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SAUDI INVESTORS POISED TO TAKE CONTROL OF RICE PRODUCTION IN SENEGAL & MALI?

Saudi Arabia's strategy to outsource food production will be at the top of the agenda when several heads of state and high-level delegations from African countries arrive in Riyadh for an ***investor conference*** *on December 4, 2010. In some of these countries, Saudi investors are already acquiring farmland and starting to put the Kingdom's policies into operation. One of their main targets is West Africa's rice lands. New information obtained by GRAIN shows that the Kingdom's most powerful businessmen are pursuing deals in Senegal, Mali and other countries that would give them control over several hundred thousand hectares of the region's most productive farmlands to produce rice for export to Saudi Arabia. The deals will severely undermine national food security and destroy the livelihoods of millions of farmers and pastoralists. All of this is transpiring behind closed doors with African governments and without the knowledge of the affected people or the general public.*

In August 2009, news broke about a massive Saudi project aiming to acquire farmland for rice production in Africa. The project, led by the Foras International Investment Company, boasted that within 7 years it would produce 7 million tonnes of rice on 700,000 hectares of irrigated lands, mainly in Senegal and Mali, with Mauritania, Uganda, Sudan and Niger also being considered. Hence the name of the project: 7×7.

Talk of the project tapered off after that, leaving the impression that the promoters were not really that serious. Farmers in Senegal thought it surely must be a bluff, since they themselves are struggling to get access to enough lands for food production. But new information confirms that the project is indeed advancing, now under the name **AgroGlobe** and that Foras and its financial backers remain committed to taking over large swaths of the most important rice producing areas of Senegal and Mali, with projects also moving forward in Sudan and Nigeria. Meanwhile, other investors from Saudi Arabia have been conspiring with local businessmen to develop equally ambitious land grabs for rice in West Africa.

These projects illustrate how governments in Africa are conspiring in secret with powerful foreign investors to displace farmers and pastoralists and sell off huge amounts of much needed farmland.

Who is Foras?

The **Foras International Investment Company** is the investment arm of the Organization of the Islamic Conference (OIC), an intergovernmental organisation with 57 member states that calls itself "the collective voice of the Muslim world." Foras was established through an initiative of the Islamic Chamber of Commerce and Industry in 2008 as a closed joint stock company headquartered in Jeddah, Saudi Arabia, with an initial capital of US$120 million. Its main shareholders are the Islamic Development Bank and several private investors from Saudi Arabia and other Gulf countries.

Two of Foras' mostimportant "high net worth investors": Nasser Kharafi (left) of Kuwait, the world owner of the Americana Group and 48th largest fortune in the world and Sheik Saleh Kamel, founder of the Dalla Al Barakah Group and Chairman of the Islamic Chamber of Commerce and Industry.

Two of the largest shareholders in Foras are the Dallah Al Barakah Group and the Saudi Bin Laden Group. These Saudi conglomerates have recently been pursuing overseas farmland investment projects, with Al Barakah reported to be negotiating for lands in Bulgaria and the Bin Laden Group trying to pursue a massive 500,000 ha rice project in Indonesia. The National Investment Company of Kuwait is also a major shareholder, as are a few super-rich individuals, such as Nasser Kharafi of Kuwait, the world's 48th richest person and owner of the **Americana Group**, and Sheikh Saleh Kamel, the founder of the Dalla Al Barakah Group and Chairman of the Islamic Chamber of Commerce and Industry. Foras develops investment projects in OIC member countries, ranging from banking and housing to infrastructure and agriculture. By far its largest agriculture project is the 7×7 rice project, which it now calls AgroGlobe. Its close affiliation with the OIC and the Islamic Development Bank helps it to open doors for its investment projects, as do its various "social" investments. In both Mali and Senegal, for instance, it recently committed millions of dollars towards the construction of housing projects for the poor. In the case of Senegal, the project is being handled by no less than President Abdoulaye Wade's son Karim Wade, who many see as poised to take over the presidency after his father.

Foras awaits the green light...

Foras' AgroGlobe project began in 2008 with a 2,000 ha pilot rice farm in Mauritania overseen by a team of consultants from Kasetsart University in Thailand.[1]

The following year, Foras signed a lease for 5,000 ha in Mali and an interim agreement for 5,000 ha in Senegal. Its aims was to conduct preliminary studies on both of these land areas with a view to expanding rice production to 100,000 ha in each country. A memorandum of understanding was also signed with the International Rice Research Institute on research collaboration.[2]

An official map of land leases in the Office du Niger region of Mali from April 2009 shows exactly where Foras' 5,000 ha concession is located. Foras says this land is for the "pre-implementation stage of the application of agricultural techniques" developed at its pilot farm in Mauritania (See Map 1). In a letter sent to GRAIN in 2009, the company said that its intention was to progressively increase the size of its operation by somewhere between 50,000 and 100,000 ha. According to Foras' Chief Investment Officer, Saad Bin Ahmed, the preliminary studies have now been completed by Foras' team of Thai experts and the company is now ready to proceed to the next phase of production on an expanded area.

