CHALLENGES AND PROSPECTS OF PRIVATE INVESTMENT IN AGRICULTURE SECTOR IN GURAGE ZONE: THE CASE OF ABESHIGE WOREDA, SNNPR, ETHIOPIA

M.A THESIS

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This is to certify that the thesis entitled***"Challenges and Prospects of Private Investment in Agriculture Sector in Gurage Zone: The Case of Abeshige Woreda SNNPR, Ethiopia"*** was submitted in partial fulfillment of the requirements for the degree of Master's with specialization in development planning and management, the Graduate Program of the Department of governance and development studies, and has been carried out by Adane Bizani under our supervision. Therefore, we recommend that the student has fulfilled the requirements and hence hereby can submit the thesis to the department.

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DECLARATION

I hereby declare that this MA thesis is my original work and has not been presented for the award of any degree or examination at any other university and that all sources of materials used for this thesis have been duly acknowledged.

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Place and Date of Submission: _____

LIST OF ACRONYMS AND ABBREVIATIONS

AWAR	Abeshigeworeda Administration Report
AWER	AbeshigeWoreda Educational report
AWYE	AbeshigeWoreda Youth and Enterprise
AWFDO	Abeshige woreda Forest and Development Office
AWADO	Abeshige woreda Agriculture and development office
EIA	Ethiopian Investment Agency
AWADO	Abeshige woreda Agriculture and development office
E.C	Ethiopian Calendar
FDI	Foreign Direct Investment
FDRE	Federal democratic republic of Ethiopia
GDP	Gross domestic product
GPS	Geographic Predicted Satellite
GNP	Gross National product
GTP	Growth transitional program
GZIO	Gurage Zone Investment Office
IFIDPS	International financial investment through the development private sector
LDCs	Least Developed Countries
MASL	Meter above sea level
OECD	Organization for Economic Co-operation and Development
NBE	National Bank of Ethiopia
SAP	Structural Adjustment Program
SNNPR	South Nations Nationalities and peoples of Republic
SPSS	Statistical package for social sciences
SSA	Sub Saharan Africa
WB	World Bank

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CHALLENGES AND PROSPECTS OF PRIVATE INVESTMENT IN AGRICULTURE SECTOR IN GURAGE ZONE: THE CASE OF ABESHIGE WOREDA, SNNPR, ETHIOPIA

ABSTRACT

Abeshige woredas has faced numerous challenges in expanding private investment in agriculture sector in recent decades. The purpose of this study was to assess the challenges and prospects of private investment in agriculture sector in Gurage zone: the case of Abeshige woreda, SNNPR. A mixed research approach was adopted whereby data was gathered through questionnaire, interviews focused group discussions and also field observation. The sampling techniques chosen was census method & purposive.In these method because selected on the fact that population entries are very small and also that this method provides more accurate and exact information, Besides, they identified the woreda and zonal offices were selected purposively with intention of obtaining the person that can provide more information about private investment in agriculture sector operating in the Abeshige woreda. A sample of 68 participants were involved in the questionnaire survey, out of the total 68 participants, 30 were investors, in these respondents were selected censes methods, because the researcher population entries very small and 38 were four respective(concerned) government institutional experts were asked accordingly. The experts were selected purposively based on their what knowledge know about research studying is more detailed than others, it gives more leverage to the researcher to perform and bring out the best information possible from the samples and it depends, judgment and also in this thesis 21 focused group participants includes, thus 13 key informants were selected purposive' to elicit information for this study. Descriptive analysis methods on frequency, percentage and graph of data analysis were employed to analyze the surveyed data. The results of the study presented those shortages of funds to finance, poor government services delivery, presents of government related challenges and weak infrastructural development. The paper concludes that for effective private investment the in-agriculture sector, overcoming fences to promote private investment agriculture sector was crucial. It was recommended that improve government delivery service for the investors , enhancing access to finance, availability of infrastructure should be seriously improved ,should be improve government related challenges and provide more incentive packages and encourages who invest were essential to realize private investment in agriculture sector in the Study Area.

***KEY WORDS**: Challenges, Private investment, Abeshige, Gurage zone*

CHAPTER ONE

1. INTRODUCTION

1. 1 Back Ground of the Study

Private investment in Agriculture sector is often a significant source of livelihoods and food security for people in many countries. Overall, 1.5 billion people live and work on small farms, primarily worked by women, to plant staple crops and vegetables for food security and cash crops to generate income to supplement their diet (World Bank, 2011a). Conditions affecting agricultural production from the availability of fertile lands and freshwater inputs, underlying land tenure and water access, and community economic benefits including farm wages and farm gate earnings are critically important.

Private investment in Agriculture sector in developing countries needs well-designed and targeted investments to help address challenges in rural areas. Estimates of additional investments needed vary between USD 5 billion per year (with a focus only on food security) to USD 160 billion to address food security and extreme poverty over at least for the next 15 years (Food and Agriculture Organization of the United Nations [FAO], 2015; IISD & IFPRI, 2016).

Private investment in the agriculture sector is one of the mainsprings of food security, economic growth and development in a country. Private investment in Agriculture sector is one of the key instruments and primary engine of economic growth and it is an economic activity that substantially contributes to the GDP of a country (Mustefa, 2014). Private investment in agriculture sector investment contributes to development through transferring knowledge, introducing new technologies, creating jobs, boosting the overall productivity, providing tax revenue for the government enhancing competitiveness and entrepreneurship, and ultimately helping to eradicate poverty through economic growth and development (Asiedu and Brempong, 2008).

Besides the points mentioned above, Private investment in Agriculture sector is the means to change the economic contribution of a country and to increase the supply and demand of goods and services, and also recognized as a critical stakeholder and partner in the economic development of a country and also a provider of income, jobs, goods and services to enhance people's lives and help them to escape poverty (IFIDPS, 2011). It is also recognized that private investment in agriculture sector is essential for advancing all countries' development goals inclusive growth for poverty reduction and job creation; food security and international experience collaborates the decisiveness of these sectors for positive changes in the economy.

Private investment in Agriculture sector is a strategy for SSA in the long-term development program since the region is highly dependent on agriculture for income, employment, and export earnings that is the reason why the sector attracts attention from multilateral and unilateral donors as the possible strategy for development (WB, 2000).

In the Ethiopian context, before 1974 the private investment in Agriculture sector was characterized by the feudal system of the economy and poor attitudes of the educated peoples towards the entrepreneurships and poor attitude of the private sector development policy towards privatization and modernization. In addition to the above-mentioned impediments, lack of interest by the private investors' due to insecurity and fear of risk hindered the growth of private investment in Ethiopia.Between1974-1991 the country had not a suitable condition for agriculture private investors as the result of command economic policy. The situation seems changed in 1991/92 when the government changeed its economic policy from command to mixed (workie, 2011).

Generally, the Ethiopia has huge private investment potentials for agricultural development. Currently private investment in agriculture sector is found to be more attractive and profitable in diverse sub-sectors ranging from food products, industrial raw materials to bio-fuel. The agriculture sector accounts for 47% of the Gross Domestic Products of the country, provides 85% of employment and 90% of foreign currency earning, moreover, the country has huge market potential for crop and livestock produced with comparative advantage to the Middle East, Europe and Asia. For the past five consecutive years the agriculture sector was growing with more than 11% average annual growth. In addition of the contribution to the national growth, the growth has triggered to the increase in domestic market has for both livestock and food crops. It also contains major areas of the country with potential and suitable land for private investment in agriculture sector.

Abeshige woreda has great potentials for investment activities in most sectors. In this woreda there are 30 investors who started investing since 1996 and most of them are working on the agricultural sector within nine kebeles of the woreda. Their level of operation in the actual performance area is quite different. These varied statuses of performance can be categorized as full operation, pre operational status and some of as dismissed. These investors are expected to perform and indirectly solve many developmental challenges like job creation, reducing poverty, providing infrastructures and facilitating social services to the residents around their operational places. But the result analysis in Abeshige Woreda is controversial. The investors are not working as they are intended by the government in general and by the society particular (AWAR,

2019). But, there are little efforts made by the investors. For instance, here we can see the Tameche General Trading Plc. This PLC is one of the investors working in the Abeshige woreda on cereal and crop production in Boketa \Serite kebele provided educational facilities in 2019 for Gibe ber primary school (AWER, 2019).

Moreover there are very limited efforts to create jobs in places they are working. Whatever there are the efforts, they are not fruitful and adequate when we compare with the potential that the woreda has in the agricultural suitability. Therefore, the purpose of this study is to assess the challenges and prospects of private investment in agriculture sector in the case of Abeshige woreda

1.2 Statement of the problem

Promoting private investment in agriculture sector, have a significant benefit in enhancing innovation, economic growth, diplomacy factors, poverty reduction, food security, creates more job opportunities, generates more revenue and increase income of the poor; and it eventually ensures long-term socioeconomic development (Fietas and Sinha, 2015).

Although the Ethiopian government has tried to promote private investment in the agriculture sector, the sector's contribution to the national economy has not been at the desired level. Although investment in the sector has increased since 1991 when compared to previous periods, the gains are not as tangible when compared to the country's abundance of natural resources. The current total percentage share of private investment in agriculture out of the total private investment in a country was 34.9 in 2017/2018 (NBE.2018). In 2018/2019, the share fell to 33.3 percent (NBE, 2019).

Different research results showed various reasons for the declining trend of private investment in general and private investment in agriculture in particular. According to EIC (2005), the factors that have impeded the growth and contribution of private investment in agriculture in Africa are misguided policies; insufficient investment; poor infrastructure; inadequate development of natural resources; and poor access to agricultural innovation. Everhart and Sumlinski (2009) stated that the trend of private investment in agriculture in SSA showed a declining trend in most cases and remained constant in some others, mainly due to the prevalence of corruption and weak government service delivery.

When we come to Gurage zone, according to Wasihunet,al ,(2020) there has been an inconsistent level of private sector investment in various local economic activities. From the 1980s towards the end of 1990s, there has been a limited private sector investment in *Gurage* zone until it began to rise

in 2000. Then, there has been a modest increased and fallen from 2000 to 2010 when it began to fall dramatically. From 2010 onwards, private sector investment has been limited in Gurage Zone. To the other side, in 2019 there were 67 agricultural private investors in Gurage zone. Among them the 7 are dismissed due to different reasons and in 2020/21 there are only 60 private investors in Agriculture in the zone that are under full operation (GZIO, 2020).

In addition to this, in the Gurage zone, most projects utilize less than a quarter of the obtained land, and some projects have even terminated. Others have taken a long period of time for preparation. There are various challenges that create obstacles for investment activities in the Gurage zone, such as lack of infrastructure (road, water supply), insufficient bank debt, long and obsolete bureaucracy in some investment areas, the people's negative attitude towards the role of private investment in agriculture sectors, and also some of the projects that have been implemented on the traditional way of farming. For these reasons, private investments in the agriculture sector cannot be transformed into the advancement of technology and human capital development

In Abeshige woreda, there are different opportunities for attractive natural resources like stable land, vegetation, favorable climatic conditions, and a huge labor force. In the woreda, efforts were made to involve private investment in the agriculture sector in local development projects and programs such as agriculture, using multiple approaches. However, private investment in agriculture sector promotion is extremely limited in the Abeshige woreda, making the investments less beneficial to the poor local community. Their annual investment capital is stagnant from year to year. For instance, from 2019–2021, for three consecutive years, the investors' annual revenue capital has gotten only 373,903,482 million Eth birr (AWAR). The creation of job opportunities is not sufficient. Most of the investors did not properly utilize the given land, and the majority of the investors used traditional methods of farming (GZIO, 2020). I was born in the study area and have lived and worked in the woreda for a long time, which allows me to observe a problem more critically. Due to this fact, private investment in the agriculture sector development of the woreda has been poorly developed.

