**Introduction and Problem Statement**

In recent years, the confluence of rising prices of energy and global foodstuffs has led policy makers in emerging and developed countries to explore alternative strategies for energy and food security. Countries facing pressing energy problems are exploring and investing in biofuels to diversify their energy portfolios (Borra and Frasso 2010). Biofuels offer a less polluting alternative, vis-a-vis fossil fuel-based energy sources. However, biofuel production at a large scale is food-sticky and therefore land-intensive. At higher levels of land values, they may become feasible only with some form of subsidy. Similarly, countries stressed by rising global food prices and limited land capacity to accommodate rising food demand are seeking to alleviate their land resource constraints.

Energy and food price shocks have led to growing interests in investing in prime farmlands. This is particularly so in Sub-Saharan Africa where over 40 million hectares have been acquired by international investors. Large-scale land deals come in the forms of leases, concessions or purchases, contract farming and rural and agricultural infrastructure investment—such as investment in irrigation systems and roads (von Braun and Meinzen-Dick 2009).

This phenomenon, dubbed “land grabbing” by those who question its legitimacy, has raised questions about the nature, consequences and equity implications of long-term land transactions (Oberland and Pinstrup-Andersen 2010; Halkett 2008, von Braun and Meinzen-Dick 2009). The choice of the term “land grabbing” as opposed to “strategic investment in land” is driven by the concern that many of the African countries that participate in land deals themselves have serious energy and food insecurities, and by the fact that they may not have the capacity to understand the gravity of these long-term decisions.

The complex decision making process that leads to these international land acquisitions is not well understood. Key to understanding this process is knowledge of the motivations and behaviors by targeting and host countries. This area of inquiry is the main focus of this study.

**Study Objectives**

1. Develop a theoretical model to explain the targeting behavior of investors, the behavior of host countries and the critical factors that determine the probability that a country will become a target.
2. Implement a logit regression model to explain the land acquisition process and the primary determinants of international land acquisitions.

**Hypothesized Causal Factors from the Literature**

The literature identifies the following reasons for increased interests in African agricultural lands.

- Growing Long-term Commodity Prices Volatility (Mars & Smaller 2010)
- Increased Pressure on Natural Resources in Targeting Countries (von Braun & Meinzen-Dick 2009)
- Altihoy’s Favorable Climatic Conditions and Geographic Proximity (von Braun & Meinzen-Dick 2009)
- Demineralization Development Aid from Donor Countries (Cová et al. 2009)
- Increased Production Costs Differentials (von Braun and Meinzen-Dick 2009)

**Theoretical Framework and Empirical Model**

**The Host Country Land Management Problem**

The host country maximizes the value of agricultural lands as follows:

\[
\max_{\theta} V = \max_{\theta} \left( \mathcal{E} (q', \theta) - c(q', \theta) \right) \]

where \( V \) is net value of production from acquired lands, all other variables are as defined previously. The construction for maximization is:

**The Strategic Acquisition of Agricultural Lands in Sub-Saharan Africa: Determinants of Country Targeting Behavior**

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