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Assessing the contractual arrangements of large-scale land acquisitions in Mali with special attention to water rights

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0 Abstract

This paper was originally designed to analyse four contracts concluded between the Government of Mali (GoM) and foreign investors. At the same time, the International Institute for Environment and Development (IIED)[1] published the document "Land Deals in Africa. What is in the contracts?" dealing with three out of these four contracts and with most of the specific items that the present paper intended to analyse. Therefore, the main focus of this paper was shifted to water availability for existing irrigation fields and the new investments; a subject that is normally underrepresented in studies concerning foreign direct investments. This paper shows that sufficient land is available. Water is the limiting factor, at least for farmers and investors wanting to have two harvests per annum. This paper focuses mainly on the enormous discrepancy between the availability of productive land and the supply of water for irrigation. So far, both research and the public have shown little interest in the phenomenon of "water grabbing". Therefore, this paper will explore different aspects of "water grabbing" including the role of governments and investors as well as possible solutions for the future.

By January 2011, agricultural investors applied for about 760.000 ha of land; out of these, applications for 285.000 ha of land were rejected. While the total number of awarded contracts is unknown, four contracts with international investors are signed and publically available, relating to a total surface area of 156.000 ha. All four investments have commenced or are about to start.

The contracts vary considerably, regarding their legal nature, lease conditions, payment of land fees, joint ventures with the host government, resettlement of smallholders living within the contracted area, social and environmental impact studies, job and business opportunities for local people and the destination of products resulting from the investments. This paper will analyse the contracts with regard to these aspects as well as international standards and guidelines. The analysis of the contracts is based on contract copies accessible on the internet. Further commitments of the contracting parties may alter or already have altered some of the issues mentioned in this paper.

The new investments foresee a double cultivation period for rice, other cereals and the cultivation of sugar cane, which will require enormous amounts of water, not only in the dry season but also in the rainy season. Studies on the Office du Niger (ON) zone show that - even without these new investments – current cultivation consumes all available water during the dry season. In the past five-year period, the ON could not meet the minimum outflow needs of the adjacent rural population and of the various ecosystems shaping the interior delta of the river. Unfortunately, in investment discussions, the water availability for multiple uses and users is often forgotten.

[1] L. Cotula. Land deals in Africa: What is in the contracts? February 2011.

1 The interior Niger Delta and its potential

1.1 Description of the area

The interior Delta of the Niger River is situated in a floodplain formed by the slow flowing river and extends over approximately 35.000 km[2]. One million people, especially fishers, cattle herders and flood plain farmers, are using the Delta for their subsistence or for export production. A sophisticated social organization allows each of these different user groups to exploit resources in the delta according to the flood pattern. As the environment moves through the annual flooding cycle, resource use in the delta is also influenced by two additional factors: environmental degradation due to climatic events or human activities and socio-economic changes on the local, regional or global level. These changes have a significant impact on the equilibrium between people and their environment[2].

The Niger Delta consists of two agricultural zones. A third zone that is situated more upstream and thus not geographically part of the Delta (sometimes called "Delta Mort" though) is also managed by the ON. Its intensive use of water for irrigation influences the water supply of the inhabitants of the Delta and its ecosystems, thus having a huge impact on their livelihoods. The following areas are concerned:

a. The area between Djenné, the Lake Debo and Mopti (confluence of the Bani and the Niger Rivers): to date, around 50.000 ha of irrigated fields have been established. The actual rate of use is considerably lower. For 25.000 ha of land, new government and donor funded irrigation programmes are planned.
b. The area between Youwarou and Toumbouctou along the Bara Issa tributary: There are about 40.000 ha of irrigated land, mainly for the production of rice in the wet season. This area is highly dependent on the flood (about 100.000 ha of flood recession "farming systems"), with small-holders mainly farming for millet and other cereals. These lands are distant from the main tributaries and receive water only in years of normal rainfall. As during the flood period the region is only accessible by ferry boats and small ships, development has been slow despite its good soil conditions and water availability. The northern part of this region has future potential for investors if the road connection Segou – Tombouctou is made functional.
c. At its upstream (western) end, the water from the river is used in an area of intensive irrigation agriculture in the triangle Segou - Kouroumari – Tenenkou. This area (2.45 million ha according to the ON) is managed by the ON. At the beginning of the 20th century, this land was scarcely populated. In the early 1930s, the French colonial power started to develop infrastructure and to put it to agricultural use. The objective of the ON was the total management of this area, including infrastructure, settlement, land management, production and marketing. Since 1987, it has mainly focused on water and land management, planning, building and maintaining primary water infrastructure and agricultural extension. To date, due to investments of the government and international donors, around 100.000 ha of land are prepared and irrigated[3], mainly for the production of rice, other cereals and vegetables through small and medium sized farming systems. The area has been populated by small and medium farmers and farm workers. It is targeted by investors (national and foreign) because of its agricultural potential, as well as its road and water distribution network. All investment requests reviewed in the context of this paper are located in this area.