Though a number of studies were undertaken around the world, there were few studies focusing on the situation in Ethiopia. Each of them focuses on its own areas of concern, such as the contribution, practices, determinants, and status of private investment in the agriculture sector. However, many have failed to address the challenges and prospects of private investment in the agriculture sector. And no previous research has been done on the challenges and prospects of private investment in the agriculture sector-specific to Abeshige woreda. So, this study tried to fill such a gap. Therefore, the

aim of this study was to assess the challenges and prospects of private investment in the agriculture sector in Abeshige woreda.

1.3 Objectives of the Study

1.3.1 General Objective

The General objective of the study is to assess the challenges and prospects of private investment in agriculture sector in Gurage Zone: the case of Abeshige woreda, SNNPR.

1.3.2 Specific Objectives

The specific objectives of this study are to: -

- To determine the major constraints those hinder the growth of private investment in the agriculture sector in Abeshige woreda.
- To identify the main prospects of agricultural private investment in the study area.

1.4 Research questions

Based on the stated objectives above, the study will be tried to answer the following research questions.

- What are the major constraints of that hinders the growth of private investment agriculture sector in Abeshige woreda
- What are the main prospects of agricultural private investment in the study area?

1.5 Scope of the study

The researcher has found that it is very important to delimit the scope of the study to a manageable size in order to investigate the issue thoroughly. This study was delimited to examine private investment in agriculture sector in Abeshige woreda in Gurage zone of the Southern Nations, Nationalities and People's Regional State (SNNPRS) It tried to assess the roles, challenges and prospects of private investment in agriculture sector in the woreda. It focuses on private investment in Agriculture sector registered at regional and federal level in the zone of Abeshige woreda.

1.6 Significance of the study

The study might be significant in identifying the problem and its impact on the socio-economic activities, so the investment office, private agriculture sector investors, and the workers of the woreda can strengthen and alleviate the weaknesses in their identified activities. The study plays its

own role in identifying the main challenges that the private agriculture sector faces in the Gurage zone in the case of Abeshige woreda. The result of the study will hopefully provide invaluable information for the woreda government about the level of private investment in Abeshige woreda and the recommendations of the research could help concerned government bodies look for different opinions on maximizing the opportunities from agriculture private investment. Finally, the findings may add to the literature for academicians and practitioners in the area of private investment. This will fill some of the gaps that exist in the literature.

1.7 Limitation of the study

The researchers in this study were concerned that there could be two major limitations. The first one is related to the problem of representation in drawing inferences at a national level. This was the gap for further study in a wide survey at the national level that investigated every investor. The other pitfalls may be related to respondents' willingness and transparency to disclose accurate and relevant information and fill out the questionnaire papers and return them on time due to little concern on know-how on the benefit of such investigations.

1.8 Organizational of the theses

This research paper is organized into five chapters; these are **Chapter one** is an introduction section where the background, the statement of the problem, objectives of the study, research questions, and significance of the study are discussed. **Chapter Two** explains the literature and presents the conceptual and empirical frameworks that guide this inquiry. **Chapter three** briefly discusses the research methodology, including a description of the study area, data collection, and analytical methods. **The fourth chapter** then describes the results and discussion from the field survey, which are presented in relation to the research objectives and questions stated in chapter one. Finally, in **chapter five**, conclusions and recommendations from the study are provided.

CHAPTER TWO

2. LITERATURE REVIEW

2.1 Concepts and Definitions of Private investment

2.1.1The meaning of private investment

Investment has been defined by researchers differently, but the central team is almost similar. Ordinary sense refers to buying shares, bonds, and securities that are already on the stock market, which is called financial investment. Fisher (1992), defines investment as the present dedication of money for a period of time so as to obtain future payments that will compensate the investors.

Investment implies the sacrifice of something now for the prospects of something in the future. It involves cutting back on consumption in the future. It needs sacrifices first and the return comes with a different magnitude, which is uncertain (Thirlwall, 1974). The Ethiopian Investment Agency (2005) defined investment (which refers to investment made by an individual) as the expenditure of capital by an investor to establish a new enterprise or expand or upgrade one that already exists.

Johns (1998) defined investment in terms of physical and financial aspects, in which machines and infrastructure are the main components of physical investment. It is putting money into bonds and common stock. Getachew (1997) defined investment as the flow of spending in a given period that adds to the physical stock of capital. Investment is increasing the capital power of the economy by increasing the capital stock of investment spending.

2.1.2 Private sector economy

The private sector includes the local company, small and medium-sized enterprises, cooperatives, and amorphous and vital informal economies. As a result, it helps to boost national economic growth (Deborah and John, 2015).

Taye (2005) stated the private sector economy as business ventures such as wholesale trade, contact construction, retail trade, services industry, finance, real estate, mining, transportation, communication, public utilities (energy and water), manufacturing, agricultural, and other similar sectors.

2.2 Conceptual Frame Work of Private Investment in Agriculture sector and Development

Private investment in the agriculture sector as a means to growth is a concept that is as old as human civilization. Saving and investment first began when the primitive people saved time from activities related to current consumption by hunting and then in making stone to collect more food for the future to acquire more grain, and some amount of grain was sold to purchase capital goods to increase output from agriculture in the future. In a centrally planned economy, the government collects revenue and spends it on infrastructure and other public utilities. In a modern capitalist society, the bulk of saving and investment are mobilized by households and firms (Debraj, 1998). Households save by reducing current consumption and investing their savings in the form of bank borrowing, personal loans, government bonds, and stock market investments. This cyclical relationship between consumption, saving, investment, and production leads to the economic growth of a country.

Private investment, particularly in the private agriculture sector, is a vital balance for growth and development. It contributes to sustainable economic growth over the long term in the form of knowledge and technology transfer, job opportunities, improved productivity, and enhanced competitiveness. In addition, it develops entrepreneurship and ultimately contributes to poverty reduction through economic growth and development (Asiedu & Brempong, 2008).

Investment has a substantial positive effect on social and economic development, in which the important thing is to create a path from poverty through job opportunities and income generation. It has been depicted as the major source of jobs in many developing and transitional countries, especially for those who are operating at a small and micro level, which is considered a pro-poor economy. This is because of the accessibility of the sector in the local areas and is attainable with the capacity of the localities (Debora and John, 2015).

Moreover, private agriculture sector investment and trade tend to stimulate and increase economic activity by increasing the income and saving of a country. Anyana (1985) argues that less local saving and less or no investment have retarded the growth of countries.

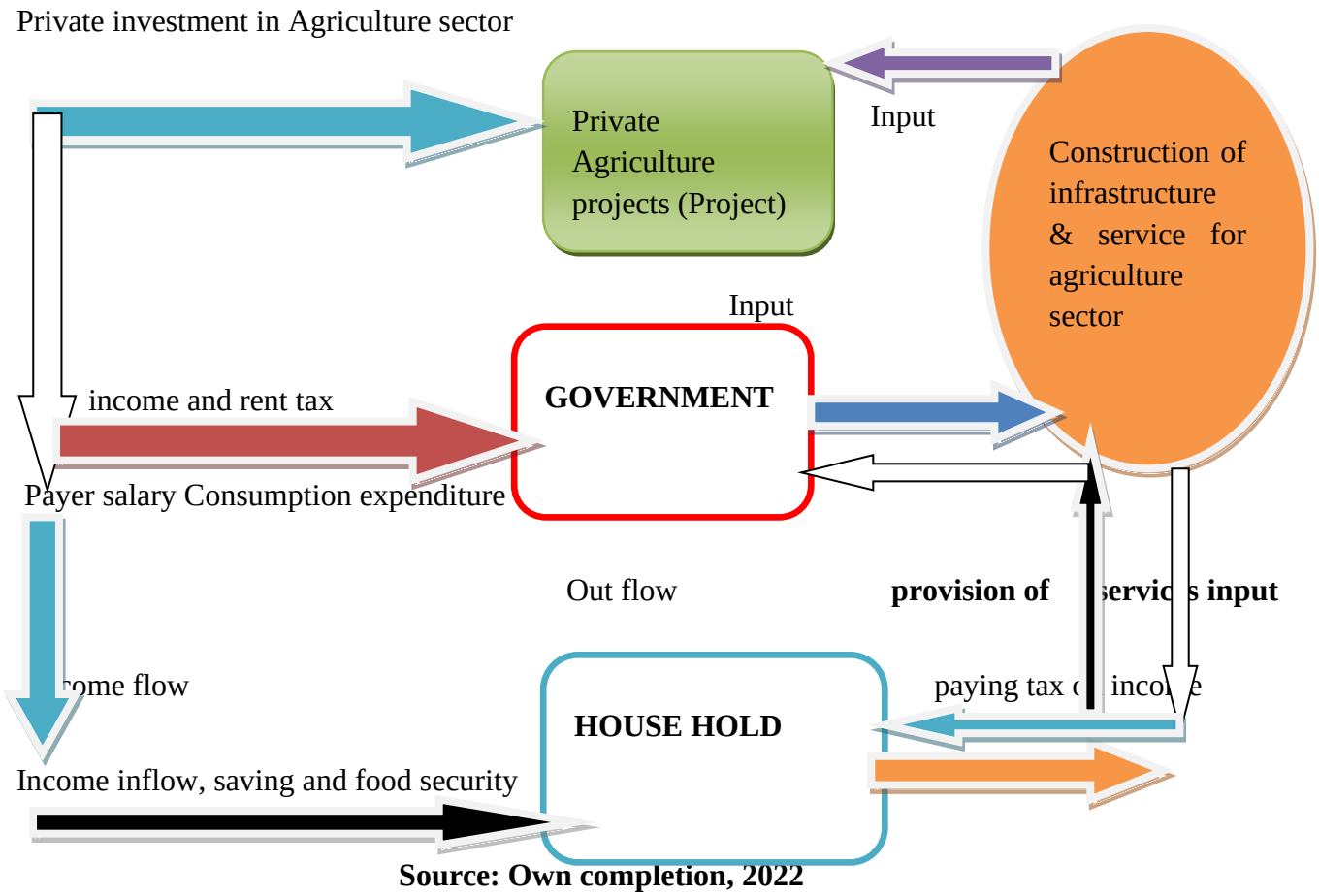


Figure 1.Conceptual framework of private investment in agriculture sector

The conceptual framework shows that private investment in the agriculture sector plays a key role in the development of a country overall and for the poor in some disadvantageous areas in particular. When private investment in the agriculture sector is opened up, it can reduce poverty through creating employment opportunities, providing tax revenue for the government and contributing to foreign exchange. In this case, the government generates tax revenue at the firm and household levels in order to provide infrastructure and services to the firm both directly and indirectly through profit and labor market.

2.3 Theoretical observation of private investment and development

Theories of private investment date back to 1930 when Keynes explained the "General Theory of Investment." In this theory, Keynes observed that investment depends on the prospective marginal efficiency of the opportunity cost of the investment fund. It was also stated that the need for investment by the private sector was one means and potential source of growth (Workie, 1996).

Generally, there are two leading approaches in private investment theories: The first one refers to the neo-classical theory of investment, which originates from the work of Jorgensen (1963). And the second approach is attributed to Tobin's theory of investment (1969).

2.3.1 The Neo- classical theory of investment

According to this theory, variables that determine the productivity of the firm are linked to investment. It states that the demand for capital is positively related to the firm's link output and inversely related to the user of capital (Asmelash, 2007). Each factor utilizes it up to the point where the value of its marginal product equals its price, or alternatively, where the marginal product equals the real price of the factor. Whenever the value of a marginal product exceeds the rental cost of capital, it is profitable to increase the capital stock. Among the assumptions of this theory, competitive markets and unitary flexibility of exchange between labor and capital are highly important.

