SOCIO-ECONOMIC RISK FACTORS OF FOREIGN LAND ACQUISITION IN A DEVELOPING COUNTRY

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Abstract

Large investment in African land has generated serious interest among academicians, policy makers, international and local development agencies as well as civil organization. The debates centre on the phenomenal trajectory and the drivers of this investment in Africa. The inaccuracy or ambiguities in number of deals and institutional specificities has brought in the main, the need to undertake country by country study of foreign land deals in agricultural investment. To suggest vital information that will aid policy formulation and deliberation at country level, the study is on Congo-Brazzaville. This paper explores the factors that influenced foreign land acquisition in Congo, the impact of such investment on the host communities, and faults the decision of the government to make the attraction of foreign investment in agriculture a priority without fashioning out institutional framework that will regulate the investors and promote market discipline. Based on the above, the paper recommends strategies the government should earnestly pursue to mitigate the negativities of the investment and leverage on the benefits of commercial farming in the country, especially, in the area of skill transfer.

Keywords: Foreign Land Acquisition, Developing Economy, Agricultural Investment

1. INTRODUCTION

Since 2008, investments in agricultural lands have witnessed phenomenal growth. Practitioners and scholars attributed the trend to factors such as the international food crisis of 2007 and 2008, the boom in agro-fuels, the collapse of the housing bubble and the 2009 global recession (Wily, 2011; Hall, 2011; Saturnimo et al., 2012; and Hallam, 2009). First, Hallam (2009) argues that the "the major underlying driver of the recent interest in international investment in food production appears to be food security and a fear arising from the recent high food prices and policy-induced supply shock, which show that dependence on world market for food supplies or agricultural raw materials have become risky". This accounts largely for the adoption of policy tools by developed economies, which encourage the acquisition of land from developing economies purely for export purposes in order to shore-up food supply in their economies.

Second is the growing concern on climate change, energy security and alternative energy sources (Mehta, Velwischand Franco, 2012). Classic examples are; the target of 10% of transport energy from renewable fuel by the European Union through renewable fuel by 2020, and the United States 'Renewable Fuel Standard' with similar targets (Cotula and Vermeulen, 2009). European and United States firms responded to the renewable fuel target incentives by aggressively acquiring lands outside the shores of their country, with the assurance that there is a secured market for their product.

Third is the global financial crisis of 2008 that occurred contemporaneously with the global high food prices of 2008. The global financial crisis and the continuous recession made investors perceive the financial markets as volatile and very risky, and influenced their decision to investment in tangible assets (Hallan, 2009). The resultant effect is the mass acquisition of land as strategic assets for financial firms seeking higher returns on their investment funds (Future Agricultures, 2011). Scholars have decried the commodification (buying of land for speculative purpose) of land and of the inherent negative impacts on the source of livelihood of the local people.

In a response to the factors enumerated above, countries like China, India, Canada, Singapore, Portugal, USA, Germany, Belgium, Malaysia, among others (see GRAIN Database 2012 for details), and their respective governments encouraged their firms to acquire foreign lands for agricultural investments. For instance, it was estimated that from 2000 to 2011, huge proportion of land grabs cover 203 million hectares worldwide, and the affected region is about 'eight times the land mass of the United Kingdom, or close to the land mass of northern Europe' (Anseeuw, Wily, Cotula and Taylor, 2012). This figure should be interpreted with caution as it may be well over this, since media attention are more on land deals that are above 1000 hectares. Majority of the deals are in Latin America, parts of Asia and Africa.

Africa appears to be the major focus of this global phenomenon. Anseeuw et al., (2012) noted that in Africa, about 34 million hectares of land were cross-referenced, and the number of land deals was around 948 totalling 134 million. Similarly, land grabs in Asia was recorded to about 43 million of which 29 million have been referenced. Latin America is not left out with about 6 million referenced out of 19 million (Anseeuw et al., 2012).

