

# **Doomed to fail? Why some land-based investment projects fail and others succeed**

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## **Abstract**

In recent years, an increased interest in farmland globally has led to the emergence of many land-based investment projects. Although most projects enter the production stage, a significant number also end in failure. This paper asks why land-based investment projects fail or succeed. This is a crucial question as failed investment projects are unlikely to have any positive impacts on the host regions. I develop a conceptual framework to understand the determinants of failure and then use project-level data to empirically test these determinants drawing on survival analysis. I find that failure occurs globally but is concentrated on the African continent, with some countries exhibiting a particularly high risk of project failure. In addition, larger projects, projects growing agrofuels, and projects targeting land formerly used by smallholders or pastoralists are more likely to fail. In contrast, projects that involve domestic investors or take place in countries with better infrastructure are less likely to fail. The findings on the impact of host-country institutions on project failure are ambiguous and highlight the need for more localized institutional variables to better understand the role of institutions for project failure.

*Keywords: large-scale land acquisitions, land-based investments, survival analysis, farm survival*