However, the empirical work conducted by Eisner (1968) and Nadiri (1970) criticizes the method Jorgensen used to explain firms' output and users' cost of capital. Based on this empirical study, the assumption that the elasticity of substitution is less than one, and thus this Jorgenson's method of investment behavior overstates the response of investment to the user cost of capital.

2.3.2 The Tobin q of private investment in Agriculture sector

On the view of this theory, investment is a function of an increase in the market value of the firm because of the cost of installing or obtaining new capital equipment relative to the cost of the equipment, the ratio called Q Worki, 1996. This q theory predicts that when the value of the firm exceeds the replacement cost of investment because of rising capital installation, firms increase their capital stock. The q theory links investment activity to the asset markets, and mainly, the stock and bond markets, upon which the theory relies to provide a measure for the firm's value. From an empirical point of view, the q theory has not enjoyed much success. Tobin's q (marginal q) is not observable practically.

In the context of developing countries, these investment theories and values are constrained and lack consistency as the result of financial repression, foreign exchange shortages, and lack of infrastructure, economic instability, and government intervention in economic decision-making. Therefore, the investment theories of developing countries should consider the different nature of

these countries. In the same way, the private investment situation of Ethiopia, like the abovementioned theories, operates under varied constraints and has not clearly articulated which approach is best suited (Workie, 1996).

2.4 Private investment in agriculture sector and relation with development

Private investment in the agriculture sector, employment and income sources for the poor are interconnected activities in the order of a free market economy in both developed and undeveloped countries since a few decades ago. The employment opportunities and income sources from the private sector should be operated by investment and entrepreneurship. Creating a high number of jobs in the private sector helps to generate the government's revenue, which it needs to expand access to health, education, and infrastructure services. These improved services, in turn, increase productivity and lead to rapid economic growth. To achieve these objectives, it is necessary to mobilize resources for investment from domestic savings, convert some of the remittance fund to investment, and attract inward investment from abroad that improves the efficient and competitive utilization of existing resources (OECD, 2005).

Greater private investment in agriculture has also resulted in increased investment in public utilities, which can be obtained through direct involvement in production or through a partnership between the private and public sectors.

Furthermore, Africa's empowering private sector economy is regarded as a new type of democracy. These assumptions arise from the notion that maximum efficiency can ensure proper utilization of the resource by private owners rather than public properties. In the least developed countries, especially in Africa, the withdrawal of the public sector from the market by eliminating all kinds of subsidies shows the gap that has not been adequately filled by the private sector due to the high transitional cost and risk characteristics of some of these investments (WB, 2017).

Government intervention in the private sector economy, both directly in the production of goods and services by some public utilities and indirectly in creating an enabling investment environment for the private sector, is critical in underdeveloped and developing economies. This conclusion substantially challenges the theoretical assumption of private investment and the neoclassical theory of a free market economy without government intervention in these developing and underdeveloped economies. In Ethiopia, the efficiency of the private sector economy has tended to decline more than that of public sector undertakings (Worku, 2000). Therefore, the government should strengthen the

private economy by providing support in the form of research and development, investing in pure goods, avoiding risk and uncertainty, reducing information asymmetry, and providing information and investment promotion (1995).

2.5 Empirical Evidence of private sector investment and development

Relevant lessons and experiences from other countries and regions can be drawn upon, especially in regulatory reforms. One such example is Rwanda, where the country's one-stop center has been able to cut the time it takes to start a business from fourteen days to three days and the number of procedures from eight to two. At the same time, the cost of starting a business fell from 109 percent to 10% of per capita income between 2008 and 2009. Business registration and start-ups, this improvement is clearly illustrated in Rwanda's high ranking on some components of the Doing Business rankings. (HESPI, 2017 Annual Report).

Borrowing lessons from countries in other regions where knowledge-based development was pursued and the right strategies and policies adopted should be examined for appropriate lessons. China joined the world's top innovators for the first time in 2016 when it was ranked in the Global Innovation Index. From 1979, when China opened up and adopted market-oriented policies, China's economy began to transform and accelerated since the early 1990s, growing at 10% per year (with GDP doubling every 7 years). Poverty was reduced from 60% of the population in the 1980s to just 7% in 2012, and it became the second largest economy, surpassing Japan in 2010. China is today the largest world exporter, with exports amounting to over $3 trillion (10%), rising from a modest level of $20 billion (less than 1% of world exports) in 1978.(HESPI, 2017 annual report).

Some features, like soft hat transformation and policies behind the transition, may be relevant for IGAD and other countries in Africa. Market-oriented reform programs that are carefully managed to avoid socio-political disruptions are key points. The Chinese themselves call this reform "changing the system, opening the door." "Change the system" means altering incentives and ownership and shifting the economy from near total state ownership to one in which private enterprise is dominant. Open the door, "means liberalizing trade and direct investment." Heavy investments in infrastructure, high savings rates, reorienting development strategies towards areas of comparative advantage, beginning with labor-intensive industrial production and export orientation, and careful attention to agriculture and rural development, in the meantime, were important strategic choices.

Foreign direct investment, initially attracted by cheap labor and a huge potential market but later by a disciplined work force and rising domestic consumption due to rising incomes, played an important role in China's development. The IGAD region and Africa in general can similarly rely on their comparative advantages for trade and for attracting investment. The role of the large Chinese diaspora, before the country fully opened up to the world economy, especially from pre-1997 Hong Kong, in providing capital and expertise was also important. The large diaspora from the IGAD could play a similar role. A major feature of Chinese success, and one which Africans need to follow, is a strong work ethic, one in which rent seeking and reliance on extraction are not rewarded. It is a big factor in productivity and competitiveness. Agricultural firms employ the largest number of people in many developing countries. As seen in China and Vietnam since the 1980s, these firms in agriculture have reduced poverty (Debora and John, (2006).

Furthermore, liberalizing investment policy towards FDI can increase employment and the country's development. An empirical study in Africa shows that liberalizing investment policies by the countries could increase employment for unskilled workers located in the rural areas where agricultural investment takes place. Although the private sector economy has been argued to have higher performance than the public sector, some empirical evidence on the relevance of ownership suggests that there is no statistically significant difference between the efficiency of public and private operations in public utilities. In general, from the above literature, it can be concluded that the performance of private sector investment is more efficient in production than public-private partnership (PPP). And the interference of government is more efficient and important.

2.6 Prospect of Agricultural sector for development

The agriculture sector is one of the development areas that play a vital role in determining the overall development of developing countries. This is because the people of underdeveloped countries make their living from the land. Furthermore, agriculture has a higher holding capacity than the others and accounts for 60-70 percent of job opportunities in developing economies. is crucial and needs considerable understanding that the leaders of these countries are concerned for their people's welfare through improving the level of agricultural development to the extent at grass root level (Gillis, 1996). Agricultural product exports played an important role in Malaysia's development. of huge primary products, which support the manufacturing sector, Malaysia's economy has sustained high growth of over 6 percent per annum (ibid).

Private investment in the agriculture sector is a strategy for SSA in the long-term development program since the region is highly dependent on agriculture for income, employment, and export earnings. That is why the sector attracts attention from multilateral and unilateral donors as a possible strategy for development. It contributes about 34 percent of GNP, 40 percent of total export earnings, and two thirds of the population's income (WB2000).

To increase the future investment in the agriculture sector in a country, the government needs to give due attention to some established principles for successful development, such as sound policy framework work, which can attract investment, long-term institutional development, and road network employment of the private sector. Individual farmers are crosscutting themes in agricultural investment (EIA, 2020).

2.7 Challenges of private sector investment

Investment is most appropriate under a favourable investment climate. This suitable climate attracts and promotes investment, perceiving that it is the driver of economic growth and development. Marieke et al. (2006) explain that the enabling investment environments play a key role in attracting foreign investment and motivating domestic investors, such as the policy, legal and regulatory framework, external trade policy, and macroeconomic policies. In addition, governance and institutions, physical security, the social and cultural context of business, firm access to financial and business services, and the availability of physical and social infrastructure services can be the main enabling environments in which a country should make efforts to attract and promote private investment.

Gaynor et al. (2004) explained that macroeconomics, infrastructure, and institutions are the three main factors influencing investment climates. Unfavourable investment conditions cause inefficiency in the private sector and reduce the vibrancy of private sector investment. Specifically, the commonly observed challenges in the business and investment climate throughout the world are tax and regulation of the country, financial viability, policy uncertainty and instability, corruption, governance, and the quality of public services. Gaynor et al. (2004) explicitly state that infrastructure (more economic infrastructure, such as telecommunications, electricity, water, and sewerage, airport roads, railways, and seaports) is the most significant constraint to private investment. The impacts of these constraints vary according to the development level of the countries, business type, and regional location.

2.7.1 Tax regulation of the country

According to the literature review, lower tax rates can increase investment and growth while higher tax rates can reduce business records and the growth of established firms, with medium-sized firms bearing the brunt of the damage because the small can trade informally and the large can avoid taxes. As well as reducing the tax base, simplifying the tax structure and improving the autonomy of tax agencies help to reduce this constraint (Fisman, R and Svensson, J, 2007).

2.7.2 Limitation of financing

Furthermore, firms need to be able to access external finance to invest. The higher the cost of capital, the lower the expected rate of return to the entrepreneur. There is a robust body of literature that shows that financial development, measured by the ratio of private credit to GDP, results in higher rates of growth and faster growth in the incomes of the poor, especially in the poorer countries with less well-developed financial sectors. Those firms that are denied access to external financial markets, compared with firms able to access, are less likely to service investment and growth (Easterly, W, et al., 1993). The other limitation of the leading private challenges is finance. Financial constraints across the world are highly concerned by the financial institutions' lack of long-term access to credit, high collateral requirement bank paperwork, and lack of credit information (ibid).

2.7.3 Uncertainty and instability

The macro level of stability (economic, social, and political); a high level of economic, social, and political instability discourages investment by making future rewards more or less undetermined. The value of assets and the resultant effects act to lower the rate of private investment and growth. It’s also increasing the risk of firms going bankrupt, suffering slower growth or contracting if political conflict ensues (Fischer, S 1993).

2.7.4 Crime and corruption

They are also important risk factors for earning attractive returns on investment and increasing the cost of doing business, whether through the payment of bribes, the direct loss of goods or the cost of crime prevention. There is strong evidence that at the macro level, these factors reduce the rate of private investment, job creation and growth. At the firm level, there is some evidence to show that these factors reduce the growth of output investment and job creation (Gavira, 2002).

2.7.5 Quality of community services

In community services delivery improves the competence and output of the firms whereas poor service delivery system reduces the growth of the firms. Quality of community service is key element of the business environment and it is an indication of good governance. Given in these services with neutral ethnic for all services users is considered as the best kind of service delivery. Community service delivery is measured as government competence and quality of specific public services

7.2.6 Governance

The principal's components of good governance are accountability, transparency, efficiency and effectiveness, responsiveness, foreword vision and the rule of law. Lack of these elements or their being hampered by corruption hinders the system of tax collection and administration

Good governance reflects the capacity of the government in implementing policies and programs with transparency and accountability. In the rural areas where majority of the population of developing and under developed countries are living. The quality of governance is low. This is due to low level of education, lower qualification of civil servants and deep-rooted traditional way of life and paternalism (WB, 2005).

7.2.7 Infrastructure provision

Access to infrastructure allows firms to become more productive, reduce transaction and transportation costs (roads, railways) and expand their business by reaching markets further afield. There is full evidence to show that greater investment in infrastructure leads to faster growth. Studies also point to higher levels investment greater productivity and faster growth of firms that have better access to infrastructure especially in the poorer countries where infrastructure is less developed. Greater infrastructure on maintain are needed to reduces this constraints (Gaynor,et ,al 2004a).

