## The US's Millennium Challenge Corporation (MCC)

# Turning African farmland over to big business

*"MCC African partner countries are open for business"*

Ambassador John Danilovich, CEO of the MCC, June 2008

GRAIN

When the European powers invaded Africa they brought with them their systems of private property. Laws were established based on these systems, in order to justify, entrench and facilitate the takeover of lands from local communities. But such laws were hardly ever applied or respected beyond the boundaries of the European farms and plantations. With independence, although the Western laws often stayed on the books, the African states assumed ultimate and often sole ownership of all lands in their territories. But in practice they did not have the power to manage these lands. So the vast majority of land in the African countryside, through the colonial period and up until today, has been governed according to local communities' customary land practices.[1]

These customary practices are often complex and rarely static. They have evolved over time, shifting with local power politics and adapting to new pressures, such as urbanisation, migration, deforestation or the fragmentation of lands. They are based on varied and overlapping rights and responsibilities, and profoundly integrated with local farming, fishing and pastoral practices. In official circles, these systems of land management have been marginalised and condemned for years, but today they are under unprecedented attack.[2]

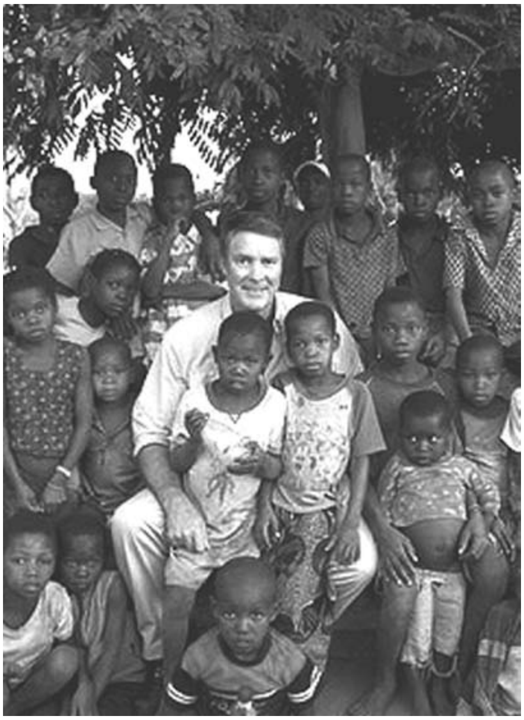
Africa has become the new frontier for global food (and agrofuel) production. Billions of dollars are being mobilised to create the infrastructure that will connect more of Africa's farmland to global markets, and billions more are being mobilised by investors to take over that farmland to produce

1 According to Philippe Lavigne Delville, an anthropologist with GRET (France), "80–95% of the rural lands remain managed according to local principles and procedures". See Philippe Lavigne Delville, "Customary to modern transition," presentation to the World Bank Regional Workshops on Land Issues, 2002: http://www.landcoalition.org/pdf/wbtdelv.pdf

2 See "Declaration of FO platforms members of ROPPA", issued after the workshop on land security for family farms at Ouagadougou, 13 April 2008: http://www.roppa.info/IMG/pdf/Declaration_of_FO_platforms_members_of_ROPPA.pdf

for those markets. To get a sense of the extent of what is transpiring, one need only look at the massive oil-palm plantation planned for Liberia by the world's largest palm-oil companies, or the joint Japanese–Brazilian project to transform vast areas of Mozambique into Brazilian-style soya plantations.[3] There is no place for Africa's millions of small farmers in this new vision. And, like the colonial powers that came before, the new wave of invaders needs a legal and administrative structure to justify and facilitate the takeover of these lands.

For more than a decade now, the World Bank, USAID and a slew of other international agencies and foreign donors have been laying the foundations for this conquest. Although there are subtle differences in their approaches, the land programmes of these various agencies converge around the same goal of creating commercial land markets based on private property titles in the areas of Africa targeted by foreign investors. Teams of consultants are constantly being parachuted across the continent to rewrite laws, register titles and set up satellite mapping and cadastral systems to smooth the way for foreign investors to acquire African farmland. Now, with the scramble for Africa's land resources at a feverish level, some of these players are turning up the heat to ensure that the corporate interests they defend get their piece of the pie. For US investors eyeing land in Africa, one programme stands out above the rest: the US government's Millennium Challenge Corporation (MCC). As the experiences with its land projects in Mali, Ghana, Mozambique and Benin make plain, the MCC is playing a key role in commodifying Africa's farmlands and opening them up to US agribusiness.



*MCC Director, Senator Bill Frist, near Nampula, Mozambique.*

**Table 1. Countries that have signed Compacts with MCC that include a land reform project**

| Country | Date of Compact with MCC |
|---|---|
| Madagascar | 2004 |
| Nicaragua | 2005 |
| Benin, Ghana, Mali | 2006 |
| Lesotho, Mongolia, Mozambique | 2007 |
| Burkina Faso | 2008 |

### The new face of structural adjustment

Near the end of his first term in office (2001–5), US President George W. Bush came forward with a proposal for a new structure to administer his government's overseas aid. He wanted something separate from USAID, something more like a private corporation than a government programme. It would have its own CEO and a Board of Directors which, while it would report to Congress and include the Secretary of State, the Secretary of the Treasury, the US Trade Representative, and the USAID Administrator, would also contain four private-sector representatives.