Map 1. **Document (right) obtained from Mali's Office du Niger Authority, indicating the location and size of Foras' initial lease for 5,000 ha. Foras says it has already completed preliminary tests on this site and now intends to pursue its plans to expand production, first on 50,000 ha and eventually on 100,000 ha.**

The plans for Senegal are moving more slowly. Bin Ahmed says Foras has an interim agreement with the government of Senegal on the project. But the firm is still waiting for the government to finalise its allocation of the 5,000 ha in the Senegal River Valley, near Podor, so that Foras can proceed with its preliminary studies.

While Foras waits for the green light from Dakar, the government of Senegal has in the meantime been negotiating yet another massive rice project with Saudi investors that concerns the same lands in the Senegal River Valley. According to a May 2009 project proposal that GRAIN has obtained, this project would hand over most of Senegal's rice lands to an unnamed group of Saudi investors to produce rice for Saudi Arabia.[3]

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1 See the video at http://farmlandgrab.org/6749

2 GRAIN, "CGIAR joins global farmland grab," September 2009 http://www.grain.org/articles/?id=52

3 GRAIN obtained a leaked copy of the document, dated May 2009 and entitled, "Projet de production industrielle d'un million de tonnes de riz paddy dans la Vallée du Fleuve Sénégal". The title page indicates that the project was prepared by Africa Life Science Consulting, under the coordination of Amadou Kiffa Gueye, special advisor to Abdoulaye Balde, Sénégal's Minister of Mines, Industry, Agro-industry and SMEs and Executive Director of the National Association of the Organization of the Islamic Conference.

Bin Ahmed maintains that Foras has nothing to do with this other project, but the proposal, one of the few of its kind to fall into public hands, does shine a light on the type of deals that Saudi investors are after and what the target governments are prepared to offer

...while other investors want to come in

This other project proposal, entitled “Project for the industrial production of one million tonnes of paddy rice in the The Senegal River Valley", spells out how a group of unidentified Saudi investors would register a company in Senegal to grow rice on 120,000 ha of irrigated lands in the Senegal River Valley, through an investment of slightly more than US$100 million over five years.

Cover page and map of the project location from the proposal developed for a project between Saudi and Senegalese investors to take over 120,000 ha of lands in the Senegal River Valley to produce 1 million tonnes of rice, mainly for export to Saudi Arabia.

The Senegal River Valley is the main irrigated rice producing area of Senegal. Around 120,000 ha in the area are suitable for irrigated rice production and about half of these are currently being farmed under irrigation. These lands, most of which are farmed by families with access to less than a hectare, produce 70% of the national rice harvest and provide livelihoods for an estimated 600,000 people. But the area is also of vital importance for pastoralists and the production of other grains, such as sorghum, both of which tend to compete directly with the expansion of irrigation.

Rice farmers in the Senegal River Valley

Under the project, the Saudi investors would essentially take control of all the rice production in the Senegal River Valley, for they would get the 50,000 or so ha of irrigated lands that are presently in production and another 14,207 ha of irrigated lands that require rehabilitation. They would also acquire a further 52,228 ha in the districts of Dagana, Podor, Matam and Bakel for the extension of irrigation. All of these lands will be regrouped into big lots of a "minimum" of 500-2,000 ha ("to allow for economies of scale", the proposal says). And they will not be sown to African rice, the proposal specifies, but new Asian varieties, especially hybrids.

While the investors want to acquire these lands outright, the proposal says they are prepared to consider contract production "if necessary on those lands where farmers are already producing rice". But, the document goes on, the economic and financial success of the project can only be achieved if the lands required for production are made available and placed under the control of (*"mise à la disposition de"*) the investors.

Map 2. **Senegal River Valley**

How much will the lands cost? The proposal does not say. It does say, however, that a joint venture company, called Société Agro-Industrielle du Sénégal, will be established to carry out the project. Saudi investors will control 90% of that company, and Senegalese investors will control the remaining 10% through their contribution of lands to the project. A whopping 70% of the rice will be exported to Saudi Arabia, where the company has a "guaranteed" market. Trucks will transport the rice to the port of Dakar, from where it will be shipped to the Kingdom. The other 30% will be sold to local, urban markets.