The unresolved issue is the reason why Africa should be seen as prime target for foreign investors in agriculture. Or put differently, is what has made it very easy for foreigners to access African lands. This trend is attributable to some many factors. First, African lands are generally considered to be very cheap relative to the world land market (Oakland Institute, 2011a). Second, the prospects of accessing abundant water resources are vital for foreign investors as the accessibility of sufficient moisture is an essential for agricultural land (Woodhouse, 2012 and Mehta et al., 2012). For instance, Chayton Atlas, one of the biggest foreign investor in African lands asserts that "the availability of water is the most important of the criteria in our selection. We believe that the more traditional focus on land value appreciation is outdated. Access to water, water rights, and the ability to develop and carefully expand irrigation schemes drives our process at the primary production level: the land is of value to the extent that water is available" (HedgeNews Africa, 2011). Most foreign farms in Africa engage in produce such as sugarcane, corn and jatropha which are considered as some of the thirstiest crops (Oakland Institute, 2011a).

The third factor is the weakness in land governance, which created the basis for the compulsory power of the state to extinguish or acquire any title or other interest in land from customary land owners in Africa. By implication, the legal structure in Africa promotes weak title to customary land and empowers the governments to alienate customary lands for any purpose including foreign investment (UNEP Global Environmental Alert Services, 2011). Due to lack of stringent measures in acquiring land in Africa, most foreign investors have concentrated their land grab on African continent. This has resulted in the alienation of native lands, the management, use and benefits of the land and ownership transferred from the rural poor to powerful foreign investors (Wily, 2011).

Fourth, revolve around the description of Africas "a sleeping giant" whose potentials are grossly untapped. The World Bank Report (2009) described Africa as having vast acre of underutilized lands, which are fertile, suitable for commercial agriculture and rich biodiversity. This revelation rekindled foreign interest in African lands. According to the Report, 400 million out of the 600 million hectares of land in Guinea Savannah can be used for agricultural purposes. However, only about 10% of this area is cropped, thus presenting the region as "the biggest underused agricultural land reserves in the world". Africa has thus been reported as the continent with large-scale unexploited or untapped agricultural potentials (World Bank Report, 2009). African governments hide under this hypothesis by alienating lands from local people, while claiming that the affected lands were abandoned or un-used (idle lands), even where there are traces of local farming activities on those lands.

The favourable disposition of African governments in attracting and facilitating foreign direct investments in agriculture is based on the myth that this is potentially important to fill the lacking investment gap. Advanced technologies, and increased export earnings essentially can help African countries create jobs. There are reported cases where the government alienates customary lands and transfers same to foreign investors without any form of compensation to rural farmers. A very good example is the displacement of Burundi Refugees by the Tanzanian government in order to lease the land to AgriSol (Oakland, 2011b).

African governments also provide incentives like tax waiver, unrestricted export right and basic infrastructures, such as good road, electricity, pipe borne water, among others. For instance, the CEO of Chayton Atlas Agricultural Company once noted that another protection level was an agreement signed with the government of Zambian, which is a form guarantee for the failure to fulfil legally agreed mandate under the Multilateral Investment Guarantee Agency (MIGA). The company has strong direct government connection in place to procure incentives and reduce intra-African obstacles (HedgeNews Africa, 2011). More generally, the land grabs are often in excess of 1,000 hectares and the governments plays significant roles in ensuring the success of these deals.

Republic of Congo (popularly known as Cong-Brazaville) is one the African countries with increasing interest in foreign land acquisition or pressure for agricultural purposes. The country has been described as having rich and untapped potentials for agriculture. For example, Fischer and Mahendra (2010) identified Republic of Congo as one of the African countries with potentially available good land for the cultivation of wheat, maize, soybean, sugarcane, palm-oil among others. They also documented vast unprotected grass/wood lands that are potentially good and available for rain-fed grain, soybean, sugarcane, oil-palm sorghum, among others.

The country's rich agricultural potentials have made it one of the African countries with commercial land pressure from foreign investors. The general promises of such investments are job creation, capacity building, optimal utilization of natural resources, revenue to the government, food security, among others (Mehta, Veldwisch and Franco, 2012). However, experiences from so many African countries with predominant foreign investment in agriculture show that these promises might appear elusive on the long-run. This raises an important question on the desirability of large-scale agriculture model, considering the fact that Africans are more of small-holder farmers. Though, foreign investment in African agriculture or commercial land pressure may propel rural Africa into new opportunities that could help mobilize capital, technology, connection to market and expertise needed to stimulate agricultural production(Mehta, Veldwisch and Franco, 2012). To achieve these however, it is important that from the very beginning, African governments should make clear their preferences which should essentially be driven by the need to transfer agricultural skills to Africans.