2.8 Historical perspectives of private investment in Ethiopia

The private sector economy in Ethiopian explained in three main phases i.e., phase pre-1974, 1974, -190 and post -1990.

2.8.1 Pre 1974, private sector investment in Ethiopia

During this period the economic system was a feudal economy where land was the main source of economic and reflection of the status and dignity. To achieve the desired economic goal through private sector development the government issued commercial code with proclamation number 166/1960, with the aim of ensuring stability, security and providing sufficient, clear and flexible framework with which trade and business flourished and grow in the country (Negarite Gazeta of the Empire of Empire of Ethiopia, proclamation No.166/1960).The promotion urged a number of private sectors to operate in deferent firms including insurance companies, banks factories, construction industries and mining

Although the banks were serving the business community, they activities and were concentrated in AddisAbaba. Many of the merchants were foreigners from America, Indian and Arabia who were engage in export commodities. In 1963, the private sector economy accounted more than half of the allover investment activities and more than three-fourth the construction sector (1995).

Even though, the attempt of the government was for modernization and desired to change the economic condition of the country, the private sector investments were less and mainly operated by the foreigners. The feudal system of the economy and poor attitudes of the educated peoples towards the entrepreneurships and the private sector development policy towards privatization and modernization. Those educated people consider private sector as the area left for uneducated citizens while government work was seen as the design of dignity. In the same way, lack of entrepreneurship ability contribution to less development of the sector and the feudal lords were highly opposed the capitalist system from penetrating and properly operating in the country. In addition to the abovementioned impediments, lack of interest by the foreign investors due to insecurity and fear of risk hindered the growth of private in Ethiopia (ibid).

2.8.2 Private sector investment from 1974-1991 in Ethiopia

Wasihun Demeke, (2018), his studied stated that the 1974 revolution government rid the concept of the private property including private investment this recorded the development in the sector during the Dergue regime; it was only the state that invests. After all that was considered investment proper. The Dergue regime adopted socialist economic policy through national democratic revolution (NDR),private invest. During which disfavors private invest. During this period, it was witnessed that nationalization was exercised repeatedly. Proclamation No.26/1977 heralds the start of

nationalization. The proclamation clearly stated that it was necessary to transfer to government ownership all resources that were crucial for economic development.

As result, the government held controlled all private investments and the private sector was restricted to small industrial activities. However, the government allowed investment through joint venture i.e., investment in cooperation with the Ethiopian government. The intention of government was to introduce capital known how, and technology into the country. But the low was taken as disincentives to the private investor. since the sharing of the government could grow 51-99% while that of private investors could fall down.

The government fell the necessary to change the economic policy in the late period of the Dergue regime and adopted a mixed economic policy by adopting the multilateral investment Guarantee Agency (MIGA) of which Ethiopia becomes a member. Then, this economic reform was reiterated by the transitional government of Ethiopia in 1992 after the down fall of Dergue regime Wasihun, (2018).

2.8.3 Private investment trend post -1991

After the leisure of power of the transitional government of Ethiopia (TGE) in 1991 most of the policy distortions of Dergue were rectified. The new economic policy of Ethiopia adopted by the TPE pursued a market-oriented economy by rationalizing its role and encouraging greater participation of the private sector. To revitalize the economy and stimulate growth the economic reform program (CRP) was launched in 1992/93and this was further strengthen by the EDRE in order to redress the structural bottlenecks of the Ethiopia like many African countries, Ethiopia adopted a structural adjustment program following the change of government (MOFED,1999). The exchange rate was devalued government monopolize were liberalized and export disincentive were largely rectified.

A major structural reform in the monetary and financial sector during the reform program has been the introduction of competitive financial sector, including the establishment of private banking and insurance companies. In order to realize the policy of encouraging, proclamation No.15/1992 (transitional government of Ethiopia 1992 was enacted in May 1992.

The proclamation signified a major departure from the previous regimes' investment specially 17/90 people democratic republic of Ethiopia 1990. It provided new areas of investment particularly for

domestic investors in areas such as air transport electricity production and distribution banking and insurance.

Moreover, it allowed foreign investment to enter into joint ventures with domestic private investors without limiting them to joint venture with the government. In June 1996 proclamation no.37 /1996 (FDRE1996) was enacted in its investment objectives areas and incentives mere defined, as forms of investment and capital requirements for foreign investors, investment permanents, transfer of technology. loans the utilization of foreign currency and remittance of funds and investment administration requirements. This proclamation classified some of the ambiguities that prevailed in the first one. With regard the institution to implement investment policy and incentives, investment office of Ethiopia then known as the Ethiopia n investment commissions EIC was established.

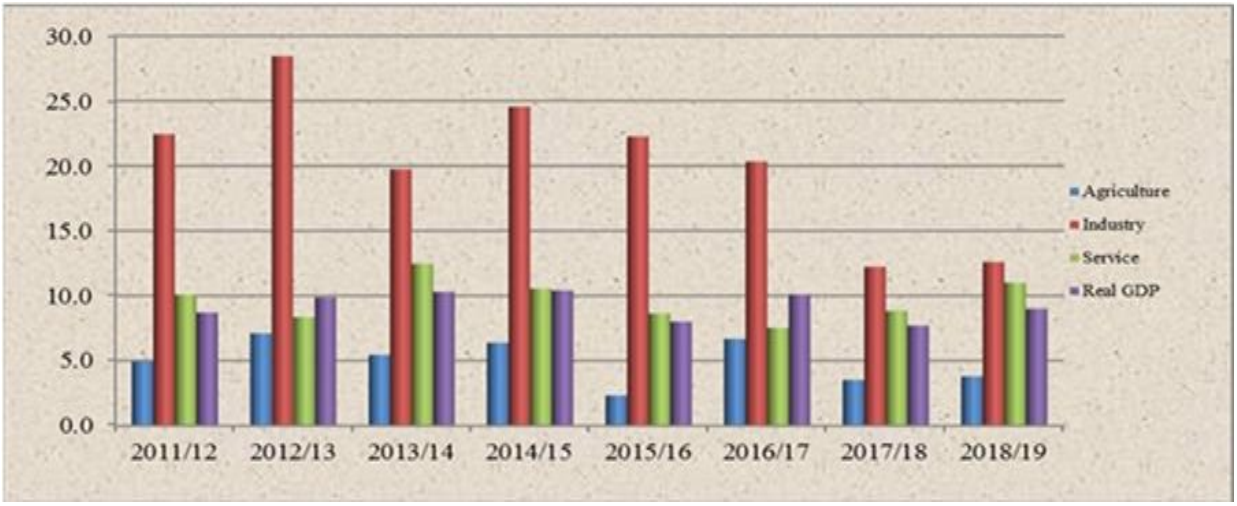
In the other investment proclamation No.280/2002 /FDRE/2002 was enacted in order to accelerated the economic development of the country and improve the living standards of its peoples, and in particular that of domestic investors.

The council of ministers, regulations No. 84/2003 (FDRE), 2003) outlined investment incentives and investment areas reserved for domestic investors. These regulations were issued to amend the definition of powers and duties of exchange organs of the FDRE and reenactment of investment activities eligible for income tax exemption and exemption from the payment of custom duty. The other proclamation activities are the council of ministers' regulation No. 146/2008 and it amends the investment reserved for the domestic investor. Due to the policies and activities introduced by the government and investors on economic development was encouraged in different sectors

The last proclamation is proclamation No.1180/2020 investment proclamation, recognizing that increasing the role of private sector investment in all sectors investment in all sectors of the economy including production and enabling sectors has become necessary to accelerate the economic development of the country ensure its sustainability strength domestic production capacity and there by improve the living standards of its peoples. It has become necessary to create on economic framework that create on economy framework that fast tracks the global competitiveness of the national economy, increase exports performance generates more and better employment opportunities and facilities sustainable and facilitates sustainable and entwined linkage among various economic sectors and other concerned issues should been were stated on this proclamation.

2.9 Share and trends of private investment in Ethiopia

Ethiopia is now among the fastest growing economies in the world, experiencing rapid and sustainable economic growth. Ethiopia's economy experienced strong, based growth average 10.3% a year from 2006/07, to 2016/2017 compared to regional average of 5.4.the Ethiopian economy has recorded 9% growth in 2018/2019.Faster than the 7.7% expansion in the previous year, this; IMF,2018). The share of industry in GDP has increased to 28.1 % in 2018/2019 from 27% in 2017/2018 growth was attributed to 12.6 growth in industrial output,11% increase in services sector and 3.3expanssion in agriculture. As a result, average per capita income has more than double while the poverty rate almost halved since. Ethiopia succeeded in reducing both total and food poverty with an increasing population. The poverty level declined to 22 % in 2016/2017 from 38.7in 2005/06 (NBE,2018) Food poverty has been reduced to 24.8 % in 2015/2016 from 33.6 in 2010/11(GTP II,2015while that of service sector rose slightly to 39.8 from 39.2. in contract, the share of agriculture to GDP dropped to 33.3 from about 35 % during the same period. This gradual but steady shift in the structure of the economy reflects the government's policy direction of developing manufacture sector and promoting export-led growth while continuing to give due attention to modernizing the agriculture sector which has dominated the country economic base for years (NBE, 2019).



Source: National Bank of Ethiopia 2018/2019 Annual Report

Figure 2.The real GDP growth by majors' sector

2.10 Major constraints of private sector investment in Ethiopia

WB and EDRI (2002) cited in Kuma Daba(2012) found out the factors are most challenging for private investors to do business in Ethiopia.Accordingly, tax rate and tax administration, access

to land reliability of infrastructure, credit procedures and perceived corruptions of the banking sector, collateral requirement, and low per capital income, lack of experiences in industrial export production and limited size of domestic market. It also revealed that in Thailand in the short run output growth, private credit and the existence of spare capacity are the key determinants of private investment to grow and expand. Over and above these three variables uncertainty in terms of both inflation and real exchange rate in apparent. In the long run, private investment is mostly determined by business opportunity and investment costs. Government investment could promote long term private investment buts its impact is relatively limited.

UNCTAD(2002) pointed out that the major economic constraints and challenges faced by private sectors in Ethiopia found to be poor infrastructure (road, telecommunication and power perceived over regulation of the economy the perpetration of the state control over the important international business operation shortage of modern management skills and culture in local private and public sector and absence of an experienced business development framework that can assist local small and micro enterprises to improve competitiveness.

2.11 characteristics of Agricultural private investment in Ethiopia

According to, Getachew (1995) cited MuletaWember (2009) in Ethiopia Agricultural private investment was started for the period of the regime of Emperor Haile Selassie I. At the earlier time in 1960s there were government official and some elites of the county occupied the modern farming of some cash crops. In the Dergue regime from 1974 to1991 state farms were given due attention and the private farms show off and economic crisis. In post 1991, the sector specific as incentives taker investment which was issued in the investment codes of the country.

EIA (2020) investment proclamation, recognizing that increasing the role of private sector investment in all sectors investment in all sectors of the economy including production and enabling sectors has become necessary to accelerate the economic development of the country ensure its sustainability strength domestic production capacity and there by improve the living standards of its peoples. It has become necessary to create on economic framework that creates on economy framework those fast tracks the global competitiveness of the national economy.Ethiopia now among the fastest growing economies in the world.Experiencing rapid and sustainable economic growth. Ethiopian experienced strong, broad-based growth averaging10.3% a year from 2006/07 to 2016/2017, compared to a regional average of 5.4%. The Ethiopian economy has recorded 9%growth in 2018/.2019, faster than the 7.7 expansion in the previous year. This growth was attributed to

12.6%growth in industrial output 11% increase in service sector and 3.3% expansion in agriculture. As a result, average per capita income has more than doubled while the poverty rate has almost halved since 200.Ethiopia succeeded in reducing both total and food poverty with an increase population. The poverty level declined to 22% in2016/2017 from 38.7 to 24.8% in 2015/2016 from 33.6% in 2010/2011 (GTPII, 2015 IMF, 2018).

