South Sudan's economic development. In March 2013, Koste Manibe, the South Sudan Finance Minister, signed a deal with Emirates Capital, a Dubai-based European Merchant Bank, to set up a 'Strategic Development Fund', worth US$ 55 billion over 5 years to be managed by Emirates Capital, providing funds for infrastructure, agriculture and mining, and leveraging on $ 25 billion of South Sudan's future oil proceeds.[72] These funds would be overseen by the Dubai Financial Services Authority which has rigorous standards for transparency and anti-corruption. High-level talks have also taken place between the South Sudanese Vice President and the UAE's Minister of State for Foreign Affairs, over UAE funding and management (for a period of 25 years) of a new airport for its new capital in Tali and a new hospital, with a view to making the country an economic hub in Africa.[73]

Although it is still early days, it cannot be said that Arab investors are simply 'land grabbing' in South Sudan and putting their own interests ahead of the South Sudanese. The economic benefits are mutual, of course, but it is with a view to developing a nation built upon trade, rather than aid.

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[69] I do not imply by this that 'Islamic' is necessarily anathema to 'democratic' – but use this merely for purposes of self-labelling.

[70] According to NGOs, however, it was the uncertainties and lack of clarity over local cultural rights which had facilitated 'land grabbing'.

[71] See: 'Government adopts land policy in South Sudan', *Sudan Tribune*, 26 February 2013

[72] See: http://www.tradearabia.com/news/CONS_232467.html; Islamic Finance News, 'Emirates Capital Mandated to Manage the first-ever investment fund initiated by GPS3 Investments and dedicated to the the development of the new nation of South Sudan', 18 March 2013 (access through http://global.factiva.com.)

[73] See: Awad Mustafa, 'South Sudan seeks big investments from UAE', *The National*, 22 March 2013 (accessed online: 16 April 2013).

Conclusion

It is difficult to find any success stories, in Africa or elsewhere, of successful economic development having occurred on the basis of aid. As Rajan and Subramaniam (2007) have stated, 'it is difficult to discern any systematic effect of aid on growth'. [74] Certain African states are now in the course of an economic (and possibly social) transition, perhaps of momentous proportions, and are increasingly benefitting from external trade relationships and foreign investment.[75] Moves towards export-led growth, land reforms and granting of access to Arab investors (and non-Arabs) are part of this process and represent the forging of trading relationships rooted in mutual self-interest and a history of solidarity. Given that European and American economies have for so long established trading obstacles through their systems of farm subsidies, the new trading relationships with the Middle East (and China) would appear more liberational than acts of exploitation.

There is no doubt that local processes for accountability must be enhanced to better ensure participation rights of indigenous stakeholders, but the weaknesses of the current regime should not be used as a basis for throwing the Arab investment baby out with the bath water.

[74] See also: Dambisa Moyo (2009), 'Dead Aid: Why aid is not working and how there is a better way for Africa', London, Allen.

[75] This has not happened for the poorest LDCs, however, as FDI inflows have continued to decline (see: UNCTAD, 2012, http://unctad.org/en/Docs/webdiaeia2012d1_en.pdf).