



COLLEGE OF DEVELOPMENT STUDIES REGIONAL AND

LOCAL DEVELOPMENT STUDIES

**ASSESSMENT OF PRIVATE DOMESTIC INVESTMENT CHALLENGES AND
PROSPECTS IN THE SERVICE SECTOR IN ADDIS ABABA ETHIOPIA**

BY

BURAKA TUJUBA ID.No: GSE/2629/12

ADVISOR: ANDUALEM GOSHU (PHD)

A THESIS SUBMITTED TO DEVELOPMENT STUDIES COLLEGE OF
DEVELOPMENT, ADDIS ABABA UNIVERSITY, THE REQUIREMENT FOR THE
DEGREE OF MASTER OF SCIENCE IN REGIONAL AND LOCAL DEVELOPMENT
STUDIES

FEB- 2024

ADDIS ABABA, ETHIOPIA

DECLARATIONS

I, Buraka Tujuba, hereby confirm that this thesis is entirely my own with no parts that have been submitted to another person for credit towards a degree from any other university or institution.

Declared by

Name: -----

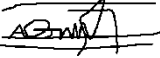
Signature -----

Date-----

APPROVAL

This is to confirm that the thesis proposal with the heading "Assessment of Private Domestic Investment Challenges and Prospects in Service Sector in Addis Ababa Ethiopia 2023" been submitted by Buraka Tujuba. Submitted in accordance with university norms and meeting recognized standards for originality and quality in partial fulfilment of the requirements for the Master of Science degree in Regional and Local Development Studies.

Approved by the examining board.

Adviser:	Signature	Date
Andualem Goshu, PhD		29/02/24

Internal Examiner	Signature	Date
-------------------	-----------	------

External Examiner	Signature	Date
-------------------	-----------	------

Acknowledgment

First, I cannot find words to express my gratitude to Almighty God for giving me the wisdom, strength, support, and knowledge to explore things; for the guidance in surpassing all the difficulties I encountered; and for the determination to pursue my studies and make them possible.

Next, I would like to acknowledge with much appreciation the crucial role of my research advisor, Dr. Andualem Goshu, who has invested his full effort in guiding this study by giving constructive ideas for the improvement of the study and for his patience, understanding, and encouragement.

I would like to express my deepest appreciation to Addis Ababa University for giving me this opportunity and to all the participants of the study, who gave valuable information and ideas.

Table of Content

DECLARATIONS	i
APPROVAL.....	ii
Acknowledgment.....	iii
Acronyms and Abbreviation.....	viii
Abstract	ix
1. CHAPTER ONE	1
1.1. Background of the study	1
1.2. Statement of the problem.....	3
3. Research Questions.....	4
1.4. Objectives.....	4
1.4.2, Specific objectives:.....	4
1.5. Significance of the study	5
1.6. Scope of the study	5
1.7. Organization of the study	6
CHAPTER TWO	7
2. Literature Review	7
2.1. Theoretical Literature	7
2.2. Overview of the Ethiopian Economy	10
2.4. Empirical evidence	13
2.5. Conceptual framework.....	17
CHAPTER THREE	18
3, RESEARCH METHODS	18
3.1. Study area and period.....	18
3.2. Study design.....	19
3.3. Assumption and delimitation	19
3.3.1 Assumptions:	19
3.3.2. Delimitations:	20
3.4. Data source and collection methods	20
3.5. Data collection instrument	21
3.6. Study population	22
3.7. Sampling techniques and sample size determination.....	23

3.8. Method of Data Analysis.....	26
3.9. Ethical consideration and dissemination result.....	26
CHAPTER FOUR.....	28
4, RESULTS AND DISCUSSION	28
4.1. Introduction	28
4.2. Background characteristics of respondents.....	28
4.3. Domestic private sectors investment characteristics	30
4.4. Factors of affecting of investment	33
4.5. Investors perception concerning domestic private investment.....	41
4.7. Discussion	52
CHAPTER FIVE	56
Conclusion and Recommendations	56
5.1. Conclusion.....	56
5.2. Recommendation.....	57
REFERENCE.....	58

List of tables

<u>Table 1 Domestic services service sectors Classification of Samples</u>	19
<u>Table 2: sociodemographic characteristics of the respondents</u>	24
<u>Table 3: Characteristics of private service sector investment*level of investment</u>	25
<u>Table 4: Domestic Private Service sectors investment *Established years</u>	26
<u>Table 5: factors that encourage continuing the investment operation</u>	27
<u>Table 6: investment sectors*need further investment policy</u>	29
<u>Table 7: Services sectors investment *what are the factors that encourage you to continue your operation in this cit</u>	30
<u>Table 8: service sector domestic investment*how much profit earn previous year</u>	32
<u>Table 9: investment sectors*profitability</u>	33
<u>Table 10: How much attractive is in Addis Ababa for investment</u>	34
<u>Table 11: Investors perception concerning domestic private investment</u>	36
<u>Table 12 : Domestic private investment</u>	38

List of Figures

Figure 1: Source; the researcher developed based on the previous literature 14

Acronyms and Abbreviation

GDP	Gross Domestic Product
GTP	Growth and Transformation Plan
FDI	Foreign Direct Investment
EPRD F	Ethiopian People Revolutionary Democratic Front
SAP	Adopted Structure Adjustment Program
WB	World Bank
IMF	International Monetary Fund
GCP	Gross City Product
PCI	per Capita Income

Abstract

This study aimed to examine the landscape of domestic private investment in Addis Ababa, Ethiopia, by focusing on the challenges and Prospects. The study used mixed study design. The data was collected from 298 investors operating in Addis Ababa. Among the significant challenges were issues related to macroeconomic stability, with concerns over access to foreign currency and fluctuations in exchange rates standing out prominently. The dominance of micro and small enterprises in certain sectors such as transport, waste management, and media were noted, contrasting with larger firms' prevalence in the real estate, health, and hospitality industries. High loan costs posed another substantial obstacle, alongside challenges stemming from inflation, an unreliable electricity supply, and contraband activities. While taxation and corruption were perceived as manageable, policy uncertainty and political instability emerged as growing concerns. Despite these challenges, key service industries like finance, education, and ICT were identified as holding potential for private investment, albeit with access barriers. Moreover, Prospects for expansion in credit extension and insurance were noted, albeit modestly. The quality of public infrastructure, particularly in power, water, and telecom reliability, was deemed in need of improvement. Workforce gaps, especially in skilled labour availability and raw material access, were also highlighted. Challenges in Addis Ababa's investment landscape include macroeconomic instability, high loan costs, and infrastructure deficiencies, while Prospects lie in key service sectors like finance, education, and ICT. Addressing these challenges and capitalizing on Prospects requires stabilizing the macroeconomic environment through comprehensive reforms and targeted initiatives across strategic sectors to foster a conducive ecosystem for inclusive growth and job creation.

Key words: Domestic, Private, services sectors, challenges, Prospects, Addis Ababa, Ethiopia

1. CHAPTER ONE

1.1. *Background of the study*

Domestic private investment, significantly impacts economic growth, reduces unemployment, and poverty, ultimately increasing wealth and contributing to sustainable development goals (Ouattara, 2004)

Ethiopia's Industrial Development Strategy emphasizes the critical role of domestic investment in its industrial journey, as it is reliable, sustainable, and creates wealth and employment for local investors. The anticipated benefits of FDI, such as technology transfer, job creation, and market linkage, can only be realized with a dynamic domestic private sector (Gebrehiwot *et al.*, 2014).

The IDS emphasizes domestic investment for sustainable industrial development, but many potential investors face constraints and market failures. To achieve economic diversification and a robust domestic private sector, understanding why domestic firms are stuck or discouraged is crucial (Assefa A, 2012).

The service industry contributed most to productivity but less to employment changes. Rapid growth from 2005-2013 attributed to increased productivity (Kabeta Z *et al.*, 2016). In Addis Ababa, rapid urbanization poses a significant challenge in creating productive employment opportunities, primarily due to the lack of structural changes towards sectors with higher growth and job creation potential. To address this issue, the Ethiopian government, particularly the city of Addis Ababa, has initiated the Growth and Transformation Plan (GTP2), focusing on bolstering the industrial sector to promote structural transformation and generate better-paying jobs in urban areas. Despite the prioritization and efforts to improve the investment climate, many domestic investors in Addis Ababa are hesitant to progress beyond the licensing phase, hindering industrial sector growth and job creation. Consequently, the city faces hurdles in employment generation, underscoring the urgency for enhanced industrial sector transformation efforts. While governmental initiatives aim to address this challenge, the reluctance of domestic investors to transition from licensing to production remains a notable concern (Gebrehiwot B *et al.*, 2014).

World Bank (2016) stated that Addis Ababa indicates that only 5% of domestic firms with investment licenses can transition from pre-operational to operational phases, a concerning low rate. The study aims to understand why 95% of investors are unable to operate. Ethiopia, particularly Addis Ababa, is experiencing rapid economic growth but lacks structural transformation, leading to high urban unemployment rates. The manufacturing sector employs 15% in 2015/2016, but without structural transformation, urbanization has limited capacity to expand and create jobs. Unemployment has decreased from 33% in 2004 to 21% in 2015.

The investment rate is a key factor in measuring economic growth. Domestic investments are one of the major contributors to economic development in both developing and developed nations, particularly in underdeveloped economies (Shabbir et al., 2021) a change in capital stock results from the investment over a specific period. It is possible to track investment over time. Investment is a source of the goods and services that are used to produce other goods (Cahn et al., 2017)

Domestic investment is crucial for a country's economic growth and the economic cycle. It is closely linked to economic variables, influencing investment decisions, and creating a conducive environment for development. Researchers study investment in economic, financial, and accounting terms. National economies should invest in public utilities, infrastructure, urban planning, housing, and social development projects. These projects also contribute to economic activity in sectors like industry, agriculture, housing, health, education, and tourism (Bakari, 2017).

Services sectors significantly contribute to the global economy, generating over two-thirds of GDP, attracting significant foreign investment, employing workers, and creating jobs globally. The service sector, the largest and fastest-growing global sector, is crucial for a country's social economic growth and employment. Its growth is driven by urbanization, privatization, and increased demand for consumer services (Nielson, 2001).

Future profit opportunities, experience, expected rates of profit, riskiness, and the cost of finance influence investment decisions. The decision is subjective, based on both objective and subjective factors. Risk is an essential component of investment decisions, requiring analysis as both an objective and subjective factor (Virlics, 2013). Many researchers have extensively

studied the opportunities and challenges of investment. Morisset (2002) summarizes the summary of studies conducted on opportunities and challenges in various countries. Despite Ethiopia's potential for investment and its opportunities, several significant challenges have surfaced, including a scarcity of alternative domestic and regional markets (World Bank, 2004). Studies conducted on domestic investment in Ethiopia are not exhaustive and do not fully cover important potential challenges and opportunities. Addressing this issue is crucial for increasing the service sector's contribution to the GDP. Therefore, this study is intended to contribute to giving a clue to the challenges and opportunities of domestic investment in the service sector.

1.2. Statement of the problem

Addis Ababa, the capital city of Ethiopia, presents significant potential for domestic investment, promising to drive economic growth, improve living standards, and alleviate poverty. However, despite these prospects, persistent barriers hinder the city from realizing its full economic potential. Additionally, the service sector in Ethiopia has undergone substantial structural changes, with agriculture's diminishing share of GDP and the service sector's increasing productivity underscoring the need for further investment and development (Shiferaw, 2017).

The service sector plays a crucial role in Addis Ababa's economic progress, contributing approximately 36.56% to the city's GDP in 2022. Despite efforts to attract both domestic and foreign investors, Addis Ababa has not achieved the anticipated level of investment, indicating a gap between potential and actual investment outcomes (Nuhu, et al., 2023).

There are certain factors identified by the literature for the low level of investment and investment dynamics, including the crucial role of domestic investment and trade openness in fostering economic development, as recognized in numerous studies (Ben et al., 2023). Study conducted that several factors contributing to the low level of investment and investment dynamics in Addis Ababa. These include infrastructure deficiencies, limited support for domestic investors, rapid urbanization, and population growth, exacerbating the need for structural transformation and job creation (World Bank et al., 2004; Hayleyesus & Mesele, 2020).

Despite the existing literature highlighting challenges and Prospects in Ethiopia's investment landscape, there is a lack of specific focus on the barriers and dynamics of private domestic investment in Addis Ababa's service sectors. This study aims to address this gap by providing a

comprehensive analysis of the challenges and Prospects unique to Addis Ababa's service sector investment landscape. By understanding these dynamics, policymakers and stakeholders can formulate targeted strategies to facilitate investment and foster economic growth.