The share of agriculture to GTP dropped to 33.3% from about during the same period. This gradual but steady shift in the structure of the economy reflects the government's policy direction of developing manufacturing sector and promoting export led growth while continuing to give due attention to modernizing the agriculture sector which has dominated the country's economic basic for years (NBE,2019)

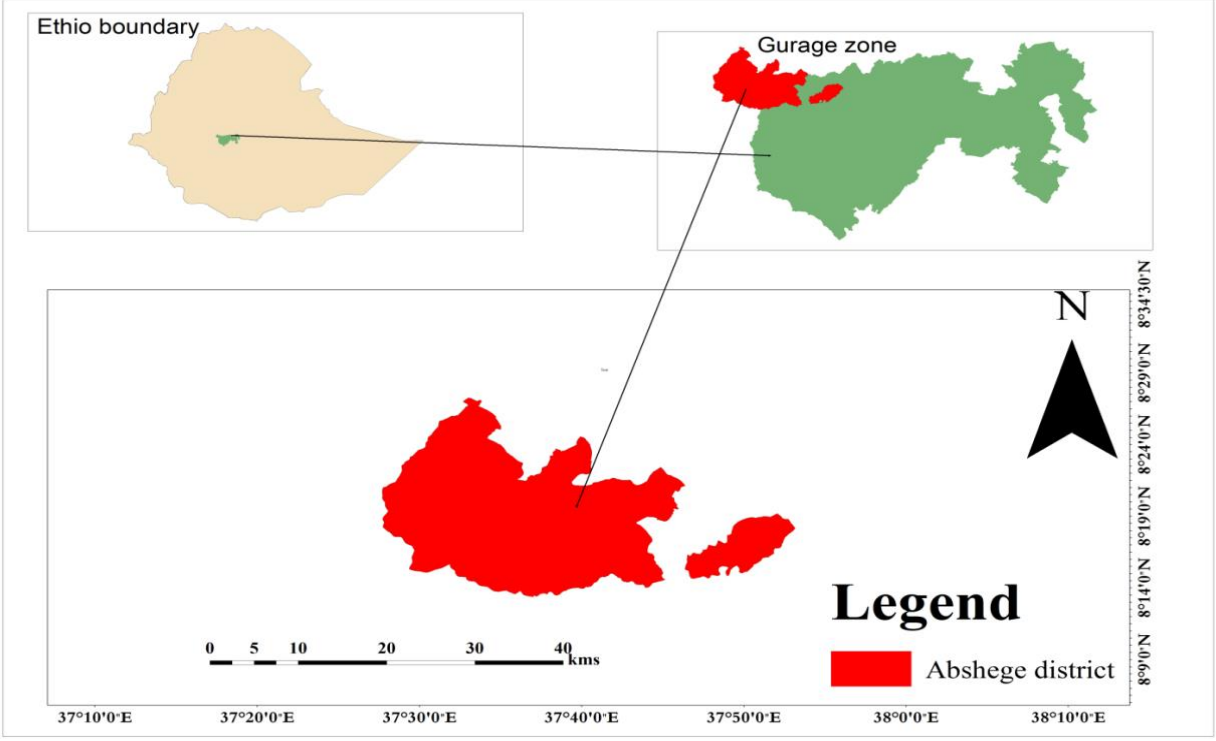
CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Descriptions of the Study Area

The woreda is located in the Gurage zone of the Southern nation's nationalities and peoples regional state (SNNPRS). The capital of the woreda, Wolkite, is located 156 km south of Addis Ababa. The geographical location of the study extends from 8 11' to 80 29' 30" N latitude and 37 28' to 37 54 E longitude. The agro-climatic zones of the districts are divided into two climatic zones; these are Wayna Dega (1500-2300 meters above sea level).in these kebeles includes- Mamede, Abelta, lay/tatesa, Geraba, Tululame, Dirilafta, Tuba/telilo, Abuko, chisa/korbesa, tawula/Gefersa, Jejeba/gasore, Fenta and Boketa /Serite kebeles. In the kola climate conditions kebeles includes: hudad-4,hudad-7,hudad5/6, Kulit,Nacha, Mida/Tedele ,Fite/Jeju,bido/Tedele,Darge,Ghibe /yibare are presented in kola climatic condition(AWFDO).

The total population of the woreda in the year 2021 was about 86,799, of which 42,531 were males and 44,268 were females, respectively (Abeshige woreda Finance and Economic Development Office, 2021). Crop production and livestock rearing are the main activities of the people of the district. In the district, the major food crops grown by farmers are largely field crops that include teff, maize, peppercorn, soya, millet, chickpeas, and chickpeas. The major domestic animals reared in the district are cattle, chickens, sheep, goats, and donkeys. The livestock population of the district includes 80,519 cattle, 7,942 sheep, 17,427 goats, 295 horses, 37,258 donkeys, 190 mules, and 45,558 chickens. (AWADO, 2021)



Figur3.Figure: 3 Location map of Abeshige woreda
Source: GPS

3.2 Source and Types of data

The data were having two sources; primary and secondary which complement each other. The data from both sources includes qualitative and quantitative data. Primary data were collected through questionnaires, interview focus group discussion and direct observation. The secondary data were collected from books, journals, official reports, UN working papers websites & legal documents.

3.3 Research design

Research design is a framework or the blueprint for fulfilling research objectives and answering research questions (John et al., 2007:20-84). In other words, it is a master plan specifying the methods and procedures for collecting and analyzing the needed information. It ensures that the study would be relevant to the problem and that it uses economical procedures.

To conduct this study, the descriptive survey design with the application of both qualitative and quantitative approaches were employed. Such a combination of approaches is particularly appropriate for a study of this nature where no particular source of information has the complete

picture of what is going on and an understanding of the situation can only be established by putting the information pieces together.

3.4 Sampling Frame, Sampling Techniques and sample size

3.4.1 Sampling Frame and Sample Size

From about twenty-nine kebeles in the study area, out of this kebeles the private investment in agriculture sector revealed that found only nine kebeles and four offices were taken out of approximately twenty-four offices in the woreda. All these nine kebeles were selected as sample areas of the study, and the sampling frame selection criteria will be based on the list of investors from the zonal investment office. Thus, the private investment in agriculture projects area includes: Borer, Hudad-4, Ghibe/Yibare, Boketa, Hudad5/6, Hudad1, Jejeban/Gasore, Chisa/Korbesa, and Hudad 7).

The target kebeles and offices of the study were selected by using census and non-probability (purposive) sampling methods, respectively, because of the fact that population entries are very small and also that this method provides more accurate and exact information. According to Dr.Prabhat P and Dr.Meenu Mishra Pandey (2015, pp.40), stated that the census method deals with the investigation of the entire population. Here the data is collected for each and every unit of the universe. This method provides more accurate and exact information as no unit is left out.

Besides, they identified the woreda and zonal offices were selected purposively with intention of obtaining the person that can provide more information and it is known that it will produce well-matched groups in the study area. This method is appropriate when the study places special emphasis upon the control of certain specific variables about private investment in agriculture sector operating in the Abeshige woreda. (Dr.Prabhat Pandey & Dr. Meenu Mishra Pandey, 2015, pp. 54).

Due to the above fact, the researcher selected government officials and experts to use a purposive sampling method, which included: the woreda office of agriculture; the woreda office of revenue authority; the woreda office of administrative; and the zonal office of investment promotion. Convenient sampling techniques were used to identify and draw respondents for the questionnaire. A total of 68 respondents were obtained by using a convenient sampling technique.

3.5 Sampling techniques and procedure

The study involved a combination of census and non-probability (purposive) sampling procedures to select the study area, the investment manager's, the selective official experts, key informants, and focus group participants. The strategy used to identify the study area and sampling procedures involved the following steps. The first stage, the researcher's selected study area (Abeshige woreda) was selected using census sampling, i.e., small entry population, since that the researcher has familiarity with the study area, accessibility of the study area for the researcher to get a deeper understanding of the issues and also the selection criteria depend on the availability of the data, the different ecological and heterogeneous types of the sector, registered investors who have started operation and those who have not started operation. The second stage identified the offices chosen on purpose, because the researchers were chosen because they are knowledgeable about research studying issues in greater depth than other sectors and have a direct relationship with the private investment agriculture sector. Finally, they identified the woreda and zonal offices were selected purposively with intention of obtaining the person that can provide more information and their direct connection to the issue under investigation about private investment in agriculture sector operating in the Abeshige woreda.

3.6 Data collection instruments

In this research, to acquire the necessary information from questionnaires, interviews, focus group discussion, and direct observation, was used to collect data.

3.6.1 Questionnaire

Researchers have used questionnaires in order to collect data from a study. Because a questionnaire is believed to be a viable instrument to acquire necessary information from participants in a short period of time and with minimum cost, The questionnaire will be prepared in English and translated into Amharic (the working language) with the assumption that all of the sample population (investors) can read and understand the items written in the questionnaires (Appendex-3). The questionnaires were designed, consisting of both closed and open-ended items, and distributed to those clients and the selected were included: the Abeshige woreda office of agriculture, the Abeshige woreda office of revenue authority, the Abeshige woreda office of administrative and the Gurage zonal office of investment promotion. The researcher was assisted by three enumerators who were selected and involved based on their research competency and their knowledge of the socio-political setting of the study area. The enumerators assisted in distributing and collating the survey data. It has

two types; the first type is prepared for the representative's sample investors, and the second is for government institutional experts. The overall aims of this questionnaire are to get a full picture of the challenges and prospects of private investment in the agriculture sector in the case of Abeshige woreda.

3.6.2 Key informant Interview

Key informant interviews have been selected using a purposive sampling technique. Because in this sampling technique, the researcher selects individuals or groups of individuals that are especially knowledgeable about or experienced with a phenomenon of interest and also collects in-depth information from the right respondents. (Cresswell &Clark,2011). It was carried out with 13 different people from Abeshige woreda and Gurage zonal levels. Thus, institutional experts, including four from the Abeshige woreda office of administrative officers, two from the Abeshige woreda office of revenue authority officers, four from the Abeshige woreda office of agriculture experts, and also two from Gurage zonal investment promotion officers, were used. As a data gathering tool, interview guides with semi-structured questions were employed. The responses to the semi-structured questions are specific.

3.6.3 Focus group discussions

In many ways, focus group discussions play an important role in the qualitative research approach. One of the most prominent advantages of the focus group discussions is that they revealed how the group participated and viewed the issues with which they were confronted. In this study, three focus groups of seven people each were formed based on their homogeneity and representation of the rest of the population in terms of private investment in the agriculture sector at the local level. The focus groups were mostly made up of local core leaders, employed local agriculture experts [DA], model farmers, and investment site workers from their respective kebele (village).Those focal groups were from Borer, Boketa/Serite, and Jejeba/Gasore communities, and were selected using a judgmental sampling technique, because in terms of these sampling techniques, the researcher's used strategy for participant selection should be integrated into the overall logic of this study (Punch, 2004). The FGD groups would discuss the challenges and prospects of private investment in the agriculture sector in Abeshige woreda (Appendix VII).

3.6.4 Field Observations

In this study will employ the direct observations on the activities and physical environment in the selected kebeles investor's site. Thus, kebeles were included: (Borer, Boketa/Serite and Jejeba/Gasore). The purpose is to understand the general conditions of the investor's farm site and the situation of investor's workers were assessed in this method.