This paper focuses on foreign agricultural investment in Republic of Congo and the implication of this trend on skill transfer. Precisely, the paper highlights the economic and political dynamics that drives this investment; provides an analysis of the implications of this trend on the economy and concludes with recommendations on ways the government of Congo-Brazzaville can leverage from this investment opportunity, especially in the area of skill transfer to the local people.

2. DRIVERS OF FOREIGN AGRICULTURAL INVESTMENT IN REPUBLIC OF CONGO

Drivers of foreign land acquisition as pointed earlier appears to be uniform across African countries, however, certain country specifics also fuelled or accelerated the rate of acquisition on country basis. In the case of Republic of Congo, one major driver of foreign investment is the shift in political and economic ideology, which could be linked to the country's political history. The country's political history is characterized by instability and movements from leftist to rightist political ideology. For instance, Furbert Youlou who was the first President of Congo with the attainment of independence in 1960 was forced out of office after three years, which paved way for socialist forces that gained control and nationalized the government (Country and their culture, 2011). Aphonse Massamba-Debat, who succeeded Furbert Youlou was forced out of office through a coup in 1968, before Major Marien Ngouabi took over the mantle of leadership and established one party state (socialist political ideology) before his assassination in 1977. He was succeeded by Colonel Joachim Yhomby-Opango, who was forced out of office in less than two years, and Colonel Dennis Sassou-Naguesso became the new President of Congo. This clearly shows persistence Marxist ideology in the country from 1963 to 1989. With the fall of Marxist ideology in Soviet Union in the 1990s, the Naguesso led government abandoned Marxism in favour of economic reforms that will allow the country glide into a capitalist economy. One cardinal aspect of this reform was the introduction of multi-party system that culminated into the Congo-Brazzaville multi-party presidential election of 1992 (Bryan and Hofmann, 2007).

In principle, the government has liberalized the economy, but in practice, this might not be true as government officials argue that land acquired by foreign farmers were government lands. For instance, Ministry of Agriculture officials opined that the land given to South African farmers were government plantation abandoned during the civil war (see also Hall, 2011), and as such the issue of displacing local people would not arise. This goes to suggest that owing to the long history of Marxism in the country, private title to land is very weak. Even with the collapse of Marxists political ideology, the government deliberately slowed down the process of strengthening private ownership of property, especially land. This could as well explain the influx of foreign farmers to Congo-Brazzaville and the little or no resistance this investment received in the country compared to other African countries like Madagascar with relative strong customary land ownership.

The urbanized nature of Congo-Brazzaville is another strong driver of foreign investment in the country's agriculture. With land area of 132,046 square miles (approximately 342,000square kilometres) and estimated population of 3.9 million people (Government of Republic of Congo, 2012), approximately 60% of the total population live in three major urban centres comprising Brazzaville, Pointe Noire and Dolisie, and another 12% living along the railway between the urban centres, leaving the remaining 28% of the population in isolated rural areas. This feature made the country one of the most urbanized countries in the world, and also enhances foreign land acquisition in the isolated rural areas, as the government claims that the lands for lease are idle. This is a regular claim by governments to validate their support of land as best foreign investment because the land for sale or lease is idle or underutilized" (see Daniel and Mittal, 2010), which might not be correct in the case of Congo-Brazzaville as there are traces that the local people have been using such lands (see Hall, 2011).

The quest by the government to open the economy and attract foreign investors has largely fuelled this phenomenon. The Sassou-Naguesso led government has affirmed the government commitments to liberalizing Congo-Brazzaville economy and the desire to attract foreign investment. The government demonstrated this firm commitment by offering a variety of protections to foreign investors, for instance, the remover of discrimination on any kind of investment, in addition to equal rights under the law of Congo; including export or import of products and raw materials, such as materials necessary for economic activity and heavy equipment. They were also granted the freedom to outline their own commercial and hiring policies; select their customers and supplies; their production range and pricing policies, amongst others (Republic of Congo Investment Climate Statement, 2010 and Congo Investment Charter, 2003).