1.2 Potential water and land reserves

Figures on the potential of irrigable land in Mali vary: While the National Irrigation Development Strategy[4] indicates an overall figure of 2.2 million ha of irrigable land of which 1.8 million ha are situated in the Niger River valley, the ON claims to cover an overall area of 2.45 million ha[5], without specifying what percentage of it can be used for irrigated agriculture.

In the Niger Delta, an inventory made by the communes and the rural engineering service in 2006[6] identified a surface of up to 350.000 ha with potential to be irrigated by waters of the river. About half of this surface is categorised as flood plain where bigger investments are not worthwhile. Most of this land requires serious infrastructure development before it can be used for agricultural purposes. It should also be taken into consideration that most of this land is used for extensive livestock farming, subsistence cereal farming and animal trails. While the above mentioned figure needs

[2] M. L. de Noray. Delta Intérieur du Fleuve Niger au Mali: L'organisation humaine et le partage des ressources dans une zone inondable à fort contraste. December 2003.

[3] Ministère de l'Agriculture. Direction du Génie Rural. Stratégie Nationale de Développement de l'Irrigation 2008. Inventaire des Aménagements Hydro-Agricoles.

[4] Ibidem.

[5] Office du Niger: Press release in the newspaper «L'Indépendent" 14.02.2011.

[6] Ministère de l'Agriculture. Direction du Génie Rural. Inventaire des sites aménageables. 2007.

verification, it refers mainly to surfaces for small and medium irrigation schemes outside the ON Region.

Within the Niger Delta and its vicinity, vast land reserves of good alluvial soil quality seem to be available, not corresponding with water availability for irrigation, though. During the June to December flood period sufficient water is available for all kind of crops. In the dry season from January to May, only limited water resources can be used to guarantee a minimum outflow of water from the Markala barrage[7], as water requirements of the downstream regions and the preservation of the precious ecosystems of the Delta are a national priority. This is problematic for crops like bananas and sugar cane that require irrigation throughout the whole year. They are competing for water with dry season cultivations of small and medium farmers within the ON. The latter need the second crop for the economic viability of their farms and the livelihood of their families.

The current discussion about investment in land and rising food production does not focus on water efficiency in the ON. Especially in the dry season, enormous water consumption is observed which cannot be explained by evaporation only. Losses occurring in the channel system and the careless use of water due to water tariffs related to land and not to consumption are the most evident reasons. Sangare[8] indicates that savings of up to 25 % are possible. The ON is trying to minimise the losses, but with little success so far. Sangaré therefore proposes a list of measures to be implemented.

2 The demand for land and water in the Office du Niger Region

2.1 Demand for land

The Malian farmers are in need of more productive land. This is taken into account by the ON, which plans to extend the irrigation installations to 120.000 ha until 2020 by extending the existing irrigation schemes with funding from the government and the international donor community. In addition, since 2006 the government has made contracts with several other governments or private investors for the lease of land in the ON region in order to develop irrigated agriculture. This motivated other national and foreign investors to request land in the same region. Especially after the worldwide food crisis (2008) the demand has sharply risen, partially through speculation by companies who had little interest in producing but wanted to sell the titles. This trend was maintained in 2010 where demands for 450.000 ha were registered. The ON[9] describes the land use and the attributions[10] by February 2011 as follows:

a. Around 100.000 ha are under agricultural use;
b. 761.000 ha have been attributed to investors until 2009. Since then, no new attribution has been made.
c. From this total attribution, over 286.000 ha have been abrogated due to non compliance.
d. From the present attributions, only four contracts are publicly accessible covering a surface of 156.000 ha.