The MCC, as it came to be known, was created by the US Congress in January 2004. The MCC's approach is hard-hitting and akin to a structural adjustment programme. It has a large budget (which Congress has increased under the Obama administration, by 26 per cent in 2010). This money is disbursed in the form of grants, not loans, to specific countries that the MCC deems eligible for funding. So there is a big carrot dangling to lure countries in. But even to become a candidate for funding, a country must first pass an MCC scorecard test, which looks at such criteria as "Encouraging Economic Freedom" and is based on indicators taken from neo-liberal institutions like the World Bank, the Heritage Foundation and the International Monetary Fund (IMF). If a country achieves a high enough score, it may then be promoted by the MCC to "threshold status", where it will gain access to small funds for use in implementing the policy reforms that the MCC says are necessary for full eligibility.

Having passed through these hoops, a country can then move into the process of developing and signing a Compact with the MCC, which will

3 "JICA development model to encourage increased agricultural production in Africa", Japan International Cooperation Agency, 17 March 2010: http://farmlandgrab.org/11756; "Liberia: GOL, Golden Veroleum in US$1.6bn negotiation," Liberian Observer, 12 January 2010: http://farmlandgrab.org/10208

specify four or five projects for MCC funding. The way this usually works is that a team of US consultants flies in to guide the government in crafting the Compact proposal, pointing it towards those areas that are most salient to opening the country up to foreign investors. Once the Compact is approved, the money starts to flow, although the tap can quickly be turned off if the government changes direction in a manner that does not suit Washington. MCC funding to Nicaragua was cut off when the Sandinistas were elected to power, but was maintained in Honduras after the illegal coup d'état of 2009.[4]

With the signing of the Compact, the recipient government must set up an institution to administer the funds, often called a Millennium Challenge Account (MCA), which operates autonomously, with its own Board of Directors, yet under the oversight of a designated ministry. The Compact lasts typically for five years, with regular evaluations and strict targets that have to be met, each year or so, before new tranches of funding are released. Vincent Basserie, a land specialist with Le Hub Rural in Senegal, who has seen the MCC in action, likens it to a "bulldozer" – pursuing a strict ideological agenda, without regard for previous experiences.

As most of MCC's Compacts have so far been signed with African countries, it is not surprising that they focus on agriculture, where there is currently a great deal of interest from foreign investors. Nearly half of MCC's overall budget of US$6.8 billion supports what it calls "market-based solutions to food security". Its Compacts finance projects such as the certification of outgrowers for fruit exports, or the construction of transport infrastructure to facilitate access to international markets, as in the case of the Port of Cotonou, Benin. In the African Compacts, there is almost always a land component that is central: while these land projects may vary from country to country, MCC's overriding objective with all of them is to privatise the land, and, in this way, to make it a marketable commodity from which investors can make profits.

## First steps in Madagascar

In 2004, Madagascar became the first country to sign a Compact with the MCC. The government of President Marc Ravalomanana, given its zeal to open up the country to foreign investors, was an easy fit for the MCC. Initially, both the MCC and Madagascar's government agreed that the Compact should focus on increasing investment in agriculture, and, as such, that it should include a

Photo: Jim Watson/Getty

*[Former] US President George W. Bush in Liberia.*

project to expand land titling. But a national land reform process oriented towards decentralised land management and the allocation of land certificates (not titles) had already begun before the MCC arrived, and those involved were able to get MCA–Madagascar to support this process, even as the other components of the Compact maintained their focus on developing agribusiness and facilitating foreign investment. The contradiction exploded into public view in December 2008, however, when it became apparent that the same government that was using MCC funds to allocate certificates to thousands of rural Malagasy under the National Land Programme was also selling off these lands to foreign investors.

The people of Madagascar were shocked to learn, via the international media, that their government had allocated a 1.3 million hectare land concession to the Korean company Daewoo Logistics, and that it was negotiating another agreement with the Indian company Varun, covering several hundred thousand hectares, both for large-scale farming projects. The Daewoo deal included lands where certificates had already been allocated through the MCC-funded programme, while Varun was proposing that the land programme be extended to the area it was targeting, so that certificates could be awarded to farmers on condition that they make their lands available to Varun![5] In fact, the government had signed away, or was in the process of signing away, nearly 3 million hectares of agricultural land to foreign investors through a system of long-term leases (up to 99 years) that it

4 Alexander Main and Jake Johnston, "The Millennium Challenge Corporation and Economic Sanctions: A Comparison of Honduras With Other Countries", Center for Economic and Policy Research, Issue Brief, August 2009: http://www.cepr.net/documents/publications/mcc-sanctions-2009-08.pdf

5 André Teyssier, Landry Ramarojohn and Rivo Andrianirina Ratsialonana, "Des terres pour l'agro-industrie internationale ? Un dilemme pour la politique foncière malgache" EchoGéo, No. 11, February 2010: http://farmlandgrab.org/11420

established in 2008 as part of a new investment law supported by its donors.[6]

The government of President Ravalomanana and the MCA–Madagascar programme came to a dramatic end in March 2009 by way of a coup d'état, which had certainly been facilitated by popular anger over the Daewoo deal. The MCC immediately cancelled the Compact and its funding for the National Land Programme. It was the first and last time that the MCC would let a national process steer its land project.