3.7 Data Analyzing and presentation

Combinations of qualitative and quantitative methods were proposed for data analysis. Quantitative analyses were employed Statistical Package for Social Science (SPSS version 25). Descriptive statistics such as tables, percentages, frequency and charts are employing to analyze the gathered data. The qualitative data, which are generating from different sources, would be analyzed qualitatively and the results of the key findings display in the form of frequency, diagrams and tables to provide evidence and to support the qualitative information.

CHAPTER FOUR

4. RESULTS AND DISCUSSIONS

4.1Demographic Characteristics of the respondents

This chapter presents the data analysis and discusses the findings. The information collected from the field was aimed at achieving the objective of the study, which was to assess the challenges and prospects of private investment in the agriculture sector in Abeshige woreda. The responses obtained from the questionnaires, interviews and focus group participants were discussed and presented in light of the theoretical approaches on challenges and prospects that were selected in this study. Furthermore, the chapter was organized into themes based on research objectives and questions, which were used to guide the investigation. Data was presented in the form of tables, charts, and percentages.

The study's goal was to evaluate the challenges and prospects for private investment in the agriculture sector of the Abeshige woreda's agriculture sector. The socioeconomic and demographic features of respondents are crucial in research because they reveal the types of people that took part in the survey. Gender, age, marital status, degree of education acquired, and enterprises owned by the investors were among the personal data collected from the sampled respondents that were relevant to the study. This data was gathered by questionnaire surveys conducted in Abeshige woreda with all of the sampled investors and the purposively selected respective institutional experts.

According to the (Table 1) below, fifty-five percent of the respondents were males (80.9%), while thirteen percent (19.1%) were girls. This indicates that the gender distribution of survey respondents was asymmetric. The ages of the respondents ranged from 18 years old to 50 years old. As indicated in (Table 1), 64.7% of the respondents were between the ages of 31 and 40 years old. Fourteen (20.6%) of the respondents were in the age category of 41 to 50 years. Five (7.4%) of the respondents were over 50 years of age, and similarly, five (7.4%) of the respondents were between the ages of 18–30 years old. The fact that more respondents were included at the ages of respondents from 31 to 40 indicates the full involvement of the active age group.

According to the findings, as described in Table 1 below, forty-two (61.8%) of the respondents were married, while eighteen (26.5%) of the respondents were single. A reminder: 11.7% of the respondents were divorced. As a finding, the majority of respondents' marital status was found to be married. The fact that the majority of respondents (the sample investors and the institutional experts)

were married suggests that they are responsible and mature adults ready to contribute to the expansion of private investment in the agriculture sector.

According to the findings, as depicted in Table 1 below, 29.5% of the respondents have a first degree, followed by 26.6% of the respondents who have a college diploma, while 17.6% of the respondents have attended primary educational level. Only 2.9% of the respondents had at least a first degree. This reveals that all of the survey's participants were educated, i.e., not illiterate.

Table 1 Characteristics (Age, sex, marital status and citizenship) of the respondents

Characteristics of the Respondents		Frequency	Percent	Valid Percent	Cumulative Percent
Sex category	Male	55	80.9	80.9	80.9
	Female	13	19.1	19.1	100.0
	Total	68	100.0	100.0	7.4
Age category	18-30	5	7.4	7.4	72.1
	31-40	44	64.7	64.7	92.6
	41-50	14	20.6	20.6	100.0
	Above 50 years	5	7.4	7.4	
	Total	68	100.0	100.0	
Marital status	Single	18	26.5	26.5	26.5
	Married	42	61.8	61.8	100.0
	Divorce	8	11.7	11.7	-
	Total	68	100.0	100.0	

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Educational level				
Illiterate	-	-	-	
Primary education	12	17.6	17.6	
Secondary education complete	18	26.6	26.6	26.6
Diploma	16	23.5	23.5	23.5
Degree	20	29.5	29.5	29.5
Above first-degree	2	2.9	2.9	100.0
Total	68	100.0	100.0	

Source: Field Survey, 2022

4.3 The Status of agricultural private investment

According to the documentation indicated, in the study area there are different attractive natural resources like stable land, vegetation, and favorable climate conditions, and also very suitable private investment potential. However, many private investors did not actively participate in the agricultural sector. From the information obtained from the above source, in the study area, there are 30 licensed private investments in the agriculture sector in Abeshige woreda, but they have different levels of performance because of a lot of factors. Among them, 24 investment projects are in full operation; 6 of them are presented at pre-operational level or preparation stage (GZIO, 2020).

4.4 The status of land utilization by the investors in agricultural private investment

According to the data obtained from the Abeshige woreda Administrative official's annual report, most of the inventors in the Abeshige woreda the status of land utilization is problematic, i.e., the obtained land and the implementation of their land are not balanced because some of the investors used traditional ways of farming, lack of commitment, and transferring their land to third parties. These activities may be reduced by cooperative work on enforcing the rule of law to implement unwise use of their given land in the study area [AWAOR].

As shown in (Table 2), out of 30 respondents, 43.3% stated that, out of the given land, the investors used less than a quarter (1/4 of the investor's given land), 33.3% used a quarter of the land in the project site, and 10.0% stated that, out of the given land, the investors used half of the total land. The remaining 13.3 percent of respondents stated that almost all of the land given to them was used in the

project site. The above finding, the majority of the investors were out of the given land not utilized. So, in this case, it had a negative impact on the investor's annual revenue and a decreased improvement of the area. Due to this analysis, there is a decrease in the production of the investors. Furthermore, the information obtained from direct observation on the condition of the land used by the investors was not properly used to compare the given land on the investment sites in the study area.

Table 2.The status of land utilization by the investors in agricultural private investment in the study area

Variables	The investor's given land	Frequency	Percent	Valid Percent	Cumulative Percent
Status of land utilization	Less than quarter (¼ of the investor's given land)	13	43.3	43.3	43.3
	Quarter of the land	10	33.3	33.3	76.7
	Half of the total	3	10.0	10.0	86.7
	Almost all of the land	4	13.3	13.3	100.0
	Total	30	100	100.0	

Source: Field survey, 2022

4.5 Contribution of private investment in Agriculture sector for development

Investment and the labor market are more related to the means of poverty reduction. Poverty is minimized through gaining an income from the labor market at the individual and household level. Mostly, agricultural private investment is one of the basic economic activities to create employment opportunities in the remotest parts of the country due to the weaker infrastructure and prevalence of illiteracy.

4.5.1The Role of private investment in creating employment in Abeshige woreda

Most of the agricultural activities in the study area carried out on small farms seasonally for subsistence. During the winter season, most of the labor forces are minimized. Now a day, employment in agricultural private investment has created additional income for the people of the woreda and private investment in agriculture sector creates a good opportunity to improve the level of their livelihood.

In addition to this, the interview with key informant stated that, private investment in agriculture sector more to employed the opportunity for those who lack educational and some of them are to employed technical competence. Because the requirement on the labor were less educational competence, this means not obstacle for agricultural private investment while other sectors of labor market required educational background as important criteria for employment. This is created for all labor forces without any difference in education background.

According to the(Figure 7) below shows respondents' ranges of employed workers in the private investment in agriculture sector that most have employed between 50-100, 24 (35.3%) of the respondents, and those who have employed less than 50 (23.5%) of the respondents, while the range of employed workers in the investment site in study area from 300-500 (14.7%) of the respondents, and also from the number of employed workers on investment projects above 500 (13.2 %) of the respondents. The remainder respondents were expressed the number of employed workers in the project site from 100-300 (13.2 %) of the respondents. This suggests that majority of the respondents revealed that the number of employed workers in the private agriculture sector was lower in the study area. As a result of the above analysis, there was increased unemployment among community members and they had not fulfilled their basic needs in the study area.

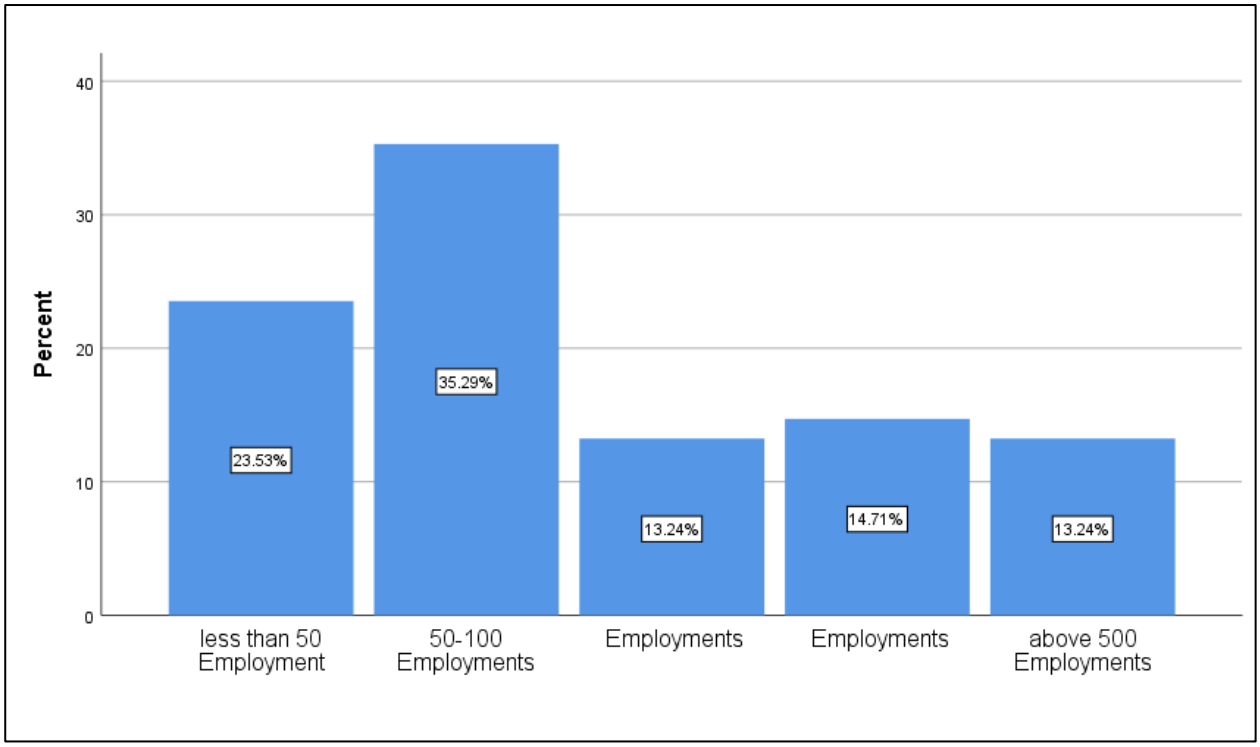


Figure 4.Range of the number of Employees worker in private investment in agriculture sector

Source: field survey, 2022

4.6 Salary payment for employed workers in Agricultural private investment in study area

Wages paid for by the project workers were very important to fulfill their basic needs. According to the findings, as depicted in Table 3 below, 50% of the respondents were paid a monthly wage of between 1300 and 1600 ETB; (26.7%) of the respondents were paid a monthly salary categorized from 1601-2000 Eth birr; (13.3%) of the respondents were paid a monthly salary above 2500 ETB; and (10%) of the respondents were paid less than 1000 Eth birr for employed workers. This indicates that the number of workers who earn a higher salary is less. The fact that the majority of the respondents paid a monthly salary for the employed ranged from 1300-1700 Eth birr. According to the focus group discussion points, in this condition, there is no balance because now most kinds of commodities are very expensive and most of the investment workers were not satisfied.