2.2 Demand for water

While normally, because of the high water capacity of the river and additional rain, there is sufficient water for both existing and planned irrigation projects during the months of June to December, there is a strong limitation on the water supply in the remaining months. All new investments envisage the cultivation of crops throughout the year, be it rice, other cereals, vegetables or sugar cane; the latter will require enormous amounts of water in the dry season as well. What are the water requirements of the new investments? This question was not explored before these contracts were signed. The water use study was commissioned a long time after the signature of the contracts. Obviously, the idea of sufficient water prevailed.

It is interesting to see that in contract 3, the investor ensures that in case of a persistent drought a system of emergency water management is put in place. After guaranteeing a minimum outflow of 40 m^3/s, priority water delivery is given to investor 2 and 3 to preserve their sugar cane plantations. No other user should be served before the maximum needs of the two companies ($40m^3/s$) are met. This means that all other users (the smallholders) will have no access to water. As the GoM is a partner in both projects with serious capital holdings it

[7] The Markala Barrage is the critical water retention system for the irrigated agriculture in the ON zone and thus very relevant for new developments and investments.

[8] A. Sangaré. Etude relative à l'établissement d'un bilan des ressources en eau au droit de la zone de l'Office du Niger. March 2010.

[9] Office du Niger: Press release in the newspaper «L'Indépendent" 14.02.2011.

[10] Land attribution means that economic, social and ecological studies must be made and accepted before a definitive land use title can be given and land use can start. The ON can attribute land rights to investors who establish their infrastructure at their own cost.

might defend the economic viability of its investment in emergency situations, in detriment to other users.

Within the area of the ON, the surface under rice cultivation in the dry season is constantly increasing, thus, in combination with the notorious water waste within the rice production systems, endangering the overall water supply. Sangaré[11] (2010) indicates in a water balance study for the African Development Bank that the water level at the Markala barrage has fallen below the critical mark of 40 m³/s in the January to May period almost regularly since 2006. This shows that the water use has already reached a critical level which is a serious threat to the aquatic ecosystems and the people living downstream. Water demand will further rise with the scheduled official installations and new private or foreign government investments.

Sangaré[12] has established water consumption rates for the typical crop patterns in the ON:

a. Rice production in the wet season 7.100 m³/ha
b. Rotation rice/vegetable production 11.700 m³/ha
c. Rice production in two seasons 17.500 m³/ha
d. Production of sugar cane 18.200 m³/ha

Double season rice production and sugar cane have the highest water consumption, since they need irrigation the entire year. With increasing bi-annual crop production for rice and the cultivation of sugar cane, a lack of water during the January – June period is likely in the near future. This will be aggravated by the contractually guaranteed water use quantities of some of the investors. The two sugar cane projects, once fully operating, will require a minimum of 25 m³/s daily, thus reducing the water reserves for downstream users in the dry season, unless major investments are made to increase the water storage capacity from the flood season or the climate change increases the amount of rainfall significantly. So far, there is little proof for the latter. The ON should also intensify its efforts to raise the water efficiency.

The governments of Guinea, Mali and Niger have signed letters of intent for the construction of three barrages to increase the storage capacity within the next decade.

[11] A. Sangaré: Etude relative à l'établissement d'un bilan des ressources en eau au droit de la zone de l'Office du Niger. March 2010.

[12] A. Sangaré Ibidem, p.38.

3 Analysis of the contracts

Four contracts were analysed for this paper. They vary from technically detailed contracts with clear land transfer rules to simply agreements on the conditions of the investment. Considerable differences in the contracts can be identified as to their legal nature, lease conditions, payment of land fees, joint ventures with the host government, resettlement of smallholders living within the contracted area, social and environmental impact studies, job and business opportunities for local persons and the destination of the products resulting from the investments.

3.1 The overall objectives of the contracts

The following table 1 has been partially extracted from Cotula[13] and has been completed with an own analysis of a fourth contract not contained in the cited document.

[13] L. Cotula: ibidem p.9.