### MCC's fiefdom in Mali

The programme in Mali offers a more clear-cut example of MCC's land activities and what it seeks to accomplish. Millennium Challenge Account–Mali (MCA–Mali) has taken over its own area of land in Mali's Office du Niger – the most important irrigated land scheme in the country, and perhaps in the whole of West Africa. On the 20,000 or so hectares that it has secured, MCA–Mali has set up what is essentially an extraterritorial zone, where it is putting in place its own system of land management.

The Office du Niger Authority of the Malian government is the sole agency responsible for allocating lands and regulating irrigation water in the Office du Niger. Farmers gain access to land by paying fees to the Authority for irrigated water. But within the MCA–Mali zone, the lands, which are currently not irrigated, are to be irrigated and divided into parcels, to which people will be sold individual land titles. During a first phase, beginning in 2010, 6,000 ha of land will be irrigated and divided into 5-ha plots. Titles to these 5-ha parcels will be allocated, first, to the people currently living in the area who wish to stay and, second, to small farmers who wish to move to the area. These people will have to buy the titles from the MCA, although families currently living in the area who are being displaced by the project will be "given" two out of the five hectares for free. The second phase will bring another 5,000 ha under irrigation in 2011 and these lands will be divided into 10-ha parcels. Finally, phase three, which is planned for 2012, will bring 5,000 more hectares under irrigation, which will be divided into seventy 30-ha plots and thirty large-scale plots of more than 30 ha each.[7] While the MCA plans to divide and sell off the plots as individual titles, ownership will remain entrusted to a special authority created by the MCA until the title owners have entirely paid off their loans, which are to be amortised over 20 years.[8]

The local farmers' organisation, Sexagon, has many members in the area that MCA–Mali has taken over.[9] One of its leaders, Faliry Boly, says that the local people were not consulted and are in fact opposed to the project. "These people are pastoralists who have no desire to start farming", says Boly. "They won't pay a cent to the MCA for the land that the MCA is taking from them and they'll most likely be forced to leave."

MCC is clearly setting out to remake agriculture in the zone. A US firm is being parachuted in to teach "modern" farming to the Malians participating in the project, and it will be working with the Alliance for a Green Revolution for Africa (AGRA) to provide farmers with a starter pack of seeds and other inputs for the first year (see Box 1). The small farmers involved in the first phase, if they stay, are likely to run into debt, and most will probably end up selling their land to the bigger farmers and companies that move in under the second and third phases of the project. And the door is open for foreign investors to come in: the final report of the project plan carefully omits any requirement for the third wave of investors – those with parcels of 30 ha and more – to be citizens of Mali.[10]

Indeed, the Office du Niger is already being heavily targeted by foreign investors: Libya has taken over 100,000 ha; Chinese investors 6,000 ha; Saudi investors are considering 50,000– 100,000 ha; there is an initiative by the regional body the West African Economic and Monetary Union (WAEMU)[11] following a similar approach to the MCA project on 11,000 ha; another regional formation, the Economic Community of West African States (ECOWAS),[12] is talking about a

Photo: L. Lewalle / SOS Faim

*Faliry Boly, head of Sexagon, in an onion field in the Office du Niger.*

6 GTZ, Foreign Direct Investment (FDI) in Land in Madagascar, December 2009.

7 Millennium Challenge Corporation–Mali, Alatona Agricultural Systems Development Project: Final Report, Prepared by CDM, July 2007.

8 *Ibid.*

9 The Syndicat des exploitants agricoles de l'Office du Niger (SEXAGON) was created in 1996. Today it represents more than 12,000 peasants in the zone.

10 Millennium Challenge Corporation–Mali, Alatona Agricultural Systems Development Project: Final Report, Prepared by CDM, July 2007.

11 In French, the Union économique et monétaire ouest-africaine (UEMOA).

12 In French, the Communauté Economique Des Etats de l'Afrique de l'Ouest (CEDEAO).

## Box 1: MCC and the Alliance for a Green Revolution in Africa (AGRA)

In June 2008, the MCC and AGRA signed a Memorandum of Understanding (MoU) that establishes a framework for their cooperation in Africa. Under the MoU, both sides agree to:

- jointly assess and make recommendations for changes in policy and regulations governing the food and agriculture system in a given country to remove constraints to economic growth;
- coordinate the planning of the implementation of their programmes for specific geographical and functional areas;
- communicate regularly with each other to coordinate their efforts.

MCC and AGRA are also collaborating on several specific projects, including:

- seed policy reform in Ghana;
- rice seed production and distribution in Madagascar;
- provision of seeds and extension services for farmers in MCA–Mali's project in the Office du Niger;
- a US$100-million fund with Standard Bank to provide farmers with loans in Ghana, Mozambique, Tanzania and Uganda.