This study distinguishes itself by focusing specifically on Addis Ababa's private domestic service sector investment challenges and Prospects. While previous studies might have touched upon broader investment issues in Ethiopia, this research delves deeper into the intricacies of investment dynamics within the city. Additionally, while some empirical studies exist on Ethiopia's investment climate, there is limited empirical research specifically focusing on Addis Ababa's service sectors? By conducting empirical research and analysis, this study aims to provide valuable insights into the unique challenges and Prospects faced by investors in the city's service sectors. Domestic investment in the city, highlighting the need for further investigation into this area. Closing these gaps in knowledge is essential for devising targeted strategies and policies to overcome barriers and unleash the full economic potential of Addis Ababa through domestic investment. Therefore, this study aims to identify the challenges and Prospects of private domestic investment in Addis Ababa's service sectors.

3. Research Questions

- What are the private domestic investments Prospects in the service sector in Addis Ababa City?
- What are the private domestic investment challenges in the service sector in Addis Ababa City?
- What are the problems that lead to low domestic investment in service sector activities in Addis Ababa?

1.4. Objectives

1.4.1 General objective

The general objective of this study was to identify the private domestic investment Prospects and challenges in service sector in Addis Ababa, Ethiopia.

1.4.2, Specific objectives:

- To identify the private domestic investment potentials challenges in the domestic service sector in Addis Ababa, Ethiopia 2024
- To assess the private domestic investment Prospects in the domestic service sectors in

Addis Ababa, Ethiopia.2024

1.5. Significance of the study

In Ethiopia, despite recent political and economic reforms aimed at boosting private investment, actual investment in service sectors remains notably low. This study aims to address this gap by assessing the challenges and opportunities for domestic investment in service sectors within Addis Ababa. This research offers insights into the factors influencing private investment and provides valuable information for policymakers, researchers, and investors. By shedding light on the variables affecting private investment implementation, this study serves as a reference for future research and can inform policy decisions to promote domestic investment conditions and fill knowledge gaps. The findings are expected to contribute to the development of policies and strategies aimed at increasing domestic investment in the service sector, ultimately fostering economic growth and employment opportunities in Addis Ababa.

1.6. Scope of the study

Domestic Investment refers to an investment committed or made by a domestic investor. Domestic investor in this study denotes Ethiopian or foreign national permanently residing in Ethiopia having made on investment and Ethiopian born foreign national desiring to be considered as a domestic investor. Addis Ababa is the capital city of Ethiopia, which has high urbanization to contribute the huge service sectors. The study was conducted in Addis Ababa city to identify the opportunities and challenges of domestic investment in service sectors. The main purpose of this study was to determine the opportunities and challenges faced by the domestic service sectors in Addis Ababa. Since Micro, small, medium-sized and large private service investors participated in the study. Moreover, the study did not include foreign direct investment (FDI) and other sectors of investment; rather, these investors are only domestic service investors who were registered (licensed) in the Addis Ababa investment office and who were employed during the study period in the city. It, therefore, focused on the identification of variables that explain the opportunity and challenge in domestic service investment The independent variables include characteristics of respondents. Variables attracted investors, Investor's perception

concerning domestic service investment challenge and Prospective adopted previous research

1.7. Organization of the study

This paper does to attempt identifying, determine, examine the extent of the challenge and prospectively of private domestic investment, and estimate a comprehensive structural of private investment in the nation due to the challenges associated with identifying theoretically correct specifications and obtaining the necessary data. Although this study primarily focuses on exploratory data analysis, its findings could be helpful in determining the more fundamental connections between private sector investment and challenge or Prospectivities of service sectors investment in Addis Ababa, which could then be utilized to determine the best course for policymaking in that state. The rest of the sections of the paper consist of three sections. The second section deals with the literature review. The third section deals with the method of the research. The fourth chapter presents the result and discussion. Finally, conclusions and policy implications of the study are presented based on the findings.

CHAPTER TWO

2. Literature Review

This section of the study reviews various literatures on the study topic. In doing so, it begins with an introduction to the concept of domestic investment, followed by relevant theoretical and empirical literature for the study. The final section shows the conceptual framework that focuses on findings and methodological issues in developing countries.

2.1. Theoretical Literature

Market Structure and Competition Theory examines the nature of competition within domestic markets, including factors such as market concentration, barriers to entry, and the behavior of competitors. It suggests that the degree of competition influences firm behavior, market dynamics, and outcomes for consumers and society (E Porter, 1998)

Entrepreneurship Theory focuses on the role of entrepreneurs in identifying, creating, and exploiting opportunities within domestic markets. It suggests that entrepreneurial activities, such as innovation, risk-taking, and resource mobilization, drive economic growth and development in domestic economies (Fritsch. 2017).

Economic Growth Theories: Economic growth theories examine the determinants of long-term economic growth within domestic economies. They suggest that factors such as investment, technological innovation, human capital development, and institutional quality contribute to sustained economic expansion and prosperity in domestic private sectors (Solow, 1956).

Transaction cost economics (TCE) theory provides a useful framework for understanding how high business costs can discourage private investment. First developed by Nobel laureate Oliver Williamson, TCE holds that investors aim to minimize the transaction costs associated with market exchange when making decisions (Williamson, 1981). Transaction costs refer to the resources used in transporting, monitoring, and protecting economic goods and services during exchange. They include things like search and information costs, bargaining and decision costs, and policing and enforcement expenses (Williamson, 1998).

When transaction costs are low, private actors can pursue economically efficient transactions with confidence. However, when transaction costs are prohibitively high,

rational investors seek more favorable business environments even if lower potential returns exist elsewhere (Williamson, 1985).

The Political Instability Hypothesis As first explored by economists Stephen Haggard and Robert Kaufman in the 1990s, the political instability hypothesis posits that unpredictable changes within a government or country's political environment can deter long-term investment that demands stability and foreseeable returns (Haggard & Kaufman, 1995). While speculative, short-term capital may be willing to tolerate some volatility; time-sensitive investments requiring capital commitments over 5-10 years or more seek more stable policy conditions. According to this view, political instability can take many forms from civil conflict and domestic unrest to unpredictable swings in regulatory policymaking between competing factions. Such instability raises what Haggard and Kaufman term the "instability costs" for risk-averse investors who demand a premium to enter politically risky markets. Just as macroeconomic instability in areas like currency

fluctuations or inflation increases investment risk, political instability operates in a similar fashion (Alesina & Perotti, 1996). Investors therefore tend to steer capital away from politically volatile nations toward more politically predictable environments even if economic returns are somewhat lower (Keefer & Knack, 1997). This can have negative repercussions for long-term economic development goals relying on productive capital like manufacturing investment. The political instability hypothesis thus highlights how attracting such investment depends not just on economic fundamentals but stable, foreseeable policy and political contexts as well.

As outlined by North (1990), understanding the interaction between formal institutions like legal codes and informal societal norms and conventions is vital for investment promotion efforts in developing contexts like Ethiopia. A study examining barriers to business growth in Ethiopia identified several cultural traditions as inadvertently hindering expansion. For example, strong social pressure for consensus decisions within tightknit circles was found to slow important financial choices among small firms. Similarly, many entrepreneurs lacked innovators' risk-taking mindsets due to socialized norms of stability and security. Both suggest informal risk-aversion norms conflicting with market incentives (Adugna, 2008).

The neoclassical theory of investment emphasizes human and human beings to explain the connection between domestic investment and economic growth. It implies that domestic investment is essential for economic prosperity and that significant saving spurs investment, resulting in a stable output per worker and a higher economic growth rate (Barro & Sala, 2004).

The convergence hypothesis suggests that less developed economies' growth rates converge to advanced economies due to diminishing marginal returns in neoclassical models. This leads to lower capital-to-labor ratios in poor countries, causing higher capital productivity in developing nations to attract industrial capital, enabling rapid growth (Ghura & Hadjimichael, 1996).

Personal investment theory highlights social and cultural contexts influence on motivation and subjective meanings, influenced by individuals' cultural beliefs, self-perceptions, and goals. The Personality Investment theory identifies three key components of meaning: self-perceptions, perceived behavior goals, and perceived alternatives. These components help determine Personal investment in specific situations, focusing on self-perception, motivation, and sociocultural norms. Understanding these components is crucial for effective decision-making (Maehr & Braskamp, 1986).

Sternberg & his colleagues (1991). 'Investment' theory of creativity suggests that creative individuals buy low and sell high, pursuing new, undervalued ideas with growth potential. They avoid creating similar work, instead generating, and advancing new, valuable ideas.

The Keynesian theory of interest and classical theory both require income level information for interest rate calculation while saving demand and supply schedules require income determination. (Hansen, 1951).

2.1.1. Concept of domestic investment

Investments play a strategic role in promoting economic growth and development in developing countries (UNCTAD, 2014). Real domestic investment involves private and public investors acquiring capital assets that can increase the capital stock and generate income within the national economy. Stimulating higher growth requires that investments are not limited by savings, but are also determined by interest rates, as lower rates can increase the value of assets and investment demand beyond the level of domestic savings (Redhead, 2008).

Studies have defined private domestic investment in different ways as countries have varying investment policies, rules, and regulations. Domestic investment can positively influence foreign direct investment (FDI) through several channels according to theory. Improved public investment in infrastructure enhances profitability for FDI by lowering business costs. Additionally, private domestic investors likely have more accurate information on the local business climate than foreign investors do since they operate domestically, so domestic investment can act as a signal to foreign investors about the economic situation in a country. This implies increases in domestic investment may precede and help attract greater FDI. Private investment also plays a crucial role in both short and long-term macroeconomic outcomes. It influences business cycles by driving aggregate demand and fluctuations in the short-run. In the long run, private investment contributes to physical and human capital formation, ultimately impacting growth and productivity. Countries with stable investment levels generally see higher prosperity (Salman & Ahmad, 2014)

The studies show that the relationship between FDI and domestic investment runs both ways, especially in the case of private investment.

2.2. Overview of the Ethiopian Economy

Domestic Investment in Ethiopia's developing sector is crucial for economic growth, improving living standards, and mitigating poverty. Consistent investment policies, regulatory frameworks, and macro-economic stability are essential for building sustainable

confidence and creating a stable investment environment (Adugna H, 2013). Private investment in Ethiopia is influenced positively by domestic market, return to capital, trade openness and liberalization measures, infrastructural facilities and FDI; but, negatively by government activities, macroeconomic uncertainty and political instability (Sisay A, 2010).

Private domestic investment in Addis Ababa has been studied, but the determinant at the city level was not identified, and non-macroeconomic variables hindered domestic investments. Studies show lower conversion rates due to various barriers (Mohammed, 2022).

The post-1991 period began, with the coming to power of the Ethiopian People's Revolutionary Democratic Front (EPRDF) and the government removed the Derg regime that had ruled the country for seventeen years. In contrast to the previous policy regime of hard and command

control, EPRDF initiated a wide range of reforms that covered the exchange rate, interest rates, liberalization of trade, domestic production and distribution, devaluation of currency, eliminating structural distortion, improving the country's human capital and infrastructure as well as poverty reduction (Addison et al., 2001).

In 1991, the regime adopted the Structure Adjustment Program (SAP) as per the recommendation of the World Bank (WB) and the International Monetary Fund (IMF). The government promised to implement a series of policy reform measures to remove and change the command economic system with a market-based economy, to open the economy into the world economy, and to encourage the wider participation of the private sectors in the development & processes of the national. Under Structural Adjustment Programs (SAP), Ethiopia attracted Foreign Direct Investment (FDI) and pursued privatization to promote the private sector's role in the economy, with the Ethiopian Privatization Agency (EPA) facilitating the transfer of state-owned enterprises to private ownership, aiming to enhance economic development and competitiveness (Jesiah & Iyappan, 2005).

Assefa (2012) the Ethiopian government implemented a series of measures including devaluation of the national currency, liberalization of trade and the foreign exchange rate,

reduction of import taxes, simplification of export regulations, provision of incentives, and strengthening institutional support to promote the export sector and encourage private sector participation. These efforts aimed to enhance competitiveness, boost export revenues, and stimulate economic growth through increased participation in international trade.

2.3. Service sector investment

Addis Ababa, as Ethiopia's capital, places significant importance on the service sector for economic development, particularly in areas like education, health, real estate, waste management, media, tourism, finance, construction, and ICT. The service sector is very important and powerful for service sector development and urbanizing economy to contribute to the GDP. Despite there being limited awakening and motivation in domestic investors in the service sector in Addis Ababa.

Education is recognized as a vital investment in human capital, contributing to long-term economic growth by enhancing productivity and fostering skilled leadership (Demeulemeester & Rochat, 1995). For instance, the gross enrollment ratio (GER) for primary schools increased from 94.4% in 2008/2009 to 104.9% in 2019/20, representing a growth rate of 11.12%, while the secondary school GER from grades 9–10 rose from 32.4% to 51.1%, and from 6% to 26.4% (Ministry of Education, 2020). Similarly, health plays a crucial role in supporting worker productivity and overall economic development, with health expenditure as a share of GDP for Ethiopia standing at 3.5% in 2020 (Bloom & Canning, 2000). In 2020, health expenditure as a share of GDP for Ethiopia was 3.5 %. Though Ethiopia's health expenditure as a share of GDP fluctuated substantially in recent years, it tended to decrease through the 2001 - 2020 period ending at 3.5 % in 2020. However, despite a favorable policy environment, Ethiopia's private health sector faces barriers, including the absence of an overarching private sector engagement strategy.