To attract foreign investment in agriculture, the government prior to 2007 announced that it has earmarked ten million hectares of vacant land for crop and livestock farming, without designing a policy to make this investment reflect local aspirations(Ossibbi, 2012). Ossibi (2012) argue that the government interest at this point is not on structuring the contract documents in line with the aspiration of the people, but of attracting foreign investors first. He further argues that once the country succeeds in attracting the investor, other issues will fall in place. The posture of the government is believed to be one of the drivers of foreign investment in Congo agriculture.

Congo-Brazzaville's rich biodiversity also accounts for the commercial land pressure in the country. In highlighting the richness of Congo-Brazzaville in terms of biodiversity, De Jager (the Vice President of South African Farmers Association) points out that Congo Brazzaville has about 1,400mm of rainfall in a year, having two main rainy seasons. The first rainy season is from October to March, which gets two thirds of the rainfall. Similarly, an Official from the South African Ministry of Agriculture stated that one single hectare of dry-land in Congo has the capacity to yield 10 tonnes of maize, in contrast to three tones in South Africa

(Hall, 2011). Perhaps, foreign investors in Congo Agriculture are explicit resource seekers and the country's rich biodiversity would have attracted the investors, since the bulk of the foreign farms are majorly located in the Niari Valley (made up of four states; Niari, Kouilou, Pointe-Noire and Bouenza). This region is regarded as the country's richest biodiversity spot and very close to South Atlantic, which explains the country's claim that it is strategically located with the "only deep-water, International Ship and Port Facility Security (ISPS) certified ocean port in the region" (Republic of Congo Investment Climate Report, 2012).

The aftermath of communist political structure, quasi-despotism and high profile corruption militated against the development of good land governance laws in Congo-Brazzaville. Land governance laws are still at the rudimentary stage, and individual land owners are mostly people in government or with government connections (crony capitalism). Individuals are prohibited from exercising their right of sale directly to any foreign investor; as such sale must have the approval or endorsement of Ministry of Agriculture. Specifically, foreign investors are not allowed to interface with individuals in terms of land acquisition. They must go through the government, whose duty it is to negotiate with the land owners and the local people see this provision as mere normative since in practice, the government has never negotiated with the locals.

Such weakness in land rights became an intuitive appeal to foreign investors, since they can acquire large hectares of land directly from the government free without any form of resistance from the local people or the payment of any form of compensation (Hall, 2011). The presence of oil as the dominant sector of the economy also promoted this trend as most reported cases of corruption centres on the oil sector. For instance, there is strong agitation for the abolition of the 'confidentiality clause' which protect against the release of certain types of information for contracts in the oil sector (Bryan and Hofmann, 2007), but such resistance is yet to be seen in the area of foreign land deals for agricultural purposes.

Congo-Brazzaville and Foreign Direct Investment

The acquisition of land in Congo by foreigners for agriculture is a new phenomenon, and largely influenced by the political evolution of post-independence. For instance, the country embraced communism in 1963, and this political structure remained in place till 1990. However, with the collapse of communism in Soviet Union and pressure from IMF, the government adopted the Structural Adjustment Programme, which adversely trapped the country into debt over-hang. In line with the global trend on debt relief, the country was extricated from a debt burden of five billion US dollars in 2011(Sharife, 2010)

After liberalizing the economy, the anticipated foreign direct investment remained a mirage, until 2007/2008 when few foreign investors in agriculture mainly Malaysians, South Africans, Italians and Chinese indicated serious interest to invest in the country (Ossibi, 2011). The deals were shrouded in secrecy and (only) came to the public domain through media reports (see Grain land matrix for Congo in Table 1).