Photo: MCC


*[Former] UN Secretary-General Kofi Annan, and [former] CEO of MCC John Danilovich signing the memorandum of understanding between MCC and AGRA.*

public–private-sector project that would cover another 100,000 ha. Meanwhile local farmers are struggling to access more than 1 ha per family, and competition for access to water is intensifying, since all irrigation in the Office du Niger is dependent on the same source of water.[13]

In this context, Sexagon is advocating another vision, which would provide sufficient access to land and water for family farms, and ensure the country's food sovereignty. They want a system based on long-term leases that would provide each family farm with around 3 ha. This system would prevent the development of a land market – something that Sexagon opposes.[14]

Conflict with MCA–Mali is thus bound to intensify for the small farmers in the Office du Niger. MCC wants its zone to serve as a launching pad for a transformation of the entire region, and Sexagon is determined to stop it. "The MCC project is destined to fail", says Boly. "We will eventually get our lands back."

### A golden opportunity for US agribusiness in Ghana

The MCC's land project in Ghana is much the same as that in Mali. Its Compact with Ghana is heavily oriented towards building up the country's horticulture exports, with a particular focus on bringing more foreign investment into pineapple production. But the corporations that dominate the global pineapple trade have made it clear that they won't invest in the country without significant incentives: changes in the ways land is managed is at the top of their list. The MCC Compact is designed to make this happen.

As in Mali, the land component revolves around an initial pilot project in a zone accorded special status by the central government. The pilot area is located not far from the capital, Accra, in the pineapple-producing rural district of Awutu Efutu Senya. As planned in a detailed Roadmap, signed by the government in September 2007, the project began by using satellite technology to map and delimit the zone.[15] A consultant was hired to carry out sensitivity and information exercises to assure the cooperation of the local people. Then, when MCC and the Millennium Development Authority (MiDA), which is Ghana's implementing agency for the Compact, judged the political climate to

13 AGTER, "Appropriation et concentration de droits fonciers à grande échelle- Le cas du Mali", janvier 2010: http://farmlandgrab.org/10462; Chantal Lavigne, "Mali : La ruée vers les terres," reportage vidéo, Une heure sur terre, Radio Canada, 12 March 2010: http://farmlandgrab.org/11739; Via Campesina, Libyan land grab of Mali's rice-producing land, 10 September 2009: http://farmlandgrab.org/7483

14 For further details see, SOS Faim, "Mali – Office du Niger: Can the farmers' movement push back agribusiness?", Farming Dynamics, No. 20, April 2009.

## Box 2: Golden carpet for corporations

Ghana's pineapple industry took off in the first years of the 21st century, as corporations started looking to Africa as a secondary source of exports to Europe, and as political turmoil disrupted supplies from Côte d'Ivoire. Exports of pineapple from Ghana to Europe surged from about 20,000 tonnes in 2000 to about 50,000 tonnes in 2004. Unlike in Costa Rica, not all of this production was dominated by big plantations owned by or under the umbrella of a few transnational corporations. Ghanaian farmers and medium-sized traders accounted for a significant share of the country's pineapple exports.[1]

But in 2005, Ghana's European market crumbled. Without warning, European retailers, lobbied by transnational pineapple companies such as Dole and Delmonte, unilaterally decided to begin purchasing only the MD2 variety of pineapple (known as "Golden"), and no longer to accept the Sweet Cayenne variety produced in Ghana. They also began to insist more forcefully on EurepGAP certification from their suppliers. The sudden shift was too much for Ghana's pineapple farmers and exporters. Both EurepGAP certification and the MD2 variety, due to the high costs of plantlets and the extra inputs required, were beyond their reach. They were forced to shut down, and the big foreign corporations moved in.

In 2004 there were 65 pineapple exporters in Ghana. Today just two companies control nearly all of Ghana's pineapple exports: Dole/Compagnie Fruitière and HPW Services of Switzerland, which is supplied by three large outgrowing plantation companies.[2] Compagnie Fruitière, a French-based company that is 40 per cent owned by Dole, began operations in Ghana in 2003 when it took over a local pineapple planation. It expanded from 150 ha to 600 ha by 2006, and plans to develop more plantations over the 3,000 ha that it says it has purchased in Ghana for pineapple production. It also produces bananas in Ghana, and today is estimated to control 88 per cent of the country's banana exports and 40 per cent of its fresh pineapple exports (all MD2 variety). The company has "free-zone" status, and as such qualifies for all kinds of investor incentives and protections, including an exemption from income tax.[3] Other multinationals are now eager to follow: Chiquita is working directly with MCC to ease its entry into Ghana's pineapple industry.[4]

1 Niels Fold, "Transnational Sourcing Practices in Ghana's Perennial Crop Sectors," Journal of Agrarian Change, Vol. 8, No. 1, January 2008, pp. 94–122.
2 Peter Jaeger, "Ghana Export Horticulture Cluster Strategic Profile Study," prepared for the World Bank, The Republic of Ghana Ministry of Food and Agriculture, and European Union All ACP Agricultural Commodities Programme, 2008.
3 See http://www.gfzb.com.gh/
4 MCC Annual Report, 2008: http://pdf.usaid.gov/pdf_docs/PCAAB908.pdf

be ripe, the Minister of Lands declared the district a "compulsory Title Registration Area", a first in rural Ghana.[16]

From there MiDA has moved into the "implementation phase". The district is being surveyed in detail, lands and rights are being identified and mapped, conflicting claims are being managed by an "alternative dispute resolution system" established and managed by another team of consultants, and titles are being registered and handed out. By September 2009, a first round of 100 land titles had been allocated. Meanwhile, MiDA has even set up a special office to provide information and assess the value of land for prospective investors.