2.4. Empirical evidence

Empirical studies have consistently demonstrated the significant impact of domestic investments on economic growth, highlighting the multitude of factors essential for fostering robust economic expansion.

A study by Alfaro & Charlton (2009) investigates the determinants of domestic private investment in a sample of developing countries worldwide. The study provides empirical evidence on the factors influencing domestic private investment, including macroeconomic stability, institutional quality, and access to finance, which may have implications for country.

Domestic service sector investment in urban areas is crucial for economic development, with cities designing policies and incentives to attract local and foreign direct investment. Addis Ababa, a city with a billion-dollar capital and substantial employment opportunities, has successfully attracted investments and strategies in line with national policies. Investment opportunities in Addis Ababa are a significant contributor to industrial development, facilitated by factors such as abundant youth labor, educated labor force, market potential, favorable policies, and good governance. Factors such as rapid infrastructural development, high demand for goods and services, easy raw material supply, proximity to ports, and diplomatic significance make Addis Ababa an attractive investment destination(A.A et al.,2020).

Bayai & Nyangara (2013) distinguish investment as transactions that augment real aggregate wealth, primarily through the acquisition or production of new durable assets like factories and machinery. Under the International Centre for Settlement of Investment Disputes Convention, investment encompasses activities or assets that contribute to a country's capital formation and gross output positively, including private domestic investment, public domestic investment, Foreign Direct Investment (FDI), and portfolio investment.

Bakare (2011) Private and public investment collectively form gross fixed capital formation, contrasting with foreign investment, which is categorized as direct foreign investment when invested in tangible assets and as portfolio investment when in shares,

bonds, or securities. According to Adugna et al (2013), investment entails the allocation of funds with the aim of generating income or profit, acquiring assets of intrinsic value, and safeguarding capital for sustained returns while managing risks.

Investment potential factors focus on how enterprises adapt to market conditions and achieve sustainable economic growth. It uses indicators and criteria to determine investment potential at macro and micro levels (Sirojiddinov & Xodjibaeva, 2021).

Corrado & Jordan (2005) state that the five most prevalent and significant constraints will have an impact on an investor's investment strategy. These five constraints are Resource: Horizon: Liquidity Taxes and Special Circumstances. Companies often match employee investments on a dollar-for-dollar basis or offer immediate double-money opportunities, beyond general constraints.

An African-focused study by Asongu, & De Moor (2017) explores the determinants of domestic private investment in African countries. The study provides empirical evidence on the role of financial development, institutional quality, and political stability in shaping domestic private investment dynamics,

A study specific to Ethiopia by Mohammed (2022) examines the determinants of domestic private investment in Ethiopia. The study offers empirical evidence on factors influencing domestic private investment in the Ethiopian context, such as regulatory environment, access to finance, and infrastructure development.

2.4.1. Investment Prospects and challenges

Investment opportunities permeate the fabric of market perceptions, underscoring their significance as evidenced by recent academic research (Kallapur & Trombley, 2001).

Amidst the labyrinth of corporate governance structures, lies the potential to mitigate the impact of investment Prospects on firm performance, offering a nuanced understanding of the interplay between governance mechanisms and investment dynamics (Hutchinson & Gul, 2004). In others studies Firmansyah and his colleagues (2022) Political connections intertwine with investment prospects, weaving a narrative of fiscal strategy and ethical considerations in the realm of tax avoidance. In the pursuit of societal equity, investments

in key sectors such as education, healthcare, and infrastructure emerge as potent tools for reducing income inequality (Snieška & Šimkūnaitė, 2009). According to Emeka and his colleagues (2017) revealed that Domestic investment stands as a cornerstone for sustainable economic growth, serving as a cautionary tale against the perils of excessive reliance on foreign borrowing, Economic policies beckon private investors to navigate the challenges of less developed African countries, offering a glimmer of hope amidst economic adversities. Across the vast expanse of Asia, enhanced cooperation and transparency herald a new era of domestic investment promotion, offering a beacon of hope amidst economic uncertainties (Sudo, 2016). In the history of economic progress, domestic investments stand out as powerful drivers for long-term growth, outshining the appeal of foreign direct investment (Uremadu, 2006; Adegbite & Owualla, 2007).

2.4.2. Factors affecting of investment

In the context of investment decisions, Geetha & Ramesh (2012) shed light on the profound influence of demographic factors, offering valuable insights into investor perceptions. Concurrently, Waktole and Bogale (2018) Explore the complex factors influencing private investment decisions, highlighting the significance of education, marital status, and financial factors in shaping investment strategies.

Waweru and colleagues (2008) emphasize the crucial significance of financial factors, especially for smaller firms contending with elevated leverage and retention ratios. Their research elucidates the complex interactions among financial indicators like leverage, cash flows, and asset stocks in determining investment results.

On a broader scale, The World Bank Report (2004) reveals how important exports are for growing businesses in Ethiopia's cities. The research underscores the multifaceted impact of macroeconomic stability, infrastructure development, and trade regulations in shaping entrepreneurial performance and fostering economic expansion.

Emphasizing the foundational role of investment in economic development, Ainabor et al. (2014) underscore the pivotal role of various capitals—physical, human, social, and environmental—in determining the productive capacity of economies.

According to Mustafakulov (2017) studies emphasize the critical importance of

investment flow methods, labor resource allocation, and economic reproduction. Their research underscores the instrumental role of economic research in evaluating regional development factors and constructing effective investment strategies to maximize economic capacity.

However, the journey towards economic prosperity is fraught with challenges, as highlighted by Bakare (2011) and Ainabor et al. (2014). The study clarifies how macroeconomic imbalances and infrastructure deficiencies disrupt the process of capital formation, emphasizing the necessity for comprehensive reforms to tackle systemic obstacles that impede economic advancement.

Moreover, Nilsson et al (2008) Explores why people invest, especially in mutual funds that focus on socially responsible investments. Findings suggest that there is a connection between financial beliefs and concern for social issues, particularly evident among women and educated investors. Contrastingly, Olsen & Cox (2001) shed light on the risk aversion tendencies of non-professional women investors, attributing their cautious approach to evolutionary and social factors. Their research underscores the importance of understanding investor psychology in constructing effective investment strategies tailored to diverse demographic segments.

The research gap in the challenges and Prospects of domestic private investment in service sectors in Ethiopia lies in the limited extent of empirical research specifically focused on this topic within the Ethiopian context. While there exists some literature on broader investment dynamics and economic challenges in Ethiopia, there is a scarcity of comprehensive studies that systematically analyze the unique challenges and Prospects faced by domestic private investors operating within the service sectors. This gap presents an opportunity to conduct empirical research tailored to the Ethiopian context, aimed at identifying the specific barriers and facilitating factors influencing domestic private investment in service sectors. By filling this research gap, the study aims to contribute to a deeper understanding of the investment landscape in Ethiopia, inform policy interventions, and provide actionable insights to support the growth and development of the domestic service sectors.

2.5. Conceptual framework

Based on the above literature review of theoretical and empirical studies, the conceptual framework is developed as follows. In the diagram below, the conceptual framework shows the major challenges of investment performance.

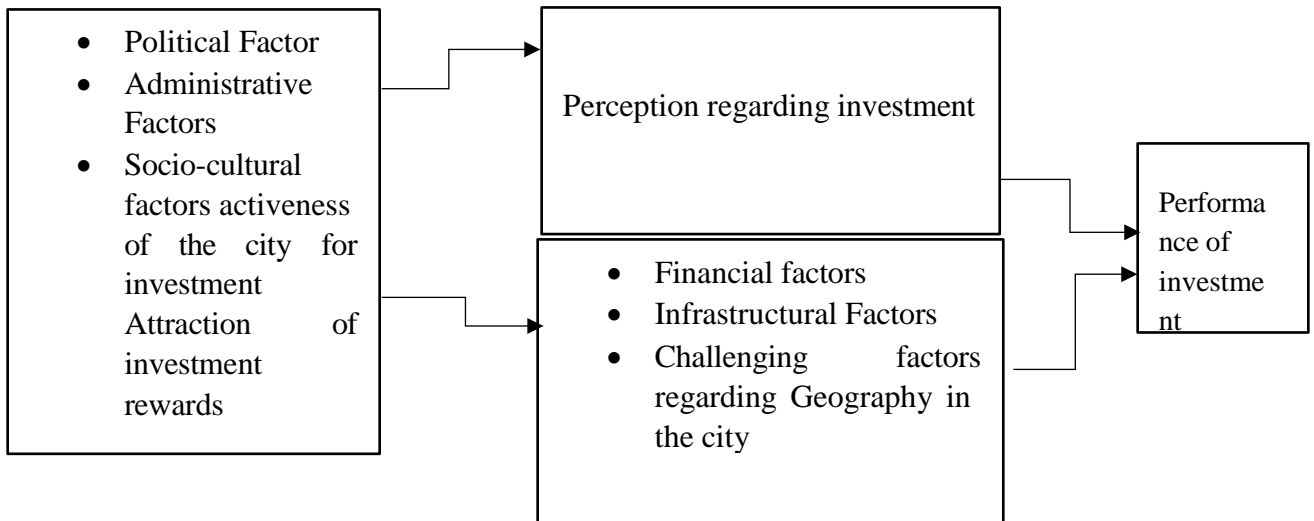


Figure 1: Source; the researcher developed based on the previous literature

CHAPTER THREE

3, RESEARCH METHODS

As of 2022, Addis Ababa generates 29% of Ethiopia's urban GDP and 20% of national urban development. Over the last two decades, the city saw rapid socioeconomic changes and physical transformation marked by development-oriented government and the private sector. However, the city has experienced infrastructure, transport, services, youth unemployment and displacement problems (Weldeghebrael, 2021). Addis Ababa is in the heart of the Oromia state and the major ecosystem services to the city provided by Oromia state (Geleta F, 2014). While Addis Ababa is rapidly urbanizing, productive job creation remains to be a key challenge. The root cause of this has been the lack of structural transformation towards industries with higher potential for growth and job creation. In response, the government of Ethiopia and the Addis Ababa city government through their Growth and Transformation Plan (GTP2) target the industrial sector to enhance structural transformation and create more productive jobs in Ethiopia's cities. Despite the priority and importance accorded to the industrial sector and efforts to improve the investment environment, quite a few domestic investors go beyond the licensing stage to start production. A recent World Bank report on the investment climate in Addis Ababa shows that only about 5% of domestic firms that receive investment licenses can convert from the pre-operational to the operational phase of investment to establish their businesses.

3.1. Study area and period

Addis Ababa is the capital city of Ethiopia (Gazeta, 2004). It is located on a well-watered plateau surrounded by hills and mountains in the geographic center of the country. and the political capital of Africa" Due to its historical, diplomatic, and political significance for the continent, Addis Ababa serves as the headquarters of major international organizations, such as the African Union and the United Nations Economic Commission for Africa(Priestley, 2012). The founding history of Addis Ababa dates back to the late 19th century by Menelik II, Negus of Shewa, in 1886 after finding Mount Entoto unpleasant two years prior(Shiferraw M, 2022) Addis Ababa is a highly developed and important cultural, artistic, financial and administrative center of Ethiopia (Wubneh M,

2013). Addis Ababa's population is estimated at 5,460,591 in 2023. In 1950, the population of Addis Ababa was 392,000. Addis Ababa has grown by 232,797 in the last year, which represents a 4.45% annual change. These population estimates and projections come from the latest revision of the UN World Urbanization Prospects. These estimates represent the urban agglomeration of Addis Ababa, which typically includes Addis Ababa's population in addition to adjacent suburban areas (Kitila A et al., 2023). Addis Ababa city has a large domestic market potential, the city is a diplomatic center and base for many international organizations and NGOs. Has experienced double-digit economic growth, with Gross City Product (GCP) and per capita income (PCI) increasing to birr 395.640 billion and \$4,307.94 respectively (ABABA, 2014). The study period was be from Dec 15 2023 –Jan 30, 2024.

3.2. Study design

Mixed-method data analysis, which was used in the descriptive research design, combines qualitative and quantitative research methods. Exploring Challenges and Prospective in Domestic Private Service Sectors to use mixed-methods research is grounded in the aim was obtained a comprehensive understanding of the challenges and Prospective within the service sector investment landscape of the challenges and Prospective of investment in the service sector. In our research question, we included behavioral, attitude, personal belief, satisfaction, and perception. A primary data source was used to gather the data. Both qualitative and quantitative research methods were used to provide numerical measurement and analysis of the magnitude and extent of the challenge and Prospective. Qualitative research is used to explain the challenges and opportunities and to obtain systematic sequences of information to get into the depth of the research problem. A concurrent mixed approach was used to gather the research data and analyze the study.