Table 1. List of Media Speculated Land Deal in Congo Brazzaville Based Grain Land Matrix

Companies	Base	Sector	Hectares	Production	Projection	Status of Deal	Summary
ENI	Italy	Energy	70,000	Oil Palm	USD 350 million	MOU Signed (2003)	ENI is a giant Italian energy company majority owned by the the Italian Government. In 2009, ENI signed anMoU with the Government of the Republic of the Congo for an oil-palm plantation project, known as Food Plus Biodiesel, in the Niari region, in the north-west of the Congo.
FRI-EL GREEN	Italy	Agri-business	44,000	Oil Palm		Done	In July 2008, Reuters reported that FRI-EL Green Power, an Italian company half-owned by German energy giant RWE, had purchased Congolese state-owned companies Sangha Palm and Congo National Palm Plantations Authority, giving it control of 4,000 ha of oil-palm plantations, and signed an agreement with the Government of the Congo to develop oil-palm plantations on an additional 40,000 ha over 30 years.
Atama Plantation	Malay sia	Agri-business	470,000	Oil Palm	USD 300 million	Done	In December 2010, AFP reported that the Government of Congo-Brazzaville had signed a deal with Malaysia's Atama Plantations, giving the company land concessions totalling 470,000 ha in the Cuvette (north) and Sangha (north-west) regions. Atama said it would develop oil-palm plantations on 180,000 ha within these concessions.
Congo Agriculture	South Africa	Agri-business	80,000	Live stock, Rice and Vegetables		Done	Congo Agriculture is a company established by commercial South African farmers to set up large-scale farms in Congo-Brazzaville. The company obtained 80,000 ha from the government on a 30-year lease, of which 48,000 ha are in the Malolo district and have been divided into 30 farms that are offered to the participating South African farmers. The remaining 32,000 will be assigned at a different location. The company is closely connected with AgriSA, South Africa's largest commercial farmers' union.

Source: Grain Land Matrix (2012)

This trend affected the ability to independently verify with certainty the actual number of the deals, coupled with the fact that some of the investors have not started cultivation in some of the farms. Officials of the Ministry of Agriculture faulted the number of land deals available in the public domain, without providing a comprehensive list of land deals in the country.

According to officials from the Ministry of Agriculture, the South African farmers demanded for 80,000 hectares which the government approved, however only 5,000 hectares are under cultivation currently. The investors only paid one Central African Francs for 30 years lease of 80,000 hectares. The officials view this as government gesture to attract investors and most importantly the land is merely for lease. They further argue that once the investor summits his letter of intention and a feasibility report, if the Ministry of Agriculture approves, the contract deed will be signed in the name of Ministry of Agriculture such that any time the company exits from the country, the land reverts back to the ministry. This is a very wrong premise, because it failed to address basic issues like, what is the cost of such land lease in a developed economy? What is important to land use, is it title or possession and use? The land concession has similar characteristics with land deals across Sub-Sahara Africa, such as the provision of infrastructure by the government.

Aside from receiving a free land, no limitations were placed on exports, they were granted exemption from import taxes on equipment and agricultural inputs, given five years tax holidays, a 30-year lease which is renewable for another 30 years based on the Committee assessment (the Committee is made up three representatives from AgriSA and three from the Government of Congo). Other terms of the contract include provision of state security despite absence of hostility or crime (Ossibi, 2012). The land could be expropriated or devoted for any other reasons such as the establishing of natural reserve. Where that happens, the farmers are compensated depending of the scale of production, infrastructure and production loss, through a dispute resolution mechanism established by the government (Hofstatter, 2009). The government also undertakes to help the farmers with roads, telecommunication and railways. On the basis of the provision that all foreign companies must be incorporated in the country, the South African farmers incorporated their company as Congo Agriculture (Hofstatter, 2009).

The Malaysian farmers are in the Northern part of the country, and are into palm oil production. The government ceded to them 180,000 hectares for free and in return they promised that the project will create twenty thousand jobs, since they intend creating value chain for soap making (Ossibi, 2012). Officials of the Ministry of Agriculture are of the opinion that the palm tree plantation originally belonged to the communist government and was abandoned as a result of the civil war (Ossibi, 2012). Olam is the Malaysia Company and the contract terms are same with the South African farmers in the Southern part Congo-Brazzaville.

The number of land deals in the public domain appears not to be absolutely correct since some of the deals are inclusive the abandoned the investment. For example, Eni, an Italian Company was said to have signed memorandum of understanding with the government in 2003 for the concession of 70,000 hectares of land in the Niariregion (Congo Directorate of Planning and Studies, Ministry of Agriculture, 2012). Sources from the Directorate of Planning and Studies in the Ministry of Agriculture revealed that Eni conducted feasibility study for an important project, but unwilling to invest on the land. Rather, the company wants to attract investors in the land, while it will retain the exclusive right to dictate what to produce and buying of the produce. The government was not at home with this investment plan and as at October 2011, the deal was still inconclusive (Congo Directorate of Planning and Studies, Ministry of Agriculture, 2012).