*Pineapple plantation in Ghana*

The local people did not request this project. They were not seeking land titles. They have, however, been extremely worried about the expansion of pineapple plantations in the area, and what this is doing to local food production and their access to land.[17] Such local trepidation concerns the foreign investors and elites keen to take over land for pineapple production; they do not want the local people and their customary land practices to stand in the way of profits.

The MCC's project in Awutu Efutu Senya is integrated into a larger MCC programme bent on expanding export pineapple production in the area. MCC funds are being used to upgrade roads linking the district to the airport and the harbour, to build a local packhouse and other post-harvest facilities, to improve the port, to put in place

15 Implementing Entity Agreement by and between the Millennium Development Authority and the Ministry of Lands, Forestry and Mines, 18 September 2007.

16 By way of the Minister, supported by MiDA,Legislative Instrument 1914 was adopted by Parliament to declare the Awutu Senya District as a pilot registration area in accordance with the provision of the land title registration law, PNDC 152. Section 5 of PNDC Law 153 mandates the Minister to, by a Legislative Instrument, declare an area as a Registration District so that land titling can take place in the delimited area.

17 See for instance, GNA, "Workshop on poverty reduction ends", GhanaWeb, 21 December 2003: http://www.ghanaweb.com/GhanaHomePage//regional/artikel.php?ID=48673 .

investment incentives and extension programmes, to supply irrigation and even to increase access to potable water, which is essential for growers to achieve EurepGAP certification.[18] Five years ago, MCC might have been able to make the case that small farmers and local businesses in the area would see some benefits from this programme, but today Ghana's pineapple industry is totally dominated by a few foreign companies (*see* Box 2).

## Turning the law against the people in Mozambique

> *"The first thing we're going to do is to make money off of the land itself … We could be moronic and not grow anything and we think we'd make money over the next decade"* - Susan Payne, CEO of Emergent Asset Management, an investment fund in the UK targeting farmland in Mozambique and other African countries.[19]

In Mozambique, where MCC has another major land project, foreign investment in land is booming, and fuelling a massive rise in land grabbing. The World Bank estimates that applications for concessions made over the past 18 months cover 13 million hectares, with over 1 million hectares having been approved.[20] Land use and benefit rights (DUATs),[21] which were created under Mozambique's 1997 land law and which are supposed to be tightly regulated by the state, are being handed out left, right and centre, with little transparency and supervision.

DUATs are rights of occupation allotted by the state to communities in perpetuity, or to investors (both foreign and corporate) as long-term concessions (50 years, with an option to renew for another 50 years), as long as these investors provide and carry out an approved economic development plan. According to the law, the investors are also required to consult the local people to confirm that the land is available, and to set up partnerships with the local community. People struggled hard to ensure that such protection for communities was incorporated in the 1997 law. Increasingly, however, concessions are being allocated to local elites and foreign investors without local people's consent.

The MCC is not averse to DUATs, even though these are not land titles in the orthodox sense. The World Bank, which has a longer experience trying to reform Mozambique's land laws, seems also to have decided that this is the best that can be had for now, given the huge resistance to its push for commercial land markets. According to the MCC's Jolyne Sanjak:

> "What we're working with the government on is ensuring that those lease-holds are secure, that the process for expiring the lease and transferring the lease is efficient … In Mozambique, we had very interesting discussions with lawyers who work with commercial clients looking for land on which to build their businesses. And they found that their clients' start-up costs can be 60–90 per cent higher because of all the runaround that they had to go through to try to identify whether the land could be acquired with secure, registered rights of use."[22]

In other words, MCC is aiming to modify the national laws, regulations and institutions governing land until there is hardly any difference between a DUAT and a land title. Specifically, MCC is targeting two Articles (15 and 16) of the Land Law Regulations to make it easier for an investor to transfer (i.e. sell) DUATs, or for a company to transfer its DUATs by transferring a majority of the shares in the company, thus creating a major loophole for foreign investment. They also want to modify another Article (18) so that concessions will automatically be renewed after the first 50 years.[23]

When it comes to changing the institutions, MCC is working through its typical strategy of starting with particular areas and building from there. MCA–Mozambique has identified what it calls "hotspots" in twelve "priority districts" in northern Mozambique, where its infrastructure and agribusiness projects are increasing investor interest in farmland.[24] They are now proceeding to map and delimit these hotspots, which they will then formalise through the registration of DUATs – "for private sector use".[25] With the maps and

*Photo: Nic Paget-Clarke / Via Campesina*

*Members of the First of December farmers' association, which works with the national organisation UNAC (União Nacional de Camponeses/National Peasants' Union) in the Sanga district, near Lichinga, in the Niassa province of Mozambique.*

18 EurepGAP is an internationally recognised set of farm standards that are supposed to guarantee good agricultural practices (GAP). In 2007 its name was changed to GLOBALGAP. Under Ghana's Compact proposal, the primary objective of improving water sanitation is for treating horticultural produce. People's access to clean water is listed as an "indirect benefit".