3.3. Assumption and delimitation

3.3.1 Assumptions:

The study operates under the assumption that investors within Addis Ababa's service sector will actively engage and provide truthful and relevant insights. Additionally, it assumes that the data collected will accurately reflect the challenges and Prospective faced by these investors. Furthermore, it assumes that the findings derived from the study will hold practical value for policymakers, stakeholders, and researchers seeking to

comprehend and tackle investment dynamics within Addis Ababa.

3.3.2. Delimitations:

The study is delimited to examining private domestic investment exclusively within Addis Ababa's service sectors, thus omitting other forms of investment or sectors. Additionally, due to potential resource limitations, the sample size may be restricted, affecting the extent to which findings can be generalized. Furthermore, the perspectives of foreign investors and government officials are not explored, with the focus centered solely on domestic investors' experiences and perceptions. Time constraints may also limit the depth of analysis, potentially leaving certain aspects of the investment landscape unexplored. Lastly, the study confines its scope to investment challenges and Prospective within Addis Ababa's service sectors, without encompassing the broader macroeconomic or political context of Ethiopia.

3.4. Data source and collection methods

Semi-structured questionnaires and key informant interviews were used as data collection tools. According to the study's objective, the survey questions were created. To achieve this, open-ended and closed-ended questionnaires were created to collect pertinent data from investors in service sectors operating at various scales of operation. To learn more about general domestic service

investment Prospective and challenges, data from key informants was gathered. The primary information was gathered from a small group of investors in Addis Ababa using survey questionnaires and in-depth interviews with service investors. Both open-ended and closed-ended questions were asked in the survey. Closed-ended questions are used to learn more about the demographic makeup of investors, while open-ended questions are primarily used to learn about the opportunities and challenges of domestic investment. Data was collected using a pretest interview-administered questionnaire. The questionnaires' prepare writing in English, translate it to Amharic, and, after data collection, change it to English. Four-degree holders will be hired as data collectors, and one master holder will be a supervisor and coordinator, including an investigator. The investigator will check the clarity and Data were collected using a pre-tested, structured, and interview-administered questionnaire.

3.5. Data collection instrument

In this study, data was collected using two main instruments: key informant interviews and questionnaires translated from English to Amharic. Key informant interviews involved in-depth conversations with individuals possessing expert knowledge or experience relevant to the research topic. These interviews were semi-structured, allowing for flexibility in questioning while focusing on specific topics of interest. Questionnaires, on the other hand, consisted of structured sets of questions presented to participants. These questions, translated into Amharic, ensured accessibility and comprehension for Amharic-speaking participants. Close-ended questions with predefined response options enabled the collection of quantitative data, while open-ended questions encouraged participants to provide detailed qualitative responses, offering deeper insights into their perspectives and experiences. Following data collection, the Amharic responses from the questionnaires were translated back to English to ensure accuracy and consistency. This back translation process helped identify any discrepancies or nuances in translation that may have affected the validity of the data, ensuring that the original meaning of the questions and responses was retained across languages. By employing both key informant interviews and translated questionnaires, this study aimed to gather comprehensive data that captured both qualitative insights and quantitative data from a diverse sample of participants, enhancing the rigor and validity of the research findings.

3.6. Study population

To obtain reliable and dependable information, data was collected from primary domestic investment service sectors that are registered and licensed from 2018 to 2023. The study used data collected by organizations at the city level to examine the challenges and Prospective of domestic investment in the service sector for economic growth and sustainable development.

To achieve this goal, a questionnaire (both closed and open) was prepared and distributed to investors. In addition, through interviews, qualitative data was collected from investors and managers in the study sectors. To coordinate interview sessions, mixed or semi-structured interview questions are prepared and used. The semi-structured interview was conducted with investors at the Addis Ababa Investment Commission.

The data source was collected from micro, small, medium, and large domestic investments in the service sector. Based on the length of an investment horizon Investments are generally divided into two main categories: stocks (riskier) and bonds (less risky). The longer the time horizon, the more aggressive, or riskier, a portfolio an investor can build. The shorter the time horizon, the more conservative, or less risky, the portfolio the investor may want to adopt. Also based on the types of investment: short-term, medium, and long-term.

Short-term refers to investments that are expected to last for fewer than five years, and establishments are often exempt from giving notice to their employees due to a shortage of collateral.

Medium-term refers to investments that one expects to hold for three to ten years, and investment strategies tend to balance high- and low-risk assets, so a mix of stocks and bonds would be a suitable way to protect the company's wealth without losing value to inflation.

Long-term refers to investments that one expects to hold for ten or twenty years, or even longer. Typically, they are willing to take greater risks in exchange for greater rewards.

Based on investment criteria like incentives, job creation, creating an economic framework, increasing GDP and DCP, increasing attractive investment in the city, and collateral and letters of credit, medium-term investment is important for job creation, receiving incentives, increasing GDP and GCP, and the attractiveness of investment in the city.

Totally, 1,007 medium domestic service sector investors have been registered, granted licenses, and begun investment operations in Addis Ababa from 2018–2023 by the Investment Commission in Addis Ababa, Ethiopia. Hence, the total population data was taken from the Investment Commission in Addis Ababa, Ethiopia.

3.7. Sampling techniques and sample size determination

The study's participants were selected from the domestic private service sector operators, which were categorized by various domestic service investments. This study used stratified sampling in the first step, followed by random sampling. After classifying the various service investment sectors and determining the sample proportion, the sample respondents were chosen by the stratified sampling method. The reason to use both sampling techniques is to include all service sectors in the study, and because it is not possible to take the entire population of strata, at the end, we had a plan in our results to compare one stratum to another. If the sample size is distributed among different strata

proportionally to their respective population sizes (N size), then each stratum receives a sample size that is directly proportional to its size within the population. This approach ensures that larger strata are allocated larger sample sizes, and smaller strata receive smaller sample sizes, reflecting their relative importance within the population.

The city has 1,007 investment projects in operation in the service sector from 2018–2023. Despite various methods for determining sample size, the sampling formula hereafter was adopted using a 95% confidence level.

Single population formula with known population

The city has 1,007 investment projects in operation in the service sector from 2018–2023. Despite various methods for determining sample size, the sampling formula hereafter was adopted using a 95% confidence level.

Single population formula with known population

$$n = \frac{N}{1 + Ne^2}$$

Where: **n** = sample size,

$$1007 = 1007(1 - 0.52)$$

N = Population size (Investors) = **1,007**, and

e = sampling error/level of precision = 5%

286 add the 10% of the non-respondent rate using the above sample size determination formula, 300-desired sample sizes were drawn from the total investment firms. This 300-sample size is distributed to each stratum based on their proportion population size as follows:

Table 1 Domestic services service sectors Classification of Samples

Service sectors	Population size	Sample proportion
Transportation	81	26
Education	63	20
Health	84	27
Real state and housing	53	17
Solid and liquid waste management	86	28
Media and entertainment	49	16
Hotel and tourism	175	58
Finance	33	10
Construction	245	81
ICT	57	18
Total		300

In this study the unit of analysis is the service sector operators. It means that the 300 investors should be selected, not employees working in the companies. Hence, we have used a non- probabilistic sampling technique to identify the right respondent. Hence, in this study, I do not believe that the challenge and opportunity of investment are known by asking ordinary employees. Hence, the investor is selected for each 300 businesses purposively. Therefore, the investor actively participated in and gave full information about the challenge and Prospective of the domestic investment, education level and the establishment of the investment.

3.8. Method of Data Analysis

The data collected from the primary and secondary data was analyzed using descriptive and econometric regression analysis methods. To describe the study population, descriptive statistics were used. These included measures of frequency, Prospects and challenges of investment, central tendency, and dispersion, which were shown in tables. The respondents' scores were then summarized and analyzed using both simple statistical techniques such as tables and percentages as well as descriptive statistics like the mean. Following the descriptive analysis, the results and outputs were interpreted, and conclusions were drawn, considering both the problem and objectives of the study. For the qualitative data analysis, thematic analysis was utilized as a research method to quantify and analyses the presence, meanings, and relationships of specific words, themes, or concepts in the qualitative data. Thematic analysis enabled a deeper understanding of the challenges and Prospective of investment, as it goes beyond merely counting words to examine meanings, themes, and patterns in texts. This approach facilitated a comprehensive exploration of the research questions and provided valuable insights into the subject matter. Utilizing Likert scale responses, where values below three signify opportunities and above three denote challenges, facilitates a nuanced exploration of participant perceptions within academic research. By quantifying responses and computing average scores, researchers discern distinct areas of Prospect and challenge. This method enables in-depth analyses, shedding light on factors shaping the research landscape. Through meticulous interpretation, informed decisions can be made, guiding subsequent actions and informing recommendations. This scholarly approach fosters a comprehensive understanding of the subject matter, driving scholarly discourse and practical application in academia and beyond.

3.9. Ethical consideration and dissemination result

The study area and relevant bureaus received a letter from the Addis Ababa University College of Development Studies following the advisor's approval of the proposal. Verbal informed consent was obtained from each respondent, who was informed of his or her

rights to withhold information at any time and to withdraw at any point if they were not interested. Enumerators are provided with orientation and training on how to gather data while showing respect for respondents. The research and ethical committee of Addis Ababa University will be approved, and the results of the thesis will be disseminated in both hard and soft copy to Addis Ababa University, Ethiopia. The results and findings of the study, along with recommendations, will be disseminated to the Addis Ababa Investment Commission.

CHAPTER FOUR

4, RESULTS AND DISCUSSION

4.1. Introduction

This section presents the data analysis conducted to address the research objectives and questions outlined in the previous chapters. The primary aim of this study was to assess the private domestic investment challenges and Prospects in the service sector in Addis Ababa, Ethiopia.

To achieve this, we employed a quantitative research approach and collected data using a Likert scale questionnaire. The data analysis involved several steps, including data preparation and coding, arranging and analysis. The data analysis process serves to uncover patterns, relationships, and insights from the collected data. By conducting a thorough analysis, we can gain a deeper understanding of the private domestic investment landscape in Addis Ababa and identify the challenges and Prospective that exist in the service sector. The respondent rate of 298 out of 300 indicates a high level of participation in the study, reflecting a response rate of approximately 99.33%. Such a high response rate suggests strong engagement and willingness among the target population to contribute to the research.

4.2. Background characteristics of respondents

Among the 298 respondents in the this study, the proportions based on gender are as Male: 80.2%, Female: 19.8% These proportions indicate that the majority (80.2%) of the respondents identified as male, while a smaller proportion (19.8%) identified as female. This analysis provides insights into the gender distribution among respondents in the in private service investment, highlighting a higher representation of males compared to females.

According to Table 2, it displays the study participants comprised 298 respondents, with the corresponding age group proportions: 25 to 54: 90.6%; 55 to 64: 5.4%; and 65 and over: 4.0%. Those in their prime working years within the private service sector's investment are represented by these proportions, which show that most respondents

(90.6%) were between the ages of 25 and 54. Individuals in their prime working years. When we come to education, in terms of education level, the proportions among the respondents are as follows: Diploma and below: 32.2%, Degree: 58.7%, Post-graduate 9.1% these proportions indicate the distribution of education levels among the respondents.

Table 2: sociodemographic characteristics of the respondents

Variables		Percent	Valid Percent	Cumulative Percent
Sex of respondent's				
Male		80.2	80.2	80.2
Female		19.8	19.8	100.0
Total		100.0	100.0	
Age of respondent's				
25-54		90.6	90.6	90.6
55-64		5.4	5.4	96.0
65 and above		4.0	4.0	100.0
Total		100.0	100.0	
Education level of respondent's				
Diploma and below		32.2	32.2	32.2
Degree		58.7	58.7	90.9
Post-graduate		9.1	9.1	100.0
Total		100.0	100.0	

Source; field survey 2023

4.3. Domestic private sectors investment characteristics

Table 3 presents the characteristics of private service sector investment, specifically in terms of the level of investment. The table provides a breakdown of the investment levels across different sectors, including micro, small, medium, and large investments, as well as the total investment.

In the transportation sectors, out of 26 investments, 7 (26.9%) are categorized as micro, 11 (42.3%) as small, 8 (30.8%) as medium, and none as large. Education sector investments consist of 4 (18.2%) micro, 0 (0.0%) small, 14 (63.6%) medium, and 4 (18.2%) large investments, totaling 22 investments. Within the health sector, there are 7 (18.9%) micro investments, 4 (10.8%) small investments, 14 (37.8%) medium investments, and 12 (32.4%) large investments, making a total of 37 investments. The real estate and housing sector has 1 (2.5%) micro investment, 1 (2.5%) small investment, 25 (62.5%) medium investments, and 13 (32.5%) large investments, totaling 40 investments.