Other projects that received strong media attention in the country are the FRI EL Green and Atama Plantation. FRI EL Green is an Italian company, but was replaced by Olam because they could not raise the expected loan from their bank because of the global financial crisis of 2007/2008 (Ossibi, 2012). Atama Plantation is a Malaysian Company, but Olam also inherited the Land ceded to them in June 2011 (Ossibi, 2012). For a list of conclusive foreign investors in Congo, see table 2 below.

Table 2. Verified Land for Agricultural Foreign Investment in Congo-Brazzaville

Company	Base	Sector	Hectares	Production
Congo Agriculture	South Africa	Agr-Business	80,000	Live Stock, Rice and Vegetables
Eni	Italy	Energy	70,000	Oil Palm
Olam	Malaysia	Agr-Business	180,000	Oil Palm
*Project CODIPA	Belgium	Agr-Business	Not Available	Rice, Livestock, etc

Source: Authors' Computation Based on Field Trip in Congo

*Note: *La Congolaised'Industries de Production Agro-Allmentaire et Agro-Pastorale is a Belgium Company that submitted proposal to the government in April 2012, and as at October 2012, during the field trip, the government was still reviewing the proposal.*

The presence of a Brazilian Company (Asper Bras), also received media attention, however, these farmers are not foreign investors in Congo Agriculture. It is believed that they are working for the President of Republic of Congo, Dennis Sassou-Naguesso, in his personal farm in Owando, the capital of Cuvette (Congo Directorate of Planning and Studies, Ministry of Agriculture, 2012). One common feature in Congo is the unlimited power of the President in alienating land from local people under the guise of government land and ceding same to himself, foreign investors or his political friends and relatives (Congo Directorate of Planning and Studies, Ministry of Agriculture, 2012). A good example is the concession of land to OlusegunObasanjo, Nigerian former President in the

Southern part of the country (Congo Directorate of Planning and Studies, Ministry of Agriculture, 2012).

3. IMPLICATIONS OF FOREIGN LAND ACQUISITION ON THE ECONOMY

The potential impact of the influx of foreign commercial farmers in Congo has been questioned by scholars, most especially, its impact on local farmers in Congo. Schutter (2011) cited in Hall (2011) questioned the ability of local farmers to effectively compete with their foreign counterparts following the spectacular support they (foreign farmers) enjoy from the government. It is generally argued that local farmers will perform optimally if they have access to external source of finance and enjoy the incentives given to foreign farmers(White et al., 2012; Worldbank, 2009). This notwithstanding, the presence of foreign farmers, their access to external finance and the spectacular support they enjoy from the government in terms concession to choicest farm land, tax and duty waiver among others, placed local farmer in disadvantage position in terms of competing for local market share, which might force the local to produce for personal consumption or abandon farming entirely.

There is also the fear among the locals that this new phenomenon might import apartheid into the country(Hall, 2011). This fear is strapping given the fact that the South Africans, who are facing difficulties because of the introduction of basic labour rights such as regulation of minimum wage, the tenure rights extension for farmers and their household; the assigning of long-standing land claims to extensive commercial farmland by previous black owners, occupiers and tenants, based on the provisions of the Restitution of Land Rights Act, 22 of 1994 (Hall, 2011) in South Africa, are majorly the seekers of farmland in the Republic of Congo. Joemat-Petterson heightened the fear by arguing that South Africans will search elsewhere in the continent if AgriSA is unable to provide them with the needed opportunities to farm in South Africa (Hofstatter, 2009). This suggests that the 'great trek' might have been influenced by the anti-apartheid disposition of the government which AgriSA is not favourably disposed to. Hall (2012) described AgriSA as "a newly de-radicalized association of farmers' organization" which might be correct on the periphery but in practice this might be farmers' organization with the ultimate motive of resettling white farmers in other African countries with complete absence of land rights, human rights, labour and environmental laws, the kind of environment that promoted apartheid in South Africa and colonial land grab in Zimbabwe(Hall, 2012).