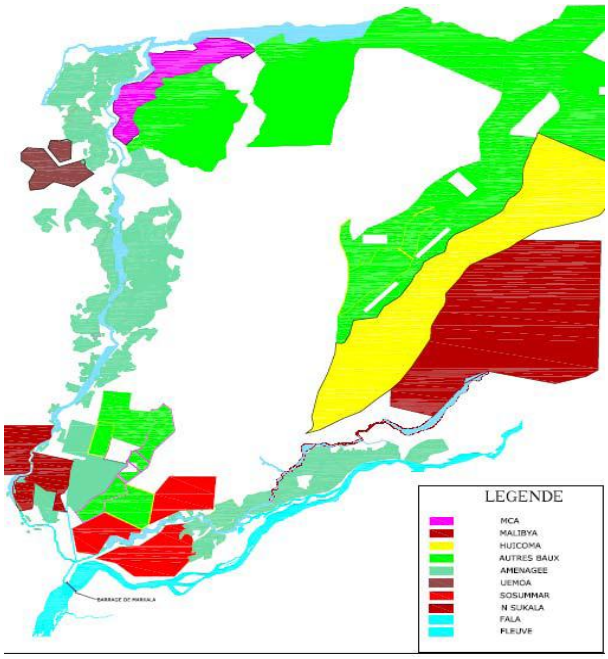
Table: List of contracts and key features

Feature	Investor 1	Investor 2	Investor 3	Investor 4
Contract type	Convention of Establishment / investment agreement	Agreement on the conditions for cession and lease of lands	Convention of Establishment/ investment agreement	Convention of Establishment/ investment agreement
Year of establishment	2007	2009	2007	2006
Objectives of 1. contract **2. project**		1. Attribution of land, conditions of lease and joint venture 2. Agricultural production	1. Conditions of lease and joint venture 2.Creation of jobs, modernisation of agricultural production, processing of products	Conditions: poverty reduction, increasing agricultural productivity and production, improve access to markets and trade, land tenure
Investment areas	Agricultural (rice, other cereals and vegetables) and livestock production	Sugar cane plantation and processing	Sugar cane plantation, processing plant for sugar ethanol and electric power	Basic infra-structure investment (airport, industrial park, irrigated agriculture)
Total land area	100.000 ha	20.000 ha	20.245 ha	16.000 ha
Parties to the contract	Host government, foreign government (North Africa, land allocated to company controlled by foreign government).	Host government, foreign investor (East Asia); land acquired by a company in which the host government holds a minority	Host government, private foreign investors (South Africa, North America) but land transferred to private companies controlled by the two contract par-ties; most of the land is acquired by a company controlled by the host government	Host government and foreign government (North America) represented by a government owned development corporation
Host country contract party	Minister of Agriculture	Minister of Habitat, Land and Urbanism	Unspecified government official as representative	Minister of Foreign Affaires
Comments	First phase of project concerns 25.000 ha	Expansion of existing project	Expansion of further 17.000 ha envisaged	First phase concerns 5.200 ha

Table 1 shows various contract features allowing an overall appreciation of the different projects. All four contracts differ in length and precision concerning the different items. Various annexes the contracts refer to are not publicly accessible. The annexes may regulate the points that are missing in the main volume. The fact that the present contracts have been signed by different government departments my indicate that issues concerning land, water rights, participation of affected people and environment have not been sufficiently consulted with the line departments in charge.

The following map compares all agreed investment projects on surfaces managed by the ON (labelled below as AMENAGEE).

Map of different investment projects



Source: A. Sangaré: ibidem

3.2 Analysis of specific items of the contracts

3.2.1 The contracting parties and the choice of land

Contracts 1 and 4 are concluded between governments, contracts 2 and 3 between the GoM and private companies or – in some cases - a consortium of companies. The latter form a joint venture, with the GoM participating as provider of land and funds.

Investor 1 reserves the right to choose various sites in the ON with a maximum of 100.000 ha. He also has the right to use an undetermined part of the land for other objectives not specified in the contract. Investor 2 targets the "undeveloped land" next to his already existing project with a right of further extension guaranteed. Investor 3 demarcates the land currently under contract and the future extension on a map annexed to the contract. The GoM conceded to this investor the option of extending the land under cultivation by 17.000 ha within the next 15 years. As both investors intend to plant sugar cane water deficiency may further increase. Investor 4 specifies the size of land to be attributed but only roughly the region within the ON.