In the solid and liquid waste management sector, there are no micro investments, 14 (58.3%) small investments, 10 (41.7%) medium investments, and no large investments, making a total of 24 investments. The media and entertainment sector consists of 8 (47.1%) micro investments, 5 (29.4%) small investments, 4 (23.5%) medium investments, and no large investments, totaling 17 investments. Within the hotel and tourism sector, there are no micro investments, no small investments, 20 (100.0%) medium investments, and no large investments, making a total of 20 investments. The finance sector has no micro investments, 12 (44.4%) small investments, 15 (55.6%) medium investments, and no large investments, totaling 27 investments.

In the construction sector, there are no micro investments, 12 (22.6%) small investments, 19 (35.8%) medium investments, and 22 (41.5%) large investments, making 53 investments. The ICT sector consists of 16 (50.0%) micro investments, no small investments, 10 (31.3%) medium investments, and 6 (18.8%) large investments, totaling 32 investments. Overall, the table shows that out of 298 investments, 43 (14.4%) are micro, 59 (19.8%) are small, 139 (46.6%) are medium, and 57 (19.1%) are large investments.

Table 3: Characteristics of private service sector investment*level of investment

Types of sector	level of investment				
	Micro	Small	Medium	Large	total
Transport	7(26.9%)	11(42.3%)	8(30.8%)	0(0.0%)	26(100.0%)
Education	4(18.2%)	0(0.0%)	14(63.6%)	4(18.2%)	22(100.0%)
Health	7(18.9%)	4(10.8%)	14(37.8%)	12(32.4%)	37(100.0%)
Real estate and housing	1(2.5%)	1(2.5%)	25(62.5%)	13(32.5%)	40(100.0%)
Solid and liquid waste management	0(0.0%)	14(58.3%)	10(41.7%)	0(0.0%)	24(100.0%)
media and entertainment	8(47.1%)	5(29.4%)	4(23.5%)	0(0.0%)	17(100.0%)
Hotel and tourism	0(0.0%)	0(0.0%)	20(100.0%)	0(0.0%)	20(100.0%)
Finance	0(0.0%)	12(44.4%)	15(55.6%)	0(0.0%)	27(100.0%)
Construction	0(0.0%)	12(22.6%)	19(35.8%)	22(41.5%)	53(100.0%)
ICT	16(50.0%)	0(0.0%)	10(31.3%)	6(18.8%)	32(100.0%)
Total	43(14.4%)	59(19.8%)	139(46.6%)	57(19.1%)	298(100.0%)

Source; field survey 2023

Table 4 shows the distribution of domestic private sector investment across 10 service sectors based on the age of the investing companies (less than 3 years, 3 years, and more than 3 years established). The data indicates that majority (57%) of the total investment came from companies established less than 3 years. Transport (53.8%), real estate and housing (77.5%), solid and liquid waste management (83.3%), hotel and tourism (100%), and finance (70.4%) had the highest percentages of investment from very new companies.

On the other hand, education (81.8%), health (27%), and construction (35.8%) attracted most of their investment from more established companies of over 3 years old. Some notable trends can be observed. The education sector shows the least investment from new companies (9.1%) and highest from longer established ones (81.8%). This could be because education projects require more stability and long-term commitment. Health too shows a lower percentage of 27% from new investors. Construction was more evenly distributed with newer (35.8%) and longer established companies (35.8%) both contributing significantly. Media/entertainment majority of it's founds from mid-aged firms at 3 years (35.3%). Overall, the private sector is largely driving growth through many new and early in key industries like transport and real estate.

Table 4: Domestic Private Service sectors investment *Established years

Variables	Investment Established years			
	Less than three years	three years	more than three years	Total
Transport	14(53.8%)	0(0.0%)	12(46.2%)	26(100.0%)
Education	2(9.1%)	2(9.1%)	18(81.8%)	22(100.0%)
Health	20(54.1%)	7(18.9%)	10(27.0%)	37(100.0%)
Real estate and housing	31(77.5%)	0(0.0%)	9(22.5%)	40(100.0%)
Solid and liquid waste management	20(83.3%)	0(0.0%)	4(16.7%)	24(100.0%)
Media and entertainment	11(64.7%)	6(35.3%)	0(0.0%)	17(100.0%)
Hotel and tourism	20(100.0%)	0(0.0%)	0(0.0%)	20(100.0%)
Finance	19(70.4%)	8(29.6%)	0(0.0%)	27(100.0%)
construction	19(35.8%)	15(28.3%)	19(35.8%)	53(100.0%)
ICT	14(43.8%)	8(25.0%)	10(31.3%)	32(100.0%)
Total	170(57.0%)	46(15.4%)	82(27.5%)	298(100.0%)

Source: field survey 2023

4.4.Factors of affecting of investment

Regarding the factors that encourage respondents to continue their operations in the city, the proportions are as follows: Moral support and interest of the community: 15.1%, Investment policy: 33.6%, Incentives of the sector: 41.3%, Problem-solving gradually: 10.1%. These proportions indicate the distribution of factors that motivate respondents to continue their business operations in the city.

What are the factors that encourage you to continue your operation in this city?

Table 5: factors that encourage continuing the investment operation

	Frequency	Percent	Valid Percent	Cumulative Percent
Moral, support and interest of community	45	15.1	15.1	15.1
investment policy	100	33.6	33.6	48.7
Incentives of the sector	123	41.3	41.3	89.9
Problem may be solving step by step	30	10.1	10.1	100.0
Total	298	100.0	100.0	

Source: field survey 2023

Table 6 provides an overview of investment sectors that require further improvement in terms of investment procedures and conditions. The table also highlights the need for additional investment policies in these sectors. In the transport sector, 1 investment (3.8%) requires an amendment in land use planning in the city, 1 investment (3.8%) needs an amendment in investment service and incentives, and the majority of investments, 24 (92.3%), suggest that investment policy revisions may help improve operations. For the education sector, 7 investments (31.8%) call for amendments in land use planning, 12 investments (54.5%) require changes in investment service and incentives, and 3 investments (13.6%) indicate that investment policy revisions could address the existing challenges. In the health sector, three investments (8.1%) require amendments in land use planning, 19 investments (51.4%) call for changes in investment service and incentives, and 15 investments (40.5%) suggest that investment policy revisions may lead to better outcomes. Within the real estate and housing sector, 10 investments (25.0%) need amendments in land use planning, 23 investments (57.5%) require changes in investment service and incentives, and 7 investments (17.5%) indicate that investment policy revisions could address the existing issues. In the solid and liquid waste management sector, no investments require amendments in land use planning, 22 investments (91.7%) need changes in investment service and incentives, and 2 investments (8.3%) suggest that

investment policy revisions may be beneficial. For the media and entertainment sector, 15 investments (88.2%) require amendments in land use planning, 2 investments (11.8%) need changes in investment service and incentives, and no investments suggest the need for investment policy revisions. In the hotel and tourism sector, no investments require amendments in land use planning, 10 investments (50.0%) need changes in investment service and incentives, and 10 investments (50.0%) indicate that investment policy revisions may be necessary. Within the finance sector, five investments (18.5%) require amendments in land use planning, 22 investments (81.5%) need changes in investment service and incentives, and no investments suggest the need for investment policy revisions. In the construction sector, 11 investments (20.8%) need amendments in land use planning, 30 investments (56.6%) require changes in investment service and incentives, and 12 investments (22.6%) suggest that investment policy revisions may be beneficial. For the ICT sector, six investments (18.8%) require amendments in land use planning, 24 investments (75.0%) need changes in investment service and incentives, and 2 investments (6.3%) suggest that investment policy revisions could address the existing challenges. Overall, out of a total of 298 investments, 58 (19.5%) require amendments in land use planning, 165 investments (55.4%) need changes in investment service and incentives, and 75 investments (25.2%) suggest that investment policy revisions may be necessary to ensure good operation and address existing conditions.

Investment * is there any investment procedure that needs further improvement by the investment office or any other condition that may help you to continue in good operation?

*Table 6: investment sectors*need further investment policy*

Service sectors	Amend land use planning in the city and investment incentive	amend investment service and incentives	investment policy may be solve	Total
Transport	1(3.8%)	1(3.8%)	24(92.3%)	26(100.0%)
Education	7(31.8%)	12(54.5%)	3(13.6%)	22(100.0%)
Health	3	19	15	37
	8.1%	51.4%	40.5%	100.0%
Real estate and housing	10	23	7	40
	25.0%	57.5%	17.5%	100.0%
Solid and liquid waste management	0	22	2	24
	0.0%	91.7%	8.3%	100.0%
Media and entertainment	15	2	0	17
	88.2%	11.8%	0.0%	100.0%
Hotel and tourism	0	10	10	20
	0.0%	50.0%	50.0%	100.0%
Finance	5	22	0	27
	18.5%	81.5%	0.0%	100.0%
Construction	11	30	12	53
	20.8%	56.6%	22.6%	100.0%
ICT	6	24	2	32
	18.8%	75.0%	6.3%	100.0%
TOTAL	58	165	75	298
	19.5%	55.4%	25.2%	100.0%

Source; field data 2023

The table 7 below data shows the factors encouraging continued operations in the city for various service sectors. The most frequently cited factors include incentives of the sector (41.3% of responses), investment policy (33.6%), and the moral/community support and interest (15.1%). Problem solving was cited by 10.1%. Breaking it down by sector, Education (100%) and Solid/Liquid Waste (83.3%) rely most heavily on incentives. Health (83.8%) and Construction (35.8%) focus on investment policy while Real Estate (32.5%) and Transport (38.5%) value community support.

*Table 7: Services sectors investment *what are the factors that encourage you to continue your operation in this city?*

Service sectors	moral, support and interest of community	investment policy	Incentives of the sector	problem may be solving step by step	total
Transport	6	10	10	0	26
	23.1%	38.5%	38.5%	0.0%	100.0%
Education	0	0	22	0	22
	0.0%	0.0%	100.0%	0.0%	100.0%
Health	0	31	2	4	37
	0.0%	83.8%	5.4%	10.8%	100.0%
Real estate and housing	13	8	7	12	40
	32.5%	20.0%	17.5%	30.0%	100.0%
Solid and liquid waste management	0	0	20	4	24
	0.0%	0.0%	83.3%	16.7%	100.0%
Media and entertainment	0	8	9	0	17
	0.0%	47.1%	52.9%	0.0%	100.0%
Hotel and tourism	6	12	0	2	20

	30.0%	60.0%	0.0%	10.0%	100.0%
Finance	10	0	17	0	27
	37.0%	0.0%	63.0%	0.0%	100.0%
Construction	10	19	16	8	53
	18.9%	35.8%	30.2%	15.1%	100.0%
ICT	0	12	20	0	32
	0.0%	37.5%	62.5%	0.0%	100.0%
TOTAL	45	100	123	30	298
	15.1%	33.6%	41.3%	10.1%	100.0%

Table 8 shows the distribution of domestic service sector investments categorized by the level of profit earned in the previous year. The sectors covered are transport, education, health, real estate and housing, solid and liquid waste management, media and entertainment, hotel and tourism, finance, construction, and ICT. Across all sectors, the majority (51.0%) of investments reported earning between 500,000 to 2 million Ethiopian birr in profit the previous year. Another 22.5% reported no profit in the previous year. Investment levels decrease with increasing profit amounts, with 19.1% reporting 2-7 million in profit and only 7.4% over 20 million in profit the previous year. Within individual sectors, education had the highest percentage (81.8%) of investments reporting 500,000-2 million in previous profit. Construction closely followed with 81.1% in this category. ICT reported the highest at 93.8% earning 500,000-2 million ETB previously. Solid and liquid waste management was the only sector with over 40% (41.7%) reporting 2-7 million in past profits. Health and hotel/tourism were the only sectors with over 15% of investments previously earning over 20 million profit.

Table 8: service sector domestic investment*how much profit earn previous year

Service sectors	How much profit you earn in the previous year?				Total
	none	>500,000	2-7 million	>20milion	
Transport	6	16	4	0	26
	23.1%	61.5%	15.4%	0.0%	100.0%
Education	0	18	0	4	22
	0.0%	81.8%	0.0%	18.2%	100.0%
Health	22	5	4	6	37
	59.5%	13.5%	10.8%	16.2%	100.0%
Real estate and housing	14	5	17	4	40
	35.0%	12.5%	42.5%	10.0%	100.0%
Solid and liquid waste management	0	14	10	0	24
	0.0%	58.3%	41.7%	0.0%	100.0%
Media and entertainment	5	6	6	0	17
	29.4%	35.3%	35.3%	0.0%	100.0%
Hotel and tourism	8	0	6	6	20
	40.0%	0.0%	30.0%	30.0%	100.0%
Finance	6	15	6	0	27
	22.2%	55.6%	22.2%	0.0%	100.0%
Construction	6	43	4	0	53
	11.3%	81.1%	7.5%	0.0%	100.0%
ICT	0	30	0	2	32

	0.0%	93.8%	0.0%	6.3%	100.0%
TOTAL	67	152	57	22	298
	22.5%	51.0%	19.1%	7.4%	100.0%

Source: field survey 2023

Table 9 below displays the percentage distribution of profitability for various types of investments. The categories include transport, education, health, real estate and housing, solid and liquid waste management, media and entertainment, hotel and tourism, finance, construction, and ICT.