Table *3*.Condition of salary payment for employed workers in Agricultural private investment in the study area

Condition of salary payment	Salary range	Frequency	Percent	Valid Percent	Cumulative Percent
	less than 1000 Eth/birr	3	4.4	10.0	10.0
	1300-16000 Eth. birr	15	22.1	50.0	60.0
	1601-2000	8	11.8	26.7	86.7
	Above 2500 Eth birr	4	5.9	13.3	100.0
	Total	30	44.1	100.0	

Source: Field Survey, 2022

4.7 Government revenue and private investment in agriculture sector in study Area

The generation of a reasonable amount of government revenue is believed to strengthen the development of an area through government investment in social services and infrastructure facilities. On the other hand, less government revenue stagnates social development and prohibits private investment in the area. Therefore, strengthening government revenue generation has a multi-faceted role both for the private investment sector and for the provision of social services.

According to Abeshige woreda's revenue office on annual report stated that, one of the means of increasing government revenue then expanded of their production in there is private investment in the agriculture sector in the study area, but in reality, the number of projects in Abeshige woreda, their annual capital, and also their pay tax for the government are not well matched because there are

many types of taxes on the government not properly collected, In this case, some of them are implemented, but most of them are not paid. In sum, government revenue is improving as a result of private investment agriculture sector should be expanded and to promote the growth and development in the study area.

According to in the (Table 4) below showed that, 66% of the respondents replied that, there is no paying all types of tax on the government. While 34% of the respondents were for those who replied "yes" to the above case and also an additional question was presented, "What types of paid tax do you pay to the government?" As shown in table 4.8, 52.9% of the respondent’s where sale tax generated this large proportion of revenue, followed by not paid tax to the government at 42.6 % of the respondents, and the remaining shares were paid in the form of payroll tax payers at only 4.4 percent. In the case of this activity, there were limitations on tax payers' contributions to the government.

Table 4.Types of government revenue collected from agricultural private investment in the study area

	Opinions of the respondents'	Frequency	Percent	Valid Percent
Have you paying all types of tax on the government	Yes	20	66.6	66.0
	No	11	34.0	34.0
	Total	30	100.0	100.0
Types of government paid tax	Land tax	5	16.6	16.6
	Sales tax	16	53	53
	Payroll tax	2	7.2	7.2
	Not paid	7	23.3	23.3
	Total	30	100	100

Source: Field survey data, 2022

4.7.2 Cause of low government revenue from agricultural private investment in the study area

According to Figure 10 below, 36.7% of the respondents were found to have poor administration in tax collection; (23.5%) of the respondents expressed the causes of low government; they were determined to have had poor staffing of the concerned institutions in the study area; and 22% and 17.6% of the respondents stated corruption and tax can increase, respectively. According to the findings, the majority of respondents had low government revenue, which was attributed to poor tax administration.

In addition to the key informants, conducted with experts and government officials at Gurage zone and Abeshige woreda experts told to that, the causes of low government revenue, which are not responsible for collecting and administering government revenue and investment land, have weak human and material resources, and also a weak system of tax administration.

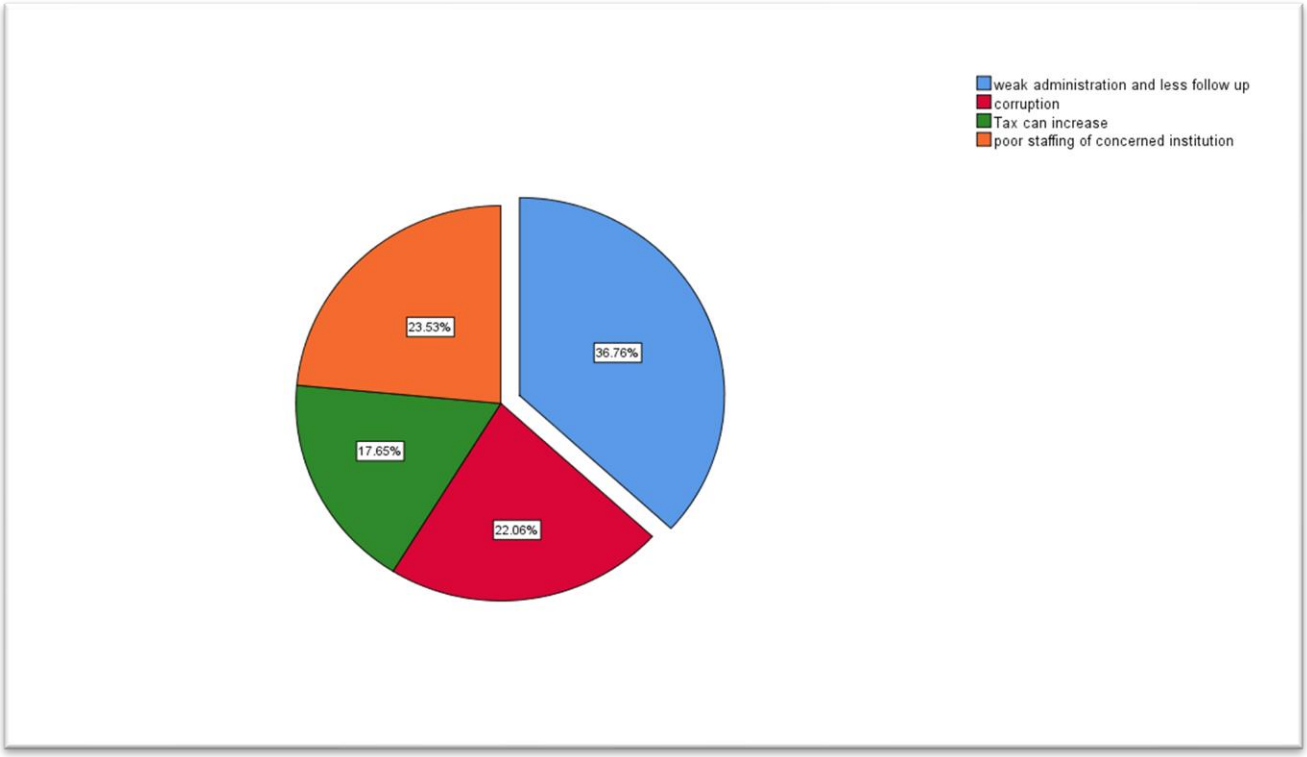


Figure 5.Cause of low government revenue from private investment in agriculture sectors

4.8Challenges of agricultural private investment

The success or failure of private investment in general and agricultural private investment in particular can be determined by various issues, such as infrastructure provision, government service delivery, governance, the availability and accessibility of financial institutions and market facilities, among such factors. The next section provides an indication of these factors as they are presented in the study area.

4.8.1 Government services delivery

The participants were also asked to state the institution and the problems they had faced in an open ended format. The major themes identified from the content of the responses listed below.

The Ethiopian investment agency rule states that the time it takes for a new investment license is only 4 hours and the officials of Gurage zone told on their interview to provide an investment license within 20 minutes after all things had finished at Woreda and town administration level but the response of sampled private investors in table 6 clearly shows that only (46.7%) of investors were able to provide the license within the specified time. The rest (53.3%) of the respondents' have spent more time to provide license.

In theory, Article 36 of the 1996 investment proclamation states that where regional government receives applications for the allocation of land for an approved investment. It shall on the basis of federal and its own laws deliver the required land to the investor within a short period of time. The interview from officials of the agency told that currently the office has put in place a new system of giving land which has five steps.

The first step is to check the investment license and the project to be implemented. Then land request form will be filled by the investors which contain detailed questions about the land and the investor's status. Secondly, land for investment will be prepared, if possible by fulfilling the preferences of the investors. Thirdly, aboard consisting of committee members will conduct a meeting so as to approve or suggest further considerations on the issuance of the land. Fourthly, legal lease holding contract of agreement will be signed between the two parties, of course the necessary payments are made by the investor. Lastly, land holding certificate will be issued after an agreed amount of solid cash is put in blocked account as a proof that the investor has the financial capability for the other necessary constructions. It was pointed out that the money kept in blocked account will be immediately released after 10% of the construction is completed.

As we can see the table 5 below indicated that 36.7% of the respondents were expressed to have obtained land taken above 15 days, 33.3% of the respondents were articulated to have obtained land taken from 11–15 days, and while 23.3% of the respondents articulated the services taken from 6–11 days. The remainder, only 6.7% of the respondents, said the provision of land took less than 5 days. Similarly, as we can see in the (Table 6) below that registered business names are one issue on private investment in the agriculture sector in the study area. Thus 60% of respondents stated that the provision of service delivery on registered business names took 11–15 days, while 16.7% stated that the registered business names took on from 6–10 days. Only 16.7% of those who remained were able to provide the specified time for this service. In fact, in the above findings, the services were delayed (the service taken many days as a result of irresponsiveness and unaccountable service providers in the concerned office, which had not yet been provided the implementation of investment activities in the study area.

Table 5.Investor's opinion Service delivery in Agricultural private investment

Service Delivery in Private Investment in Agriculture Sector	Delays of the Activity	Frequency	Percent	Valid Percent	Cumulative Percent
Investment Licence	Less than 5 days	14	46.7	46.7 6.7	46.6
	6-11 days	6	20.0	20.0	20.0
	11-15 days	7	23.3	23.3	100
	Above 15 days	3	10	10.0	
	Total	30	44.1	100.0	
Obtains Land	Less than 5days	2	2.9	6.7	
	6-11 days	7	10.3	23.3	30.0
	11-15 days	11	16.2	36.7	66.6
	Above 15 days	17	15.00	33.3	100.0
	Total	30	44.1	100.0	
Registered Business Name	Less than 5days	5	7.4	16.7	16.6
	6-11 days	3	4.4	16.7	16.7
	11-15 days	4	5.9	13.3	40.0
	Above 15 days	18	26.5	60.0	100.0
	Total	30	44.1		

Source: Field survey data, 2022

4.8.2 INFRASTRUCTURES

According to the literature review indicated, there is full evidence to show that greater investment in infrastructure leads to faster growth. Such as infrastructure like road network, telecommunication, postal services, electric power supply, health care, and drinking water were chosen and investors' opinions were collected on the availability of the facilities (Gaynor et al., 2004a).

According to the officials of Gurage zone in private investment promotion sector report, Private investment in agriculture sector needs its own environment and it under considers as good opportunities for the investing. It depends on the environment such as; access to infrastructures is very necessary, but in reality they faced crises the encouragements and very poor in Abeshige woreda{GZIPOR,2022}.

4.8.2.1Road net work

The investment sites have been operating far from the main roads that connect Woreda town to Kebele. According to (Table 6), 77.9% of the respondents rated the road network as poor (10.3%) of the respondents were rated very poor in the woreda road network. The rest of the respondents rated the road network as good or very good (7.3%) of the respondents, whereas (4.4%) of the respondents stated that the road network connection was not available. In addition, interviews with key informants stated that the infrastructure on the road network in private agriculture project sites has a serious road network problem. In fact, according to the findings, the road network is in poor condition and thus a challenge to the expansion of agricultural private investment in the study area.

Table 6.Respondents' opinion on the status of road network facilities

Variable	Respondents' opinion of infrastructure facilities	Responses	Percent	Valid Percent	Cumulative Percent
The status of	Very poor	38	55.9	55.9	55.9
Road	Poor	15	22.1	22.1	77.9
network	Good	7	10.3	10.3	88.2
In study area	Very good	5	7.4	7.4	95.6
	Not Available	3	4.4	4.4	100.0
	Total	68	100.0	100.0	

Source: field survey: 2022

4.8.2.2Telecommunication

Telecommunication is one of the basic support services needed for the rapid growth and modernization of various sectors of the economy. The expansion of infrastructure development such as telecommunication would have a significant impact on attracting investment. When we look at the Context of this digital line and wireless telephone, the availability of the study area is insufficient.

This indicates that the research area has weak or limited phone service coverage. In this service, private agriculture investment meets hurdles. According to the data in (Table 7), 45.6 percent of respondents thought the telecommunication infrastructure was inadequate, while 29.4 percent thought it was good. The remaining 8.8% and 7.4% of respondents, according to their respective investment sites, evaluated the service as good or very good, respectively. This indicates that the

Majority of the respondents, who were private agricultural investors in the research area, had issues with telephone service for information flow from their investment areas to the market.