19 See Susan Payne's presentation at the AgriPods Conference in London, February, 2010: http://farmlandgrab.org/11247

20 Presentation by the World Bank's Klaus Deininger, "Land grabbing - International community responses", 16 July 2009: http://farmlandgrab.org/6293

21 An abbreviation of the Portuguese Direito de Uso e Aproveitamento de Terra.

22 "The Housing Crisis that No One is Talking About: Secure Land Tenure and Poverty Reduction", transcript from Millennium Challenge Corporation public outreach meeting, 13 November 2008: http://www.mcc.gov/mcc/bm.doc/transcript-111308-habitat-landtenure.pdf

23 Chemonics, "Mozambique General Services Contract, Land Tenure Services: Final Report", Prepared for MCC, October 2006: http://69.147.245.78/en/index.php?option=com_docman&task=doc_download&gid=40&Itemid=10

DUATs in place and the information entered into the national cadastre, MCA will set up services to provide investors with up-to-date information about the availability of land in the areas and help them to acquire land from the local communities or whoever it is to whom the MCA allocates the DUATs.

"With this process of titling, farmers will sell their land as soon as they are in financial trouble, and women will be the worst affected", worries Diamantino Leopoldo Nhampossa of Mozambique's National Small Scale Farmers Union (UNAC). "Local farmers are unhappy about this process. Land for us is understood as a common good."

### Benin's farms, one click from Wall Street

MCC hired two US companies, Chemonics and International Land Systems, to develop the Mozambican government's proposal for the land component of its Compact. In Mali, another US firm, CDM, wrote up the draft proposal for the section of the Compact dealing with land. The hands of US companies, all well experienced in preparing the terrain for US corporations through USAID programmes, appear everywhere in the design and implementation of the MCC land programmes. In Benin, one US company, Stewart International, is even overseeing the development of a whole new national land policy framework under the MCC programme.

MCC's Compact with Benin makes the dispersal of funds, including a major grant for the development of the Port of Cotonou, conditional on the endorsement of a White Paper that is supposed to be the basis for the development of a new Land Code. The Compact spells out clearly what this new policy framework must look like: it "will enable a progressive transition between customary and administrative land management to markets and a title registration system". To ensure that the process goes according to plan, MCA–Benin brought in Stewart International to oversee the writing of the White Paper.

The White Paper was recently completed. One consultant from Benin who witnessed the process from the inside told GRAIN that it was heavily biased towards foreign investors and agribusiness. Dissenting views were silenced, and, in the end, the White Paper posits land titles as the sole system of land management in the country, completely marginalising customary practices, even though these are strongly recognised in the 2007 national land law. "The White Paper, which aims to make the use of land titles ubiquitous, proposes a model that is imported and not adapted to Benin's social and economic context", argues the peasant organisation Synergie Paysanne. "It provides a green light for multinationals and other financial powers."

As the White Paper gets translated into legislation, MCA–Benin is already pushing forward the use of land titles on the ground, in specific districts. As in Ghana and Mozambique, MCC is using the space generated by recent land reforms, which were overseen by the World Bank and other donors, to map out and delimit land, register titles and facilitate the purchase of land by private investors. The programme is subverting provisions made in Benin's 2007 land law that enable local communities collectively to identify and define the land rights in their area by way of Plans Fonciers Rurales (PFRs). For groups like Synergie Paysanne, the PFRs are valuable mechanisms for communities to sort out issues of access to land and to improve the ways in which rights and responsibilities are distributed, taking into consideration issues such as food security, livelihoods, gender and the environment. But, in the MCA target districts, the PFRs are being reduced to cadastral exercises that divide land into parcels of private property to be bought and sold on the market, and the White Paper intends to generalise this process throughout the country.[26]

Foreign agribusiness investors are ecstatic about MCC's programme. French businessman Roland Riboux, Director General of the agribusiness company Fludor, wants to see the programme extended across the whole country. "If we want development to happen people need to be able to invest rapidly and every piece of land in Benin has to have an owner in possession of a land title," he says. "Each municipality, each department must have an agency responsible for mobilising people so that they all have land titles, as soon as possible."[27]

Benin's small farmers do not share this enthusiasm. "According to our analysis, MCA–Benin is a tool that gives investors a free hand", says Nestor Mahinou of Synergie Paysanne. "From New York, an investor can identify a farmer who owns land in Ouèssè or in Djidja because all the data about each area is digitally recorded – the owner of the land, the size of the land and even a map of the fields."[28]

Indeed, there is both increasing interest in such transactions from foreign investors and the logistical means for accomplishing them. In Ghana, for instance, the US title insurance company First

*Nestor Mahinou, executive secretary of Synergie Paysanne, Benin's small farmers' trade union.*