These investors are not only interested in assuring a rice supply for Saudi Arabia. They want to make money, lots of it. The project proposal claims that they will be able to pay off their investment within five years, stipulating that they expect an annual rate of return of 36.7%. They also expect the government of Senegal to provide a range of subsidies through President Wade's GOANA programme[4]. According to the project proposal, the company qualifies for around US$10 million in subsidies over its first five years of operation.

The "win-win" case for this project is hard to make, but the proposal tries to do so. It claims that the project will somehow contribute to Senegal's rice self-sufficiency and provide jobs for the peasants who will no longer be able to farm the lands. "The productive work force will be exclusively local in order to improve living conditions and provide, therefore, economic and social development options," says the proposal. As for the numerous pastoralists in the area who will lose access to both land and water for their herds, the company says that they will be able to buy feed from the feed mills that the project intends to build in the area. In this way, the company boasts, the animals will be fed "more easily and at a lower cost".

[4] GOANA stands for "Grande Offensive Agricole pour la Nourriture et l'Abondance" or Great Farm Initiative for Food and Abundance. It was launched in 2008 in response to the food crisis.

The proposal does not say who the Saudi or Senegalese investors are. On probing from GRAIN, the person coordinating the project, Amadou Kiffa Guèye, special advisor to the Minister of Mines and Agro-industry, would only say that the Saudi Royal Family was involved as were some wealthy Senegalese businessmen. He also said that it was the government of Senegal that tasked him to develop the project proposal, but at the request of the Saudi investors.

Guèye further explained, however, that the Saudi investors have since pulled out of the project, citing financing problems, and that the government of Senegal is now looking for other investors to carry the project forward.

What are we to make of this? One group of Saudi investors withdraws, while another pushes ahead, for the same objectives and under the same national plan of the Saudi Kingdom to outsource food production. The government of Senegal signs an agreement for a project in the Senegal River Valley with Foras while constructing another with a different group of Saudi investors on the same lands. And now the government, never having breathed a word of this to the public much less to the farmers and pastoralists of the Senegal River Valley, is looking for other investors to come into the project, while Foras waits for its go-ahead. One thing is clear however: Senegal's food security and the livelihoods of hundreds of thousands of people are being negotiated behind closed doors, for cash.

Farmers and pastoralists at the Kolongo Forum in Mali's Office du Niger call for all land deals with foreign investors to be suspended (Photo: CNOP

Putting the brakes on Foras and the rest

Over in Mali, people have also been kept in the dark about what their government has been negotiating with Saudi investors. The same goes for Sudan and Nigeria, where Foras has taken over lands as well. In January 2010, the firm announced an investment of US$200 million in a **126,000 ha farming project** in Sudan's Sennar State, along the Blue Nile. In June 2010, Foras signed a memorandum of understanding with the government of Katsina State, Nigeria, for a US$100 million **agricultural project** that will begin with a pilot farm on 1,000 ha allocated by the state government to the firm.

Foras' AgroGlobe project is outrageous in its ambitions and assumptions alone, targeting as it does the very heartlands of rice production in West Africa. But it must be taken seriously. It has the backing of some of the wealthiest people in the world and of the highest levels of government, both on the side of the investors and the host countries. If it goes forward, hundreds of thousands of farmers and pastoralists in Mali, Mauritania, Senegal, Nigeria, Sudan and potentially other countries where the project expands will lose access to land and water, while national food security will be put in jeopardy.

Complete information about the status of Foras' AgroGlobe projects must be made publicly available. The same holds for the parallel rice project that unnamed Saudi and Senegalese investors have mysteriously drawn up with the government in Dakar, and the numerous other farmland deals that have been or are being signed with foreign investors.[5] People in the affected countries need to know exactly what their governments are negotiating "on their behalf".

Tiedo Kane, member of the farmers' organisation SEXAGON, looks out at fields of millet planted by local farmers in the Office du Niger, Mali, that the government has now handed over to foreign investors (Photo: GRAIN, October 2010)

Indeed, the secrecy surrounding these deals suggests that the governments and investors know full well that their projects will be fiercely resisted by the public. Earlier this month, for instance, at a **public forum** in Kolongotomo, Mali, not far from the Foras' project, local and national farmers and civil society organisations came together to discuss the land grabs happening in the Office du Niger and other parts of the country. Their conclusion was clear: all foreign investment projects in the Office du Niger must be suspended. Governments should take note: the backlash against landgrabbing is swinging into action, and it will only get stronger if there is no change of course.

[5] See for example reports on an investment from Saudi Arabia's Al-Rajhi Group in farmland in Mauritania: **http://farmlandgrab.org/14751**. Local communities affected by the project issued a declaration against it in July 2010: **http://farmlandgrab.org/17418**