It is evident that most of the land claimed by the new investments is currently used for other purposes such as extensive livestock herding or agriculture. Existing land users might face hardship when the project begins to use the land and starts to resettle them.

3.2.2 Land titles, lease conditions and lease fees

Investors 1 to 3 envisage long term leases (50 years renewable). Investor 2 and 3 request land titles for similar amounts of land for the construction of their processing units. Contract 4 has made no provision for land rights but denominates an area of 16.000 ha which is to be developed. This investor seems to act as a development agency, who does not seek land titles of its own. Obviously, the land rights stay with the GoM and the developed land will be sold with titles. No specific comments about the strategy to pursue for this sale can be found in the document. This kind of procedure is new to the West African Region. It would be interesting to know what kind of administrative measures and cooperation deals with different government agencies are to be put in place in order to make this project a success.

In contract 3, the GoM participates in the sugar cane production company as majority shareholder while it retains only 6 % in the processing company. The contract stipulates that the GoM authorises the company to use the land rights as guarantee for obtaining funds for the establishment of the plantations.

Except in contract 2, no lease fees are planned. The fees are quite low and are reduced to only 10% of the nominal payment "with regard to the importance of the project". All investors commit to investments in basic and specific irrigation infrastructure in accordance with the rules of the ON. Cotula[14] gives evidence that these investments and the provision of innovative technology can be beneficiary to countries like Mali that do not possess the financial capacity to develop larger areas of land. He also

[14] L. Cotula ibidem p. 24.

stresses that transfers of land below market price are problematic because speculation is encouraged whereas "business models that involve cooperation with farmers" are discouraged. In fact, only investor 3 and investor 4 envisage business cooperation with farmers. The options for extension and/ or shifting business models to other products (contract 1) have a strong speculative character.

3.2.3 Water rights

Contracts 1 and 3 include water rights. Investor 3 specifies the requirement of 20 m^3/s at the start of the project (sugar cane plantation) and 35 m^3/s after the extension of the cultivated area. Contract 1 is less specific and requires the "necessary amount of water in the period from June to December and will plant less water consuming crops than rice for the dry period". Contract 2 has no water clause but the investor intends to plant sugar cane (the highest per ha water consumption of all crops) on a similar surface as investor 3 (20.000 ha each). An enormous deficit of water provision in the January to May period will occur. This influences the investment security for all stakeholders, not only the new investors. Contract 4 does not mention water rights, but the investor seems to take them for granted, as it is planned to develop an irrigation system, "which will involve the construction of a primary canal off the main system, a 63 km distributor canal, a network of secondary and tertiary canal and drainage structures". This leads to the question how a sufficient amount of water could possibly be provided in the dry season. Only contract 1 states the payment of water fees to the ON. Contract 3 accepts the payment of water fees with the restriction that they are fixed by surface and not by water consumption (which would be the logic solution in a situation of water deficiency like in the ON) and that the payment does not affect the economic viability of the project. The fees are necessary to maintain the primary water adduction system on which all users are relying. The maintenance of this system is a service that GoM must provide and for which it should recover the cost. Already, many maintenance and repair problems exist with the current channel system, due to insufficient cost recovery. What will happen to that basic service for all users if the new investors are exempt from payment and thus, cost recovery becomes even more deficient? Exemptions from lease and water fees are undue subsidies which distort the economic competitiveness of other users.

3.2.4 Joint ventures between the GoM and investors

The GoM will participate as shareholder in contract 2 and 3. In contract 2, it will hold 40% of the capital. Its contribution will be partly by means of integrating the lease fees (37%) and partly in cash (63%). The GoM subsidizes the lease fees for the land, which have been reduced dramatically. If the originally fixed lease fee had been maintained it would have covered 86% of the company's capital instead of 10% as it does now. It is not unlikely that this deal is meant to offset other services that investor 2 has delivered to the country. Unfortunately, the annexes of the contract or the effective investment agreement are not available to study joint venture aspects in more detail.