24 From MCC's preparatory document on land for its Compact with Mozambique: "A capacity to respond quickly to this increase in demand [for land] and for intended investments not to be blighted by uncertainties or conflicts regarding land tenure issues is important." Chemonics, "Mozambique General Services Contract, Land Tenure Services: Final Report", Prepared for MCC, October 2006: http://69.147.245.78/en/index.php?option=com_docman&task=doc_download&gid=40&Itemid=10

25 According to the MCC Monitoring and Evaluation Plan for Mozambique, one of the main indicators for the Land Tenure Services Project are the "hectares of rural land formalized through the provision of DUATs, for private sector use." http://www.mcc.gov/mcc/bm.doc/mozambique-mande-plan-14april09_approved-2.pdf

26 Volker Stamm, "Social Research and Development Policy: Two Approaches to West African Land-tenure Problems", Africa Spectrum, Vol. 44, No. 2, 2009, pp. 29–52.

27 Kokouvi Eklou, "Roland Riboux : 'La question du foncier est fondamentale pour le Bénin' ", Ebeninois.com, 9 November 2009: http://www.ebeninois.com/Interview_r13.html

28 H. Agathe Aline Assankpon, "La position de la Société civile sur le Projet Accès au foncier", 9 December 2009: http://www.oecd.org/dataoecd/12/12/44174152.pdf

American and another US company, International Land Systems, are spearheading a pilot initiative with the Clinton Global Initiative and US-based microcredit bank Opportunity International to map out lands in poor areas of Accra by satellite.[29] Opportunity International will then take residents through a process for acquiring a paralegal form of title which can be used as collateral for its loans. It's a rapid way of bypassing government to create a property market, operating under the sanction of an international bank connected to multinational investors.[30] The promoters are now seeking to bring their project to rural Ghana.

29 Peter Rabley, International Land Systems, Inc., "Ghana Project Leverages GIS-Based Title Registration and Microfinance to Alleviate Poverty," ArcNews, Fall 2008: http://en.landsystems.com/downloads/Ghana_GIS_Land_Titling.pdf

Meanwhile, those investors and companies leading the current scramble for global farmland are already working with satellite technology to identify lands for acquisition. El Tejar, an Argentine company partly owned by US and European private equity funds, explains:

> "In evaluating a potential land purchase or rental, we use satellite imaging and historical

## Box 3: Exporting the US sub-prime crisis

Few people in Benin know that Stewart International, the company guiding the reworking of Benin's land policy for MCA–Benin, is a major multinational corporation with a direct interest in commodifying African lands.[1] It is one of the largest title insurance and mortgage service companies in the US and in recent years it has been aggressively expanding globally. Advising governments such as Benin's on land and real estate polices is a side business for the company's international division, albeit a growing one.[2] It also sells the technology for cadastral systems and land record systems, and the core of its business is selling title insurance.

Title insurance was once an obscure product confined to the US real estate market, but it is quickly becoming a global industry. Foreign investors buying property in developing countries want title insurance to protect their investments, in case of competing claims on ownership of or rights to the property. For example, Stewart sells a special title insurance to Americans purchasing property on *ejido* lands in Mexico – lands that are owned collectively by Mexican indigenous communities and that were only recently opened up to outside investors through a change in the national land laws. As is common with title insurance in poorer countries, the terms of the title insurance for *ejido* lands are governed by the laws of the US, not Mexico.[3]

Most often, however, title insurance is demanded by mortgage lenders, not individuals. Last year's sub-prime mortgage crisis exposed how US banks and other mortgage lenders bundle their mortgages together and sell them on as securities called collateralized mortgage obligations (CMOs). This is referred to as the secondary mortgage market, and, in recent years, the real estate industry has been trying to develop such markets around the world. But these markets only work where land is governed by private titles and when these titles are backed up by title insurance – so that those buying the CMOs can have a level of confidence in these risky mortgage bundles. Stewart and other title insurance companies actually provide banks with blanket title insurance for their entire mortgage portfolios. "Stewart serves mortgage lenders by reviewing and insuring entire portfolios, making it possible to securitize the portfolios, and thus enabling the secondary mortgage market in a country with a developing financial industry", says Stewart.[4]

It thus becomes possible to imagine how the same sharks that engineered and profited from the US sub-prime crisis could recreate the scenario in the South, even in Africa. The potential profits are immense. It is said that 45–75 per cent of the wealth of developing countries is made up of land and real estate – and this wealth has been largely inaccessible to global capital.[5] Stewart and other US title insurance corporations, such as First American, are part and parcel of a major effort that includes banks and finance houses, that is trying to open up this market through the creation of a "global real estate market" – with the support of MCC.

"MCC is interested in synchronizing and collaborating on private sector initiatives by assisting with upfront legal reform to pave the way for land titling", said MCC's Jolyne Sanjack at a recent meeting of the American Land Title Association. "The ultimate goal is a more connected global marketplace."[6]

1 Stewart International website: http://www.stewart.com/

2 Stewart has engaged in title registration and privatisation projects in Georgia, Hungary, Mexico, Moldova, Serbia, Slovakia, St. Lucia, Trinidad & Tobago, and Ukraine.