Among these investment types, the highest percentage of profitability is found in education (100%), solid and liquid waste management (100%), and ICT (100%). This indicates that all companies in these sectors reported profitability. On the other hand, sectors such as health (29.7%), real estate and housing (52.5%), and media and entertainment (70.6%) have a lower percentage of profitability. This suggests that a significant portion of companies in these sectors did not report profitability. The overall percentage distribution of profitability across all sectors shows that around 74.2% of companies reported profitability, while 25.8% did not report profitability. It is important to note that these results present the raw percentages without further interpretation or analysis. Further examination and investigation would be necessary to understand the underlying factors contributing to the profitability or lack thereof in each sector.

Investment Sectors Profitability

Table 9: investment sectors*profitability

Types of investment	Profitability		Total
	Yes	no	
Transport	73.1%	26.9%	100.0%
Education	100.0%		100.0%
Health	29.7%	70.3%	100.0%
real estate and housing	52.5%	47.5%	100.0%
solid and liquid waste management	100.0%		100.0%
media and entertainment	70.6%	29.4%	100.0%
hotel and tourism	60.0%	40.0%	100.0%
Finance	77.8%	22.2%	100.0%
Construction	88.7%	11.3%	100.0%
ICT	100.0%		100.0%
Total	74.2%	25.8%	100.0%

Source field survey 2023

4.5. Investors perception concerning domestic private investment

Based on the frequency distribution provided, we can gain an overview of the respondents' perceptions regarding private domestic investment in the service sector. Here are some key observations: Attractive Perceptions: A significant portion of the respondents (51.0%) finds private domestic investment in the service sector in Addis Ababa attractive or very attractive. Around 39.6% of the respondents hold a neutral stance towards private domestic

investment in the service sector. These individuals neither strongly endorse nor reject investment Prospects and challenges in the sector. Less Attractive and Not Attractive Perceptions had a smaller proportion of the respondents (6.7% and 2.7%, respectively).

Table 10: How much attractive is in Addis Ababa for investment

	Frequency	Percent	Valid Percent	Cumulative Percent
very attractive	64	21.5	21.5	21.5
attractive	88	29.5	29.5	51.0
Neutral	118	39.6	39.6	90.6
less attractive	20	6.7	6.7	97.3
not attractive	8	2.7	2.7	100.0
Total	298	100.0	100.0	

Source: Field survey 2023

Table 11 results show various factors that present Prospects and challenges for investment in the city. The respondents were asked to rate the level of challenge for each variable on a scale from "not challenging" to "very highly challenging." The distribution of opportunities and challenges, as well as the corresponding percentages, across the different variables is as follows:

Several factors were perceived as Prospects for investment, with a majority of respondents rating them as "not challenging" or "little challenging." These include the availability of skilled labor force (rated as not challenging by 24.1% of respondents), raw materials in the city (rated as not challenging by 19.8% of respondents), and favorable climate conditions (rated as not challenging by 17.3% of respondents).

On the other hand, there were factors that were considered as challenges to investment in the city, with a significant portion of respondents rating them as "highly challenging" or "very highly challenging."

These challenges included the high cost of investment (rated as highly challenging by 37.2% of respondents and very highly challenging by 26.8% of respondents), higher interest rates on loans (rated as highly challenging by 30.2% of respondents and very

highly challenging by 48.3% of respondents). unavailability of foreign currency (rated as highly challenging by 21.8% of respondents and very highly challenging by 68.8% of respondents), exchange rate fluctuation (rated as highly challenging by 25.5% of respondents and very highly challenging by 63.8% of respondents), and high inflation (rated as highly challenging by 24.5% of respondents and very highly challenging by 59.4% of respondents).

Furthermore, challenges related to infrastructure and services, such as interruption of electric power, telecommunication services, and water supply, were identified as significant obstacles to investment. For example, interruption of electric power was rated as highly challenging by 30.2% of respondents and very highly challenging by 25.2% of respondents. Additionally, factors like limited access to health facilities and education facilities, as well as the lack of appropriate IT infrastructure, were perceived as challenges, with a considerable percentage of respondents rating them as highly challenging or very highly challenging. It is important to note that the distribution of opportunities and challenges varied across different variables, indicating the complexity and diversity of the investment landscape in the city.

Table 11: Investors perception concerning domestic private investment

Variables	Not challenging N (%)	little challenge N (%)	moderate challenge N (%)	highly challenge N (%)	very highly challenge N (%)
Credit extension service provided by financial institutions	32(10.7)	24(8.1)	110(36.9)	69(23.2)	63(21.1)
Financial service provided by insurance companies	35(11.7)	42(14.1)	131(44)	51(17.1)	39(13.1)
High cost of investment	23(7.7)	33(11.1)	51(17.1)	80(26.8)	111(37.2)
higher level of interest rates on loans	21(7)	21(7)	22(7.4)	90(30.2)	144(48.30)
Unavailability of foreign currency	8(2.7)	2(0.7)	18(6)	65(21.8)	205(68.8)
Exchange rate fluctuation	4(1.3)	10(3.4)	18(6)	76(25.5)	190(63.8)
High inflation	14(4.7)	22(7.4)	12(4)	73(24.50)	177(59.4)
Market accessibility	35(11.7)	112(37.6)	54(18.1)	48(16.1)	49(16.4)
Transport availability	10(3.4)	120(40.3)	58(19.5)	55(18.5)	55(18.5)
Interruption of electric power	24(8.1)	33(11.1)	75(25.2)	90(30.2)	76(25.5)
Interruption of telecommunication services	34(11.4)	93(31.2)	71(23.8)	46(15.4)	54(18.1)
Interruption of water supply	10(3.4)	53(17.8)	77(25.8)	68(22.8)	90(30.20)
Access to health facilities	41(13.8)	86(28.9)	92(30.9)	43(14.4)	36(12.1)
Access to education facilities	28(9.4)	75(25.2)	125(41.9)	48(16.1)	22(7.4)
lack of appropriate IT infrastructure	20(6.7)	59(19.8)	115(38.6)	43(14.4)	61(20.5)
Government interventions	25(8.4)	33(11.1)	76(25.5)	44(14.8)	120(40.3)
Political instability of the city and the country	35(11.7)	29(9.7)	18(6.0)	91(30.5)	125(41.9)
licensing procedures by the investment office	96(32.2)	96(32.2)	30(10.1)	27(9.1)	49(16.4)
level of awareness of the investment commission employees on investment law	90(30.2)	89(29.9)	58(19.5)	34(11.4)	27(9.1)
Corruption implementing investment	106(35.6)	54(18.1)	95(31.9)	34(11.4)	9(3)

policies					
Courts and legal system of of the city	39(13.1)	60(20.1)	59(19.8)	108(36.2)	32(10.7)
Poor tax administration and customs procedures	34(11.4)	28(9.4)	88(29.5)	102(34.2)	46(15.4)
high taxation	10(3.4)	49(16.4)	54(18.1)	126(42.3)	59(19.8)
High contraband in the city	23(7.7)	56(18.8)	60(20.1)	94(31.5)	65(21.8)
Community working habit	63(21.1)	94(31.5)	66(22.1)	57(19.1)	18(6)
Social factors implementation of investment laws	31(10.4)	99(33.2)	92(30.9)	54(18.1)	22(7.4)
Gender driven problems	45(15.1)	132(44.3)	61(20.5)	39(13.1)	21(7)
Community religion, belief and socio cultural norms	136(45.6)	65(21.8)	52(17.4)	17(5.7)	28(9.4)
Ethnic conflict among dwellers of the city	41(13.8)	37(12.4)	127(42.6)	49(16.4)	44(14.8)
Shortage of skilled labor force in the city	12(4)	46(15.4)	99(33.2)	83(27.9)	58(19.5)
Availability of raw materials in the city	12(4.0)	39(13.1)	46(15.4)	116(38.9)	85(28.5)
Climate condition	98(32.9)	133(44.6)	34(11.4)	12(4)	21(7)

Source; field survey 2023

This study examined the challenging and Prospects of domestic private service investment in the Addis Ababa city, Ethiopia. These challenging and opportunity factors were categorized into financial factors, infrastructural factors, political factors, administrative factors, sociocultural factors, and geographic factors related factors. To assess the degree of challenge and opportunity of domestic private investment for each factor, the respondents were asked to provide Likert scale values ranging from 1 to 5. A score of 1 indicated that the factor was not challenging, while a score of 5 indicated that the factor was very highly challenging. By analyzing the responses, the study

aimed to gain insights into the perceptions of investors regarding the challenging aspects of private service sector investment in Addis Ababa city.

According to Molla and Ayele (2019) investigated the Prospects and challenges of private investment in the Gojjam Zone, Ethiopia. Through the analysis of mean scores, mean score below 3 indicates Prospects of the private investment, while mean score above 3 indicates factors that are challenging to private investment. Table 12 below shows regarding Prospects for private investment, it was found that Access to health facilities, Access to education facilities and licensing procedures by the investment office and level of awareness of the investment commission employees on investment law with a mean score of 2.8221(SD =1.19985), 2.8691(SD =1.03458) and 2.4530(SD =1.43764) respectively indicating a moderate level of Prospective. Similarly, level of awareness of the investment commission employees on investment law, with a mean score of 2.3926(SD = 1.27269), suggesting a potential avenue for investment.

However, the study also highlighted various challenges faced by potential investors. The high cost investment was identified as a significant hurdle, scoring 3.7483 (SD = 1.27409). Moreover, the higher level of interest rates on loans, with a mean score of 4.0570 (SD = 1.21443), posed a considerable challenge to private investment. The unavailability of foreign currency emerged as a major obstacle, scoring 4.5336 (SD = 0.85706). Additionally, exchange rate fluctuations, with a mean score of 4.4698 (SD = 0.85719), introduced uncertainty and risks in financial transactions. Other challenges included high inflation (Mean = 4.2651, SD = 1.13419), interruption of electric power (Mean = 3.5403, SD = 1.21164), interruption of telecommunication services (Mean = 2.9765, SD = 1.28555).

Table 12 : Domestic private investment

Variables	Mean	Std. Deviation
Credit extension service provided by financial institutions	3.3591	1.20964
Financial service provided by insurance companies	3.0676	1.13891
High cost of investment	3.7483	1.27409
Higher level of interest rate on loans	4.0570	1.21443
Unavailability of foreign currency	4.5336	.85706
Exchange rate fluctuation	4.4698	.85719
High inflation	4.2651	1.13419
Market accessibility	2.8784	1.29094
Transport availability	3.0839	1.20730
Interruption of electric power	3.5403	1.21164
Interruption of telecommunication services	2.9765	1.28555
Interruption of water supply	3.5872	1.18667
Access to health facilities	2.8221	1.19985
Access to education facilities	2.8691	1.03458
lack of appropriate IT infrastructure	3.2215	1.17691
licensing procedures by the investment office	2.4530	1.43764
level of awareness of the investment commission employees on investment law	2.3926	1.27269
Corruption implementing investment policies	3.2819	1.15225
Courts and legal system of the city	3.1141	1.22834
Poor tax administration and customs procedures	3.3289	1.18602
High taxation	3.5872	1.08282
High contraband in the city	3.4094	1.23372

Source: Field survey 2023

Qualitative Research Findings challenge and opportunity

4.6. Qualitative analysis

Challenges of investment

The thematic analysis undertaken aimed to unravel the complexities surrounding domestic private investment in Ethiopia's Addis Ababa city, capturing insights from key investors within the investment community. Through qualitative data gained from in-depth key informant interviews, the study distinguishes both the challenges and Prospective perceived in the investment landscape. Among the challenges identified were significant supply chain constraints, with shortages in critical raw materials and inputs obstacles to investment operations and expansion efforts. Financial barriers become visible in large, with limited access to long-term capital availability the ambitions of investment, particularly small and micro investment, to undertake investment and scale up operations. Regulatory difficult emerged as a widespread challenge, characterized by complexities in land acquisition, customs procedures, and trade regulations, undermining investor confidence and exacerbating uncertainty. Hence, challenges the availability of credit supply is very low, Shortage of availability access to land, customs and trade regulation. In over all Participants in the study emphasis various challenges facing domestic private investment in Addis Ababa, including shortages of raw materials, limited access to credit, and regulatory hurdles, compounded by issues like corruption and inadequate governance. However, among these obstacles, Prospects abound, particularly in the establishment of specialized investment sectors change to sectors such as education, healthcare, and ICT. These sectors have the potential to attract diverse industries and investments, fostering innovation and economic growth while addressing sector-specific needs. By strategically manipulating these Prospects and addressing underlying challenges, they told that Addis Ababa could create a conducive environment for sustainable investment and economic development. These findings empathizes the complicated strongly of barriers and prospects shaping the investment landscape in Addis Ababa, offering actionable insights for policymakers, investors, and stakeholders alike. Addressing regulatory inefficiencies, enhancing financial support mechanisms, and investing in critical infrastructure emerge as essential strategies to unlock the city's economic potential and foster sustainable growth and development.