Joemat-Petterson was explicit on this score when she highlighted that protected tenure is imperative for the relationship to blossom. She added that South African white farmers cannot have a repeat of what happened to their counterparts in Zimbabwe. They (AgriSA) perfected this by securing a renewable 30-year lease and guaranteed secure tenure by confirming the agreements in International Court of Justice (Hall, 2012). By making the International Court of Justice the court for dispute settlement, the government has clearly played itself out of the equation in terms of addressing the developmental challenges large scale transaction poses to the country. Government disposition and the secrecy surrounding the deals have clearly hindered the ability of host communities to clearly communicate to the investors their local aspirations most especially, on how to harness the broader benefits of employment and skill transfer.

The impact of land grab on property dynamics is one area that is keenly debated by scholars and policy makers. White et al. (2012), posit that land grab creates a special kind of property dynamics such as: land dispossession, forests, water, and other common property resources. Pressure on African farmland creates regressive land reforms where government takes landed properties from the underprivileged and gives lease to the wealthy. This puts the future food security of the country into serious jeopardy given the unreliability of the international food market and most importantly, given that the investors are not producing for the local market(White et al., 2012).

The commodification of water and land for agriculture by pension and hedge funds - a practice where some land acquisition are purely for speculative purposes, which amount to betting global rising value of land is another disturbing trend in the land grab saga (De Schutter, 2011). A good case is Eni, an Italian Energy giant in Republic of Congo. The company entered into an agreement with the government of Congo for the extraction of tar sands in an area of 1790 square kilometres (Lazzeri, 2009). Owing to the confidentiality clause, the terms of the agreements have not been made public and without consulting civil societies in the regions involved. It is mooted that farmers were displaced and those whose farms were destroyed to enable exploratory mission were not warned in advance, and have also not received any form of compensation from Eni or Congolese government (Lazzeri, 2009). The company further entered into agreement with the Congolese government for the concession of 70,000 hectares of land for the purpose of palm oil' farming (Congo Directorate of Planning and Studies, Ministry of Agriculture, 2012). Sources from the Ministry of Agriculture revealed that this investment is somewhat speculated since Eni had no plans of investing in the farmland, but to sublet to an investors who will cultivate the land while Eni retains the right to buy all their produce. Some activists also argue that the investment will lead to the destruction of tropical forests or forced displacement of local people (Lazzeri, 2009).

Free access to land and water is making the country a prime target for foreign investors in commercial agriculture. This perhaps, explains the investors' choice of the Niari Valley, a region regarded as the country's richest biodiversity spot and very close to South Atlantic. The 1,400mm of rainfall per year in Congo-Brazzaville, with merely two rainy seasons is grossly inadequate as such the South Atlantic will give the farmers access to water for large-scale irrigation. Specifically, growing evidence suggests that commercial pressure on African land could be influenced by the desire to grab water resources (Mehta, Veldwisch and Franco, 2012). Oakland Institute (2011a) argues that land deal taking place in Africa is associated by chiefly water grab which poses major concern over the future of freshwater resources when the extensive areas of newly possessed land come under cultivation. Oakland Institute (2011a) further argued that the volume of water needed for cultivation of 40 million hectares of land cannot be sustained given the limited fresh supply in the continent.

Irrigation scheme will divert water from South Atlantic that is already under serious stress, owing to it strategic importance as the only deep water in the region (Republic of Congo Investment Climate Statement, 2012). This could also lead to water conflict which Houdret (2012) defines as situation of incompatible or opposing interests among water users relating to forms of access, and/or resource quantity. This may take the form of verbal disagreement through sabotage to violent confrontation between the local people and foreign investors. Also, since the small holder farmers in the area might not have the financial resources to construct irrigation and could not depend solely on rainfall, water scarcity might force them to abandon their farms in search of greener pasture in the cities.