Contract 3 envisages the creation of 2 companies for:

a. the construction, funding and management of the industrial processing unit with 100% capital of the foreign investor;
b. growing sugar cane to supply the industrial unit with the GoM as a majority shareholder (90%). The GoM has contracted a loan from the African Development Bank and other donors for the installation of the irrigation infrastructure. It also adds considerable amounts of own funds.

This contract has also strong protection clauses for the investment:

a. The GoM guarantees that all government units be bound by the clauses of this contract.
b. The GoM guarantees that no law will entail the nullity of this contract or any of its clauses.

Partnering with the GoM in a joint venture was a very strategic move with respect to investment security, as it limits the government's capability to modify legislation affecting the investment's viability. Modification could become important if water shortages continues to be a problem and if the climate change modifies basic ecological parameters. In this case, the contracts have certainly to be reviewed.

3.2.5 Risks and benefits for local residents

The projects vary a lot regarding risks and benefits for local residents. They range from eviction from their land without clear regulations for compensation (contract 1) to the possibility of participation in the agricultural production (contract 3 and 4). The major risk for local people is the loss of the land, which they have occupied and worked on for many decades. If the area was scarcely populated when the ON was created, nowadays, this is no longer the case. The whole area is used by herders, smallholder agriculture, cattle trails and other natural resource uses. They have customary rights which are ignored by the new investments, because the government does not recognise them.

Contract 1 and 3 require the transfer of land, free of occupants, individual property rights and juridical charges. It is left to the GoM to resettle and/or compensate the former land users. This has already created considerable agitation among the concerned groups, whose houses have been destroyed with little or no compensation. Contract 2 envisages the registration of the land in the name of the government before transferring it to the investor. This also implies resettlement but the company accepts to absorb respective costs. The conditions of the resettlement are not mentioned, though. Contract 4 states that the investor "will compensate families residing in the perimeter or with rights to land therein consistent with World Bank Operational Policy 4.12 on Involuntary Resettlement by offering land in the irrigation perimeter or, if the land option is not chosen, other compensation alternatives." Land titles for vegetable production for women's groups will be free of charge.

According to contract 3, land might be rented out land to other producers of sugar cane. Hopefully, these will be small and medium producers. It would be very positive if the investor assisted them and mentored them on their way to productive performance.

Some contracts do not mention benefits for local people at all, e.g. contract 1 and 2 do give local residents a specific role in the projects, nor do they envisage employment opportunities. It is stated that the company may form partnerships with third parties and employ foreign experts.

However, employment of local labour is highly likely at least in the construction phase. Later on, in case very modern production methods are used, underemployment and a loss of livelihoods might occur. In contrast, contract 3 engages in a formal declaration to:

a. create of 7.200 jobs,
b. produce 195.000 tons of sugar per year,
c. produce 15 million litres of ethanol per year,
d. installation of an electricity and drinking water network for other users.

This could be an appreciable contribution to local income, food and energy security. Contract 4 envisages the creation of infrastructure and equipment for various types of farming units (small to large) that will be sold with land title. Buyers will have 20 years to pay for the unit they purchased. The idea of settling farmers on fully equipped land is new to this region of Africa. At present, it is not clear yet how the titles will be attributed. If no changes to the present land rights system are made there would be several options: long term leases; the gradual cession of land from farmers to investors or vice versa and mixed companies, involving farmers and investors. It is doubtful that small properties w be bought by large farmers and investors. This process has been observed in other continents (e.g. in Latin America).

3.2.6 The destination of the products

All projects aim at producing considerable amounts of food and agricultural derivates. Nonetheless, most contracts do not specify where the product will be consumed. Contract 1 mentions food security as one of its overall objectives but does not clarify if it refers to the investors´ or the host country. The fact that some of the investors' home countries are in a desperate need of food supplies suggests that exportation might be planned. Cotula[15] states that the contracts do not safeguard the food security in host countries and often contradict arguments for large-scale investments in land. Contract 3 on the other hand dedicates an entire annex to the marketing of sugar in Mali, in order to protect itself from market fluctuations, at the same time reserving the right to export, though. The objectives of this annex are: (a) assure the stability and the growth of the sugar industry in Mali; (b) allow for and sustain the economic viability of the investment project as well as of all other producers in Mali; (c) create a framework for equitable concurrence of resources in Mali on the basis of the partition of the market; and (d) establish a framework for sugar exportation from Mali in order to optimise exports.