The thematic analysis begin with a refinement exploration of the investment sectors in

Addis Ababa, drawing from the perspectives of diverse investor deeply identify in the domestic investment landscape. Through qualitative inquiry via key informant interviews, the study navigated through the multifaceted challenges and Prospects inherent in the city's investment ecosystem. Notably, the findings clarify the barriers investment, including complicate supply chain constraints that impede operational efficiency and expansion aspirations. Moreover, the glaring absence of accessible long-term capital emerged as a pervasive obstacle, constraining the growth trajectories of businesses, particularly those in the Small and micro investment segment. Regulatory complexities further compounded the investment climate, casting shadows of doubt on the predictability and transparency of administrative processes, thereby deterring potential investors. However, amidst these challenges, glimmers of hope emanated from the identification of promising Prospects, notably in the concept of specialized investment zones.

These zones, envisioned as havens of streamlined processes and robust infrastructure, held the promise of catalyzing investment inflows, particularly in key sectors poised for growth and innovation. In synthesizing these insights, the thematic analysis not only unraveled the intricacies of Addis Ababa's investment landscape but also paved the way for pragmatic interventions aimed at fostering a conducive environment for sustainable economic development. From regulatory reforms to targeted infrastructure investments, the recommendations emanating from this study offer a roadmap for policymakers, investors, and stakeholders to collectively navigate the challenges and seize the Prospects inherent in Ethiopia's vibrant capital city. Moreover, the interview shows that the respondents as a challenges of investment emphasis on the business environment for Investment is vary from time to time like utility, land, customs and trade regulation and also market situation, Lack of business idea or lack of feasibility study of business entity, Lack of proper city plan or master plan, Lack of Investment Zone, Lack of awareness on Investment proclamation, system, rule and regulation and activities 9. The problems of the society work culture habit, and Expansions of corruption and lack of good governance thematic qualitative research report in on two pages based on the above challenges during key interview in Addis Ababa city, across micro, small, medium and large investment.

Variability of the investment Environment: Participants highlighted the dynamic nature of the investment environment in Addis Ababa, citing fluctuations in utility services, land

availability, customs regulations, and market conditions as significant challenges. Uncertainty stemming from these fluctuations complicates investment planning and decision-making processes.

The thematic result shows that Lack of Business Idea and Feasibility Studies: A recurring theme among interviewees was the prevalence of investments without proper investment ideas or feasibility studies. This lack of strategic planning leads to unsustainable ventures and contributes to investment failures. Absence of Proper City Planning: Concerns were raised regarding the absence of a comprehensive city plan or master plan for Addis Ababa. The lack of urban planning exacerbates infrastructure deficiencies and hampers the city's ability to accommodate and support investment activities effectively. Absence of Investment Zones: Participants expressed the need for designated investment zones with streamlined processes and robust infrastructure to attract and facilitate investment. The absence of such zones makes it challenging investors to navigate the complexities of the business environment. Lack of Awareness on Investment Regulations:

Interviewees highlighted a lack of awareness among investors regarding investment proclamations, regulations, and administrative procedures. This lack of awareness creates barriers to entry and increases the risk of non-compliance among investors. Societal Work Culture and Habits: The prevailing societal work culture and habits were identified as significant challenges affecting investment. Issues such as work ethic, productivity, and professionalism were cited as areas needing improvement to foster a conducive business environment. Corruption and Governance Issues: Concerns were raised about the widespread corruption and governance issues plaguing Addis Ababa. Participants emphasized the need for enhanced transparency, accountability, and good governance to mitigate the adverse effects of corruption on investment activities. In over all, the findings of this thematic qualitative research report underscore the multifaceted challenges faced by investors in Addis Ababa. Addressing these challenges requires concerted efforts from government agencies, policymakers, investors, and other stakeholders. Initiatives aimed at improving regulatory clarity, infrastructure development, urban planning, and fostering a culture of transparency and accountability are crucial for creating a conducive environment for investment and driving sustainable economic growth in Addis Ababa and beyond.

Prospects for investment in Addis Ababa abound, with a rich array of factors conducive to investment growth. The city boasts a vast pool of skilled and trainable labor, providing investment with access to a diverse workforce capable of driving innovation and productivity. Moreover, Addis Ababa's strategic location offers convenient access to both domestic and regional markets, positioning investment for expansion and market penetration. Access to quality healthcare facilities enhances the well-being of residents and contributes to a healthy workforce, supporting business sustainability. Similarly, the presence of educational institutions provides Prospects for collaboration on research and development initiatives, as well as access to a skilled talent pool. Efforts to streamline licensing procedures by the investment office further improve the ease of doing business, reducing bureaucratic hurdles for investors and promoting efficiency. Additionally, a thematic analysis of investment commission employee awareness on investment laws offers valuable insights for enhancing regulatory compliance and fostering a conducive investment environment. Through targeted training and awareness programs, stakeholders can capitalize on these Prospects to drive sustainable economic growth and development in Addis Ababa. In over all, Addis Ababa presents a promising landscape for investment with its abundant skilled labor, market accessibility, and supportive infrastructure such as healthcare and education

Facilities. Streamlined licensing procedures by the investment office enhance the ease of doing investment, while efforts to improve employee awareness of investment laws offer further Prospects for growth. By capitalizing on these advantages and addressing regulatory challenges, stakeholders can foster a conducive environment for sustainable economic development in the vibrant capital city of Ethiopia.

4.7. Discussion

This study assessed the investment environment in Addis Ababa, Ethiopia by surveying 10 domestic private investment services sectors. The results identify both Prospects and obstacles, with the implication of the city with different factors. The results of analyzing potential Prospects for private investment in Addis Ababa highlighted some service sectors such as financial services, healthcare, and education as minor prospects according to investor perceptions. Nurturing vibrant private sector participation in these domestic service industries can be important for catalyzing sustainable economic development.

Private investment plays a crucial role in economic development by creating jobs, boosting productivity and financing infrastructure/industries (Mataveli et al., 2021). However, developing countries face unique challenges attracting foreign capital due to various barriers (Saadi,.2020).

The study result on the variables analyzed from potential Ethiopian investors, the major challenges exchange rate volatility and lack of access to foreign currency, higher level of interest rate on loans Unavailability of foreign currency, Exchange rate fluctuation and High inflation. Similarly, the study Exchange rate fluctuations received the second highest mean score of 4.4698 for potential challenges, indicating it posed significant risk to investors. Similarly with studies such as the one by Sukpanich (2021) which found exchange rate volatility in developing nations discourages foreign direct investment due to investment uncertainty. Similarly, a 2021 study examined Ethiopia specifically and revealed a negative correlation between exchange rate instability and foreign capital inflows. Both highlighted the need for adequate reserves and exchange rate flexibility to mitigate currency risks depressing investment

Expanded access to banking, insurance, and finance allows for improved savings,

payments systems, and credit allocation to flourishing businesses (Beck et al., 2010). This in turn stimulates greater production and trade activity. Emerging research also shows access to essential services like healthcare and education drive productivity gains by contributing to workforce skills and resilience (Bloom et al., 2004). As Ethiopia develops, demand will grow for quality value-added services enhancing everyday lives.

Capturing this demand presents an avenue for strengthening Ethiopia's new private sector. Investments in healthcare clinics, schools, accounting firms and more generate job opportunities beyond manufacturing. Quality service provision also spurs complimentary industries; for example, health facilities require drug suppliers while schools need accommodations for distant students (Ghani et al., 2014). By implementing policies welcoming capable companies, Addis Ababa's government can help establish sustainable service industries promoting inclusion. Studies demonstrate how private energy, communications and transport sectors lifted millions in developing nations out of poverty (Kumar & Behuria, 2017). With attentive regulations, domestic services can do the same by reaching previously underserved citizens. Successful service-driven growth exemplified in countries like Malaysia demonstrates the potential of prioritizing local skill and asset development over relying solely on resource extraction (Ghani & Kharas, 2010). Nurturing capable Ethiopian entrepreneurs and professionals through entry support in strategic services may therefore represent a wise path for Addis Ababa's continued progress.

Moderate Prospects exist within Ethiopia's financial sector. Credit extension from banks showed potential ($M = 3.3591$, $SD = 1.20964$), with accessibility of insurance products also prospecting investment avenues ($M = 3.0676$, $SD = 1.13891$). While not highly attractive, these core industries present a foundation upon which to cultivate private involvement when barriers are reduced (OECD, 2019).

Furthermore, challenges related to infrastructure and services, such as interruption of electric power, telecommunication services, and water supply, were identified as significant obstacles to investment. For example, interruption of electric power was rated as highly challenging by 30.2% of respondents and very highly challenging by 25.2% of respondents. Additionally, factors like limited access to health facilities and education facilities, as well as the lack of appropriate IT infrastructure, were perceived as challenges,

with a considerable percentage of respondents rating them as highly challenging or very highly challenging. It is important to note that the distribution of opportunities and challenges varied across different variables, indicating the complexity and

Diversity of the investment landscape in the city. Similarly, studies state that Utilities modernization deserves focused resources to reach reliability levels accommodating private capital at scale. Ethiopia made strides electrifying cities and connecting villages; prioritizing quality and redundancy now optimizes gains from early buildout. (Kammen et al., 2015) Upgrading power plant efficiencies and strengthening distribution and transmission networks expand dependable provision (World Bank, 2020). Public-private partnerships wherein government contributes land-use rights or initial capital complements outlays through performance-based user tariffs covering operating and maintenance costs. Such models prove effective where standard project finance proves premature given market conditions (Goyol et al, 2018). Output-based aid tied to service-level benchmarks transfers' knowledge with targeted subsidies (Rosnes & Vennemo, 2012). These reforms address infrastructure deficits constraining productive capacity critical to investment-led development (Estache & Fay, 2007). As explored by Campos and Nugent (2012), the political instability hypothesis posits that unstable policy environments deter long-term investment that demands predictability. When regulations, economic management, and legal/contract enforcement are unpredictable and inconsistent over time, it raises uncertainty costs for investors.

The results of this study on Addis Ababa indicated concerns over foreign exchange rate volatility, inflation fluctuations, and inconsistencies in commercial legal frameworks according to investors. Such unstable policy realms were seen to compromise the foreseeability of returns necessary for time-sensitive investments. As found in a study on Turkish provinces, unpredictable policy shocks are shown to discourage private capital formation (Topal, 2013).

The findings of the thematic analysis shed light on the multifaceted challenges and Prospects inherent in the investment landscape of Addis Ababa. Chief among the challenges identified are the acute shortages of raw materials, limited access to credit, and regulatory hurdles, which collectively hinder the growth and expansion of domestic private investment ventures (Gebrehiwot et al., 2014). Systemic issues such as corruption and

governance deficiencies, which undermine investor confidence and deter sustainable economic development (Ahmed et al., 2024), further compound these obstacles. Conversely, participants highlighted significant prospects in the development of specialized investment zones tailored to key sectors such as education, healthcare, tourism, and ICT (UNCTAD, 2019). These zones, envisioned as strategic hubs for industry-specific growth and innovation, have the potential to attract diverse industries and investments, thereby driving economic diversification and job creation. By concentrating resources and infrastructure in designated areas, Addis Ababa can capitalize on its strengths and address sector-specific needs, fostering a conducive environment for sustainable investment and entrepreneurship (Shkabatur et al., 2022).

To contain inflation amid infrastructure expansions fueling growth, monetary targets and open market operations restricting excess liquidity prove effective (Barro, 2013). Aligning aggregate demand and supply further anchors expectations. Export competitiveness bolstered through quality standards enhances trading positions conducive to price stability over the long-run (Porter, 1990). These interrelated measures establish predictability and sustainability attracting investment.

CHAPTER FIVE

Conclusion and Recommendations

5.1. Conclusion

Several potential Prospects for private investment in domestic sectors within Addis Ababa were identified through the survey results. Financial services provided by insurance companies as well as the accessibility of the local market represented avenues that could prospect further growth with enabling reforms. Access to health and education facilities in the city were rated as minor Prospective. Licensing procedures administered by the investment office and the level of awareness among commission employees regarding investment policies scored relatively well, suggesting room for positive development in these areas with the right policies. However, investors highlighted numerous major barriers threatening capital flows. Unavailability of foreign currency and unpredictable fluctuations in exchange rates were primary concerns. Higher interest rates on loans also posed serious risks. High costs of investment along with more frequent interruptions to electricity, water, and other utility services constrained productive activity. Issues like heavy taxation, inconsistencies in customs administration and the functioning of the courts system created instability. Unmanaged levels of contraband goods compounded challenges for operating businesses legally. Instabilities in macroeconomic management of currencies and lending, gaps in basic infrastructure provision, and inefficiencies in taxation and legal frameworks formed considerable deterrents according to respondent perceptions.