3 Mitch Creekmore, Stewart International – México Division, "A U.S. standard of title assurance on Mexico Land", Arizona Journal of Real Estate & Business, May 2005: http://www.pacificboutiqueproperties.com/Documents/US%20Standards%20Aricle.pdf

4 Kevin Knai Chester, "The Globalization of Developing-Nation Real Estate Markets – A Current Perspective", MIT, June 2004: http://dspace.mit.edu/bitstream/handle/1721.1/17858/56607596.pdf?sequence=1

5 Ahmed Galal and Omar Razzaz, "Reforming Land and Real Estate Markets", The World Bank Policy Research Working Paper 2616.

6 http://www.alta.org/press/release.cfm?newsID=7336

weather data to perform an initial screening of the land for quality and productivity. We seek to develop an accurate map of the property, determining its topography and the percentage of the land that can be used for agricultural production, estimating flood and other risks such as disease or drought, as well as soil quality and productivity."[31]

### Shutting the door on the MCC

The MCC is constantly expanding, with more countries signing Compacts every year. A long list of countries, in Africa and elsewhere, are in line to become eligible for MCC funds. This can only be bad news for family farms. The MCC programmes are not about supporting small farmers. Rather they are turning small farmers into sellers of their lands, paving the way for investors to come in and, at bargain prices, take over prime farmland for large-scale industrial farming or even for speculation.[32] Plus, the MCC programmes are just one part of a larger effort to facilitate corporate land grabbing that brings together a growing list of international and national agencies.

The stage is thus being set for a massive transfer of lands currently being used by the poor, who produce food in a sustainable way for local people, to a wealthy elite and to foreign investors, who, if they are not simply sitting on the land for speculative purposes, will mine the soils to produce agricultural commodities for export. So much is at stake, and yet most African governments are falling over themselves to woo investors and sell off their peoples' land. Hardly any African government leader has dared to speak out against the current global lang grab. Few have turned down the poisoned pills from the MCC or other donors.

This is not preventing people on the ground from taking action. Most of the land deals that have been signed in Africa over the last couple of years still exist only on paper. Where the deals have been exposed or where investors have tried physically to move on to the lands, they have met fierce local resistance – from Ethiopia to Madagascar, from Mali to Kenya (*see* interview with Ochalla, p. 12; article on Endorois, p. 22). And, as more and more deals become known to local people, that resistance spreads, and increasingly links together.

It is high time that critical pressure around the role of multilateral agencies, including the UN and its human rights machinery, as well as the more directly implicated groups like the World Bank and its International Finance Corporation, also be brought to bear on national development aid programmes and the role they are playing in today's massive land grab. The MCC is one powerful example of the kind of damage that can be done; it shows why we need to work together to stop it.

30 It is important to note that there is already a growing market for collateralised loan obligations based on bundles of microcredit loans in poor countries. Two companies selling these investment vehicles are Blue Orchard (www.blueorchard.com) and Symbiotics (www.symbiotics.ch/). Opportunity International is working actively with both of these companies (see http://www.opportunity.net/About/Distinctives/investment_capital/).

31 http://www.eltejar.com/en/secciones/agricultural-land_44.php&sub=0

32 A study by Synergie Paysanne of recent land grabbing in the Commune of Djidja, Departement of Zou, Benin, found an alarming increase in land acquisitions by outsiders in 2008 and 2009. Of the 30 land grabs that they documented, only in one case did an investor subsequently pursue any development of the land. Synergie Paysanne, *Rapport final - Mission d'enquète sur le foncier à Djidja : accaparement des terres*, December 2009.

## Going Further:

- *The new farm owners – corporate investors lead the rush for control over overseas farmland*, GRAIN, Against the grain, October 2009, http://www.grain.org/articles/?id=55
- *Seized: The 2008 landgrab for food and financial security*, GRAIN Briefing, October 2008, http://www.grain.org/briefings/?id=212
- Farmland Grab: Food crisis and the global land grab.This blog contains mainly news reports about the global rush to buy up or lease farmlands abroad as a strategy to secure basic food supplies or simply for profit. Its purpose is to serve as a resource for those monitoring or researching the issue, particularly social activists, non-government organisations and journalists. Although currently maintained by GRAIN, anyone can post materials or develop the blog further: http://farmlandgrab.org/
- Synergie Paysanne, Lecture critique du Livre Blanc du MCA–Bénin: Etude sur la Politique et l'Administration Foncières – "Projet Accès au Foncier", 26 November 2009. For a copy, contact: synergiepays@yahoo.fr
- Déclaration des plates formes d'OP membres du ROPPA, suite à l'atelier régional sur la sécurisation foncière des exploitations familiales à Ouagadougou, 13 April 2008: http://www.roppa.info/IMG/pdf/Declaration_roppa_atelier_french.pdf
- Declaration of farmer organisation platforms members of ROPPA, after the workshop on land security for family farms at Ouagadougou, 13 April 2008: http://www.roppa.info/IMG/pdf/Declaration_of_FO_platforms_members_of_ROPPA.pdf
- Le Hub Rural website contains a wealth of selected documents and news articles about land issues in Africa, particularly West Africa: http://www.hubrural.org/spip.php?rubrique15
- Millennium Challenge Corporation website: http://www.mcc.gov/