Throughout the years, Mali has been a net importer of sugar. Consumption is estimated at 180.000 tons a year, which can be covered by investor 2 alone, provided the project is fully operating. Together with the cultivation of investor 2 – that will cover a similarly sized area - Mali could become a serious exporter to the world market. This would also expose Mali to the fluctuations of this market. The contract envisages the establishment of a regulatory committee for that purpose. It might be worthwhile asking why such a public task is set in a contract with the private sector without any previous legislative process. In Liberia, a transparent and inclusive process (stakeholders and parliament) has diminished the public preoccupations concerning investment contracts.

3.2.7 Environmental issues

All contracts mention environmental issues. Contract 1 commits to legislation regarding environmental protection, while the other contracts envisage environmental impact studies and even environmental management plans (Contract 4) in order to comply with national legislation. It remains to be seen if water pollution through planned application of modern pesticides and the waste of the processing plants can be controlled with the existing control mechanisms.

[15] L. Cotula. Ibidem.

Moreover, the ecosystems downstream might run dry during the dry season.

4. Conclusion

In the last years, Mali has been striving to become a food exporter ("granary of West Africa") to its neighbours and worldwide. Another objective has been the modernisation of agricultural cultivation methods and the development of a competitive agriculture. Mali has made many efforts and used its funds to achieve this goal by its own means, mainly by reinforcing own investments into irrigated agriculture and attracting private investors. As its own efforts prove to be insufficient Mali offers incentives and assurances to investors that sometimes converge with the interests of Mali's farming community. The present contracts are partially proof of that. It remains to be seen who will be finally benefiting from these investments.

Investors 1,2 and 3 do not seem to be planning to transfer knowledge or technology, neither within the ON nor countrywide. Only contract 4 envisages capacity building and knowledge transfer to the neighbouring small- and medium-sized farms. It is worthwhile asking why the other contracts do not install mentoring programmes or outgrower schemes with advisory services to participating farmers. Certainly, the present phase is a learning phase that will enable the government to distinguish between serious investors and speculators and it will also be able to fine-tune its legislative, administrative and management instruments in order to make all Malian citizens beneficiaries of these enormous efforts.

Most of the projects have started; some are in the infrastructure construction phase. The uncontrolled resettlement process in one project has created first problems. The public in Mali and the West African region is beginning to stir. The construction progress and the establishment of the fields are lagging behind which could be an opportunity for the contracting parties to reconsider some of the above mentioned aspects of the contracts. Transparency in negotiation and inclusion of concerned actors may retard the progress in the beginning but will avoid a consecutive failure. Two contracts appear to be Conventions of Establishment which require further implementing details. It is essential to discuss these details with the concerned public or - in case that implementation agreements already exist - to make them publicly available.

The analysis of the four contracts has shown that the authority to deal with such important investments cannot be left to a multitude of departments but should be concentrated in one institution. There also needs to be a strong coordination process in technical and legislative matters as well as stakeholder inclusion. Also, processes and contracts should be standardised.

The biggest challenge on Mali´s way to becoming a food exporter as well as to achieving food security will be a correct and effective water management. Before any new contract with investors (national or international) is signed, the recommendations of the water balance studies should be implemented. Water supply fees should be collected from all participants including the new investors, as an underfunding of the maintenance system can endanger the whole irrigation system. Also, the ON should reinforce its efforts to improve water efficiency and to increase the upstream water storage capacity.

A similar challenge is the management of land leases as the interests of Malian small and medium farmers should also be respected. Thus, there shouldn't be excessive incentives for big investors. The relevant government departments should see to a wide implementation of the innovations introduced by the new projects, provided that pilot projects have been carried out successfully. Up to now, innovation was not a brand mark of the official extension services. They should be cautious when introducing foreign genetic material tough, as it may not be successful in this area or have serious impact on local biodiversity.

Certainly, these long term contracts offer many advantages to the investors as well as the overall economy. However, the exclusion of the concerned small and medium farmers from the negotiating processes as well as from land and water access might trigger unrest and social imbalance.

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