In order to capture Addis Ababa's untapped potential and attract optimal amounts of job-creating private investment, comprehensive policy solutions must lower the prominent barriers identified. Priority reforms stabilizing currencies and interest rates, expanding foreign access, upgrading utilities, streamlining customs, and strengthening rule of law would be necessary. Targeted adjustments could also help further cultivate areas where minor Prospects were indicated, such as insurance, healthcare and education linkages to investment. This requires committed actions tailoring the climate to better accommodate capable private sector involvement across strategic domestic industries.

5.2. Recommendation

- **Stabilize Currency and Interest Rates:** Implement comprehensive policies to stabilize foreign currency availability and mitigate fluctuations in exchange rates. Additionally, initiatives to reduce interest rates on loans can alleviate financial burdens on investors.
- **Enhance Infrastructure:** Prioritize infrastructure development to address issues related to electricity, water, and other utility services. Improving infrastructure reliability and accessibility will support productive activities and attract further investment.
- **Streamline Regulatory Processes:** Simplify licensing procedures administered by the investment office and enhance employee awareness of investment policies. By reducing bureaucratic hurdles, the investment climate can become more conducive to private sector participation.
- **Reform Taxation and Legal Frameworks:** Enhance tax administration and streamline customs processes to reduce inconsistencies and create a more predictable business environment. Strengthening the rule of law and judicial efficiency will further enhance investor confidence and encourage long-term investment. Education facilities, addressing minor opportunities identified in the survey. Linking these sectors to investment initiatives can further stimulate economic growth and development. Expand Access to Health and Education Facilities.

REFERENCE

- Addis ababa, A. (2014). Assessment Of Foreign Direct Investment Effectiveness In Development And Its Challenges And Prospects: The Case Of Special Zone Of Oromia.
- Addison, T., & Fole, A. G. (2001). Ethiopia's new financial sector and its regulation (No. 2001). United Nations University, World Institute for Development Economics Research.
- Adugna, H. (2013). Determinants of private investment in Ethiopia. *Journal of Economics and Sustainable Development*, 4(20), 186-194.
- Ahmed, A., & Anifowose, M. (2024). Corruption, corporate governance, and sustainable development goals in Africa. *Corporate Governance: The International Journal of Business in Society*, 24(1), 119-138.
- Ayele, A. B., & Molla, M. T. (2019). Administrative, Infrastructural and Finance Related Factors Affecting Private Investment in East Gojjam Zone of Amhara Regional State, Ethiopia.
- Bakare, A.2011. „The determinants of private domestic investment in Nigeria,“ *Far East Journal of Psychology and Business*, 4(2), 27-37
- Bakare, A.2011. „The determinants of private domestic investment in Nigeria,“ *Far East Journal of Psychology and Business*, 4(2), 27-37
- Bakari, S. (2017). The impact of domestic investment on economic growth: New evidence from Malaysia. *Journal of Smart Economic Growth*, 2(2), 105-121.
- Barro, R., & Sala-i-Martin, X. (2004). *Economic growth* second edition.
- Bayai, I. & Nyangara, D. 2013.„An analysis of determinants of private investment in Zimbabwe for the period 2009-2011,“ *International Journal of Economics and Management Sciences*, 2(6), 11- 42
- Beck, T., Demirgüç-Kunt, A., & Levine, R. (2010). Financial institutions and markets across countries and over time: The updated financial development and structure database. *The world bank economic review*, 24(1), 77-92.
- Ben Yedder, N., El Weriemmi, M., & Bakari, S. (2023). The Impact of Domestic Investment and Trade on

Economic Growth in North Africa Countries: New Evidence from Panel CS-ARDL Model.

Bloom, D. E., & Canning, D. (2000). The health and wealth of nations. *Science*, 287(5456), 1207-1209.

Bloom, D. E., & Canning, D. (2000). The health and wealth of nations. *Science*, 287(5456), 1207-1209.

Bloom, D. E., Canning, D., & Sevilla, J. (2004). The effect of health on economic growth: a production function approach. *World development*, 32(1), 1-13.

Campos, N. F., & Nugent, J. B. (2012). Who is afraid of political instability?. The World Bank.

Canh, N. T., & Phong, N. A. (2017). The Linkage between Public, Private Investment and Economic Caves,

R. E. (1996). *Multinational enterprise and economic analysis*. Cambridge university press.

Corrado, C. J., & Jordan, B. D. (2005). *Fundamentals of investments: valuation and management*. (No Title).

De Meulemeester, J. L., & Rochat, D. (1995). A causality analysis of the link between higher education and economic development. *Economics of education review*, 14(4), 351-361.

E Porter, M. (1998). *Competitive strategy: Techniques for analyzing industries and competitors*.

Emeka, A., Idenyi, O. S., & Nweze, N. P. (2017). Domestic investment, capital formation, and economic growth in Nigeria. *International Journal of Research in Social Sciences*, 7(2), 41-65

Firmansyah, A., Arham, A., Qadri, R. A., Wibowo, P., Irawan, F., Kustiani, N. A., ... & Mahrus, M. L.

(2022). Political connections, investment opportunity sets, tax avoidance: does corporate social responsibility disclosure in Indonesia have a role? *Heliyon*.

Fritsch, M. (2017). *The theory of economic development—An inquiry into profits, capital, credit, interest, and the business cycle*.

Gazeta, F. N. (2004). The Federal Democratic Republic of Ethiopia, Labour Proclamation No. 377/2003, 10th year, No. 12, February. Addis Ababa, 2453-2504.

Gebrehiwot, B. A., Gebre-eyesus, M., & Bekele, F. (2014). Alleviating the barriers to domestic investment in Addis Ababa: underlying causes and proposed solutions.

Gebrehiwot, B. A., Gebre-eyesus, M., & Bekele, F. (2014). Alleviating the barriers to domestic investment

in Addis Ababa: underlying causes and proposed solutions.

Geetha, N., & Ramesh, M. (2012). A study on relevance of demographic factors in investment decisions (No. 1231-2016-100817, pp. 14-27).

Ghani, E., & Kharas, H. (2010). The service revolution. *Economic Premise*, 14(1), 1-7.

Ghani, E., Goswami, A. G., & Kerr, W. R. (2014). Is India's manufacturing sector moving away from cities?. World Bank Policy Research Working Paper, (6987).

Ghura, D., & Hadjimichael, M. T. (1996). Growth in sub-Saharan Africa. *Staff Papers*, 43(3), 605-634.

Haggard, S., & Kaufman, R. R. (1995). The political economy of democratic transitions. Princeton University Press.

Hansen, A. H. (1951). Classical, loanable-fund, and Keynesian interest theories. *The Quarterly Journal of Economics*, 65(3), 429-432.

Hayleyesus, C. A., & Mesele, B. T. (2020). The Assessment of Practice and Challenges of Industries' Participation in Implementation of Occupational Competency Assessment: The Case of Addis Ababa City. *American Journal of Information Science and Technology*, 4(3), 41-45.

International Journal of Infrastructural Development, 1(1), 64-79.

Jesiah, S., & Iyappan, T. (2005). Privatization and Capital Accumulation: Empirical Evidences from Ethiopia. *African Journal of Economic Policy*, 12(1).

Kabeta, Z. E., & Sidhu, I. S. (2016). Service sector: The source of output and employment growth in Ethiopia. *Academic Journal of Economic Studies*, 2(4), 139-156.

Kallapur, S., & Trombley, M. A. (2001). The investment opportunity set: determinants, consequences, and measurement. *Managerial finance*, 27(3), 3-15.

Kumar, A., & Behuria, P. (2017). Role of private sector in infrastructure development: An overview.

Maehr, M. L., & Braskamp, L. A. (1986). The motivation factor: A theory of personal investment. Lexington Books/DC Heath and Com.

- Mohammed, A. (2022). Barriers To Domestic Investment In Addis Ababa City Administration (Doctoral Dissertation, St. Mary's University)
- Morisset, J. (2002). Foreign direct investment in Africa: Policies also matter. *New horizons for foreign direct investment*, 548, 167.
- Mustafakulov, S. (2017). Investment attractiveness of regions: Methodic aspects of the definition and classification of impacting factors. *European Scientific Journal*, 13(10), 433-449
- Nielson, J. (2001). At your service: Trade in the global economy. *Organization for Economic Cooperation and Development. The OECD Observer*, (229), 47.
- Olsen, R. A., & Cox, C. M. (2001). The influence of gender on the perception and response to investment risk: The case of professional investors. *The journal of psychology and financial markets*, 2(1), 29-36.
- Salman, A., & Ahmad, N. (2014). Determining Factors of Private Investment: Empirical Study of Pakistan. *Developing Country Studies*, 4(25).
- Shabbir, M. S., Bashir, M., Abbasi, H. M., Yahya, G., & Abbasi, B. A. (2021). Effect of domestic and foreign private investment on the economic growth of Pakistan. *Transnational Corporations Review*, 13(4), 437-449.
- Shiferraw, M. (2022). City Profile: Addis Ababa. *World Literature Today*, 96(3), 5-5. Shiferraw, M. (2022). City Profile: Addis Ababa. *World Literature Today*, 96(3), 5-5.
- Shiferraw, M. (2022). City Profile: Addis Ababa. *World Literature Today*, 96(3), 5-5.
- Shkabatur, J., Bar-El, R., & Schwartz, D. (2022). Innovation and entrepreneurship for sustainable development: Lessons from Ethiopia. *Progress in Planning*, 160, 100599.
- Sirojiddinov, I. Q., & Xodjibaeva, I. V. (2021). Factors affecting regional investment potential. *Asian Journal of multidimensional research*, 10(5), 404-409.
- Snieška, V., & Šimkūnaitė, I. (2009). Socio-economic impact of infrastructure investments. *Inžinerinė*

ekonomika, (3), 16-25.

Solow, R. M. (1956). A contribution to the theory of economic growth. *The quarterly journal of economics*, 70(1), 65-94.

Sternberg, R. J., & Lubart, T. I. (1991). An investment theory of creativity and its development. *Human development*, 34(1), 1-31.

Sudo, T. (2016). Domestic and international finance in a regional perspective. *Investing on Low-Carbon Energy Systems: Implications for Regional Economic Cooperation*, 435-462.

Topal, S. (2013). The effect of political instability on private capital investment: Evidence from Turkish provinces. *Economics of Governance*, 14(3), 253-275.

UNCTAD. 2014. *World Investment Report 2014 Investing in the SDGs: An Action Plan*. New York and Geneva: United Nations

United Nations Conference on Trade and Development. (2019). *World investment report 2019: Special economic zones*. UN.

Virlics, A. (2013). Investment decision-making and risk. *Procedia Economics and Finance*, 6, 169-177.

Waktole, T., & Bogale, M. (2018). Determinants of growth of private investment in Jimma City, Ethiopia. *African Journal of Business Management*, 12(15), 475-485

Waweru, N. M., Munyoki, E., & Uliana, E. (2008). The effects of behavioural factors in investment decision-making: a survey of institutional investors operating at the Nairobi Stock Exchange. *International Journal of business and emerging markets*, 1(1), 24-41.

Williamson, O. (1985). *The economic organization: Firms, markets and policy control*.

Williamson, O. (1998). Transaction cost economics: how it works; where it is headed. *De economist*, 146(1), 23-58.

World Bank. (2004). *Opportunities and Challenges for Developing High-Value Agricultural Exports in Ethiopia*.

World Bank. (2004). Opportunities and Challenges for Developing High-Value Agricultural Exports in Ethiopia.

World Bank. (2004). Opportunities and Challenges for Developing High-Value Agricultural Exports in Ethiopia.

Wubneh, M. (2013). Addis Ababa, Ethiopia–Africa's diplomatic capital. *Cities*, 35, 255-269.

Wubneh, M. (2013). Addis Ababa, Ethiopia–Africa's diplomatic capital. *Cities*, 35, 255-269.

Mataveli, M., Ayala, J. C., & Gil, A. J. (2021). Banks' support for the development of internationalization in Brazil: a perspective from Brazilian export companies. *European Journal of Management Studies*, 26(2/3), 87-102.

Saadi, M. (2020). Remittance inflows and export complexity: New evidence from developing and emerging countries. *The Journal of Development Studies*, 56(12), 2266-2292.

Sukpanich, S., & Wang, W. (2021). Analysis of the export competitiveness of Thai cassava in the Chinese market (2010-2020). *Open Journal of Business and Management*, 10(1), 337-349.

Kammen, D. M., Jacome, V., & Avila, N. (2015). A clean energy vision for East Africa.

Goyol, S., & Pathirage, C. (2018). Farmers perceptions of climate change related events in Shendam and Riyom, Nigeria. *Economies*, 6(4), 70.