Other negative impacts of this investment which have been extensively discussed in the land grab debate include: environmental degradation, increased cost of land, land and natural resources conflict, demotion of local inherent resources and environs through monoculture and u pesticides usage, in addition to food insecurity, which undermine local consumption, loss of land title by the local people, loss of sources of livelihood for smallholder farmers and pastoralists, displacement of local inhabitants, labour exploitation and abuse due to the absence of labour laws, among others (Anseeuw et al., 2011; Castel and Kamara, 2009; Odhiambo, 2011; UNEP Global Environmental Alert Service, 2011; and Daniel and Mittal, 2010).

4. CONCLUSION AND RECOMMENDATIONS

Despite the problems highlighted above and the venomous criticisms commercial pressure on African land have received from different quarters, national governments could leverage on this opportunity and reposition their country's agricultural sector, especially in the areas of capacity development and skill transfer. To achieve this, the government has certain obligations it must fulfil for the sake of aligning the influx of agricultural foreign direct investment with the developmental aspiration of the people. The extent of the advantages to be derived from this investment opportunity largely depends on the development of appropriate policies, institutions, laws and structured contract agreement put in place by the government before entering into any form of contract, given the country's weak and inadequate institutional framework to protect local land users' rights and regulate agricultural foreign direct investment.

The Republic of Congo's government has put the cart before the horse by making the attraction of investors its utmost priority, without putting in place enabling environment that reflect the developmental aspiration of the people in place. It is imperative for the government to put mechanisms in place to regulate and discipline foreign agricultural investors before allowing the investment to proceed. De Schutter (2011) argues that once investors are allowed to proceed without adequate institutional framework, improvements will be made more difficult. Once the investors are in operation, they will resist any change that will not maximize their gains or thwart their expectation.

Despite the above, leveraging the developmental opportunities of large-scale investment in Republic of Congo farm is not beyond redemption. First, the government must strive to rectify the damages communism infested on property rights of the people, by ensuring that rights on land and natural resources are clearly defined and enforced at low cost. Though, the land given to foreign farmers was government abandoned plantation, but such piece of land was a source of livelihood to certain persons before the introduction of communism, and where it is impossible to trace the original owners of the land, the rights of those currently using the land (erroneously termed as illegal squatters) must be recognized and protected. The government can improve on legal and regulatory framework of recognizing land and resource rights by allowing indigenes to register the lands they have used for over twenty years where the ownership is not in dispute.

The registration should mean statutory recognition of title to land, the right to translate this into real security and the capacity to voluntarily transfer the right. This will ensure that transfer of land rights to foreign investors will be on the basis voluntary and informed agreement, prerequisite for right awareness, value of land, insight to the investment proposal, power to negotiate, monitor performance and compliance enforcement. Opaqueness of the deals will disappear since every material clause of the contract will be in the public domain, and will prevent the collapse of the deal as witnessed in Madagascar. The government of Madagascar reported that 'these two agri-food projects [Daewoo Logistics of South Korea and Varun International of India], aimed at developing large areas of land, both raised similar issue. Though the companies involved have been suspended and investors have also left the country. The companies involved devoted more time to negotiating access to land with central authorities than with local population and the regional and local government of the targeted land. The absence of transparency in these negotiations and the-at- best – hasty negotiation at local level drove these projects to failures. The terms of the land contract appeared to be extremely unfavourable for the local people' (cited in Odhiambo, 2011).

Second, the contract can be structured to contain some performance requirements that investors are expected to contribute to the local people. This can include; hiring of selected members of the indigenous workforce; buying of specified amount of indigenous inputs; minimisation of the scale of contract farming; training the local on the effective use of technology in farming; and to an extent, encouraging the investor move away slightly from capital intensive farming to labour intensive farming. Once these conditions are agreed upon and signed, it becomes a binding contract on the investor and a basis for assessing its contribution to the communities.

Large-scale farming could also benefit the local people by the deliberate adoption of a farming model which allows large-scale farms and smallholders to co-exist in the form of out-grower scheme, joint venture and contract farming. On skill and technological transfer, the general fear is the adaptability of large scale farming skills to smallholders farming given the capital intensive nature of the equipment. This fear could be alleviated by developing rental market for such capital intensive equipment that will allow farmers use the machinery without owning it. The farmers could be encouraged to form cooperatives that will unite their efforts toward building small processing facilities, packaging or selling of their crops, and by so doing rise in the value chain and grab a huge percentage of the final worth of their products.

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