



Tropentag, September 18-21, 2016, Vienna, Austria

“Solidarity in a competing world —  
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## Are Large-Scale Land Investments Only for Food Production? An Investigation of the Determining Factors and Sectoral Allocation of the Investments

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### Abstract

The economic potentials of countries in part depend on their natural resources endowment and productive utilisation. Land remains invaluable natural resource that is precious to man, but it is non-renewable. The non-renewability of land and the scarcity of fertile, arable and productive land led to its increasing demand. A lot of people in developing countries, particularly in Africa, depend on land for their economic activities and/or livelihood. This is due to the fact that, it is from it that food is provided, shelters are constructed, infrastructures are laid and other valuable minerals are found. Recent economic events, particularly the commodity crisis of 2007–2008, have shown that there had been increasing demand for land in the global south, especially in Africa, which affected the availability of fertile and arable land. It is on this basis that this study investigates whether the motivation for the global land rush in Africa is mainly for food production purposes or otherwise. This study adopts a selection bias model with firms' heterogeneity using a negative binomial estimator to find that the acquisition of large-land is not solely for agricultural food production but also for forestry, conservation, renewable energy and tourism. The findings also indicate that the propensity to acquire land is determined by the availability of arable land, economic size of the investors' countries, institution capacity, governance and security and safety in the destination countries. However, at the intensive margin, economic size does not stimulate land investment, so also trade, population density, institutions and security of life and property. The availability of arable land, good governance and adequate precipitation are the land investment-enhancing factors.

**Keywords:** Africa, firm heterogeneity model, food production, land resource, negative binomial