Respondents' opinion of infrastructural facilities	Frequency	Percent	Valid Percent	Cumulative Percent
very poor	31	45.6	45.6	45.6
poor	20	29.4	29.4	75.0
good	6	8.8	8.8	83.8
Very good	5	7.4	8.8	92.6
not Available	6	8.8	7.4	100.0
Total	68	100.0	100.0	

Table 7 .Respondents' opinion on the status of Telecommunication facilities

Source: field survey: 2022

4.8.2.3 Electric power supply

Only seven of the woreda's twenty-nine kebeles have access to hydroelectric electricity. According to (Figure 11), 30.9 percent of respondents were rated very poor, 27.9 percent of respondents were rated bad, 17.6 percent of respondents were rated good, and 19.1 percent of respondents were rated very good. In the survey area, the remaining 4.41 percent of respondents were rated as not having access to electric power supply infrastructure. According to information gathered from key informant interviews, the woreda's energy supply is plagued by frequent outages. The lack of this suggests a decrease in the amount of investment production in the area as a result of the discovery of a major problem in the research area.

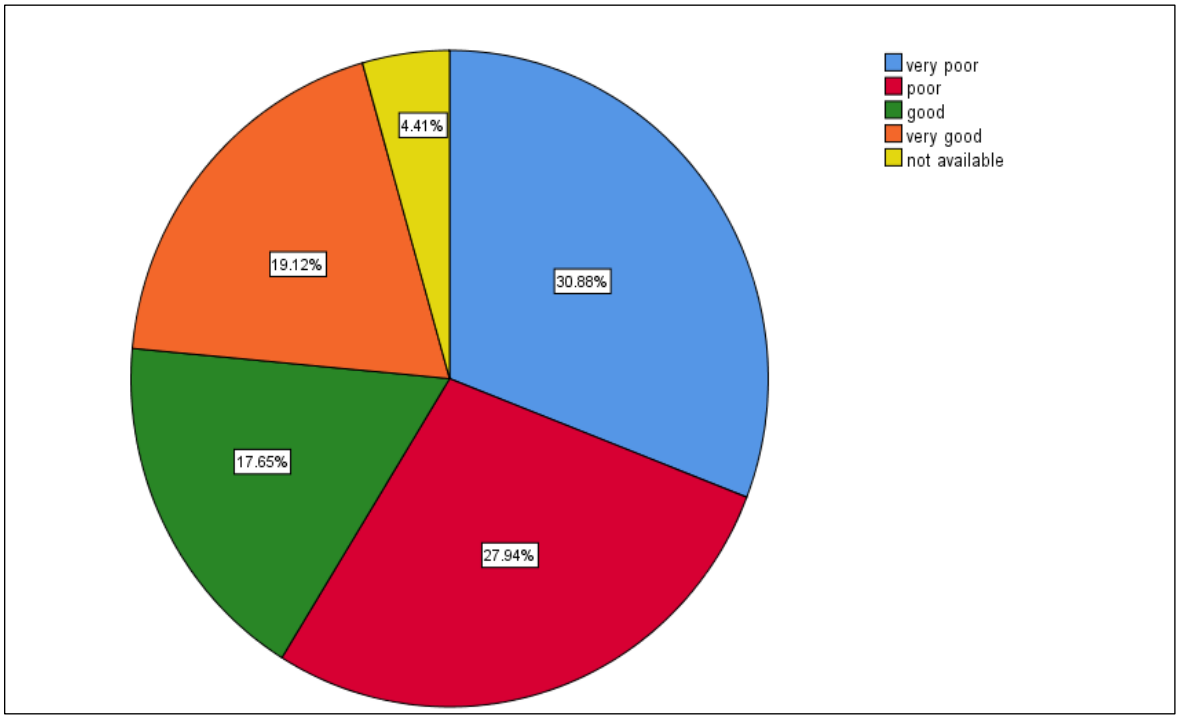


Figure 6.The statues of Electric power supply in the study area

Source: own survey, 2022

4.8.2.4 Drinking water supply

According to the focus group and key informant interviews, the investment sites had major water supply difficulties. According to Table 8, 44.1 percent of respondents evaluated the condition of the drinking water supply in the study area as very poor, 29.4 percent expressed poor, and 11.8 percent articulated the quality of the drinking water supply. The survey articulated 8.8% and 5.9% of the respondents as very good and not available, respectively, in the status of drinking water supply in the study area.Result: based on the respondents revealed that the status of drinking water supply is a serious issue in the investment sites. Due to this, it could be the employed workers' not preferred in project sites, having a negative effect on the investment production.

Table 8. Respondents' opinion on the status of Drinking water supply

Respondents' Opinion of infrastructural facilities	Frequency	Percent	Valid Percent	Cumulative Percent
very poor	30	44.1	44.1	44.1
Poor	20	29.4	29.4	73.5
Good	8	11.8	11.8	85.3
very good	6	8.8	8.8	94.1
not Available	4	5.9	5.9	100.0
Total	68	100.0	100.0	

Source: field survey, 2022

4.9.2.5 Health care services

According to the data in (Table 9) shows, 32.4% of respondents rated the condition of healthcare services as very poor, and 29.% of the respondents were articulated as very poor on the provision of healthcare services in the study area, while 17.6 of the respondents rated the condition of healthcare services in the study area as good. And also, 14.7 and 5.9% of the respondents expressed satisfaction with the provisions of health care services.The remainder, 5.9 % of respondents, were on the condition that health care services were not available in the study area. As a result of the above, the majority of the respondents expressed that out of 68 respondents, 50 (73.5%) of them expressed that health care services have been very poor or poor. So, in this case, the service was very severe in the study area.

In addition, during the focus group discussion, participants stated the unavailability of healthcare. Based on the analyses below, the road network was the most demanded infrastructure in the study area, followed by drinking water. Similarly, telecommunication service is the third area of infrastructure that investors most require. Agricultural private investment should be difficult without these services.

Table *9*.Respondent opinion on the status of Health care

Respondents' opinion		Frequency	Percent	Valid Percent	Cumulative Percent
Status of Health care service	Very poor	20	29.4	29.4	29.4
	Poor	22	32.4	32.4	61.8
	Good	12	17.6	17.6	79.4
	Very good	10	14.7	14.7	94.1
	Not Available	4	5.9	5.9	100.0
	Total	68	100.0	100.0	

Source: Field survey, 2022

4.8.3 Governance and agricultural private investment in Abeshige woreda

Investment can play an active role in improving the business environment for the well-being of investment. It has an alarming effect on the expected productivity and return on investment. As indicated in Table 10 below, out of 68 respondents, 22.1 and 20.6 percent of the respondents were very good and good, respectively.Whereas the study area's governance was moderate and low, at 29.4 and 27.9 percent, respectively.

Table 10 .Respondents' opinion on condition of governance in agricultural project

Respondents' opinion on the status of Governance	**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Very good	15	22.1	22.1	22.1
Good	14	20.6	20.6	42.6
Moderate	20	29.4	29.4	72.1
Low	19	27.9	27.9	100.0
Total	68	100.0	100.0	

Source: Field survey, 2022

4.9 Government Related Challenges of private Agricultural investment

4.9.1Bribe to get land is highly practiced

According to Mohammad Naser Oyani1, Dr. Abhishek J. Frederick, investors avoid investing in the environment to limit the quantity of investment where corruption has a detrimental influence on domestic and foreign investment. Corruption is rampant because it drives up prices and makes it

difficult to enforce regulations. Corruption is generally associated with uncertainty, which is something that capital owners overlook. Similarly, based on the interviews, the research region was found to have a significant level of corruption and land rent seeking. Table 11) shows that 29.4 percent agreed and strongly agreed that bribery to gain land is widespread, respectively, among 35.3 percent of respondents, whereas 19.2 percent disagreed. 16.2 percent of respondents in the research area strongly disagreed with the problem.

4. 9.2 Absence of strengthening transparency and consultation with the concerned body

Based on the information obtained from the focus group discussion, it was found that in the study area there was a serious constraint of transparency and accountability. It was found that there is a situation in which farmlands are given to private investment in the agriculture sector without informing and consulting with the concerned people in the study area. This can create negative attitudes by the local farmers towards foreign investment in agriculture projects.

According to the data in Table 12, 29.4% of respondents agreed, 33.8% strongly disagreed on the lack of strengthening transparency and consultation with concerned farmers and communities, 22.1% strongly disagreed on the lack of strengthening transparency and consultation with concerned farmers and communities, and 14.7% disagreed. Based on the findings, the majority of respondents accepted the problem in the study area and stated that it has an impact on the promotion of investment sites in the study area.

4.9.3Weak investment promotion

The data in Table 12 shows that, in the opinion of the respondents on weak investment promotion, in agricultural private investment in the study area, of the respondents, 27.9% and 29.4% agreed and strongly agreed on the existence of weak investment promotion for agricultural private investment in the study area.While 22.1% of the respondents strongly disagreed with the problems of weak investment promotion. The remaining 20.6 percent of the respondents disagreed on the above issues.

4.9.4Instability security

According to (Table 11), which shows the presence of insecurity for agricultural private investment, 22.1% of respondents strongly agreed and 35.3% strongly disagreed; the remaining 20.6% of respondents strongly disagreed and 22.1% strongly disagreed. In fact, based on the above findings,

the majority of the respondents were, in this case, found in the study area, which as a result may have negatively affected agricultural private investment in the study area.

Table 11.Respondents' opinion on government related challenges on agricultural investment in study area

	Respondents' opinion on government related constraints							
Variables	**Strongly disagree**		**Disagree**		**Agree**		**Strongly agree**	
	Freq	per cent	Freq	percent	Freq	percent	Freq	%
Bribe to get land is highly practiced	11	16.2	13	19.1	24	35.3	20	29.4
Laws are not equally implemented to all investment	15	22.1	10	14.7	20	29.4	23	33.8
Weak invest promotion and support	15	22.1	14	20.6	19	27.9	20	29.4
Instability security	14	20.6	15	22.1	24	35.3	15	22.1

4. 10 Financial institution and agricultural investment

According to the review of literature, financial input is thought to be a decisive determinant factor of private investments; this is true because investment projects that use a sufficient amount of capital can be more productive (Easterly.w.et, al1993). As indicated in the (Table 12) out of 30 respondents, 60% of the respondents by their own start-up capital, 26.6% of the respondents were their responses that they had used bank loans, while 13.3% of the respondents were loans from relatives or friends for investment. As a result of the above finding, the unavailability of financial institutions and the collateral asked by the financial institutions have decreased the performance of agricultural private investment in the woreda and there were challenges for saving of the employees.

Table 12.Respondents on financial institution and agricultural investment

Financial institution	Frequency	Percent	Valid Percent	Cumulative Percent
Bank loan	4	5.9	13.3	13.3
Relative or friends	8	11.8	26.7	40.0
own source	18	26.5	60.0	100.0
Total	30	44.1	100.0	

Source: Field Survey, 2022

4.13 Future prospects of agricultural private

According to the data in (Table 15), 63.3% of respondents are unsure whether they will continue to invest in accordance with the contractual agreement in the future, whereas 36.7% are certain how long they will stay in the investment in the area. As a finding, most of the investors in agricultural private investment in Abeshige woreda responded negatively to the plan for the expansion and were determined in their private investment in the agriculture sector in the study area.

Table 13.Respondents'opinion on the future views of the investors in agricultural private investment in the study area

Have you a plan to expand your investment for the future	Frequency	Percent	Valid Percent	Cumulative Percent
yes	11	16.2	36.7	100.0
No	19	27.9	63.3	63.3
Total	30	44.1	100.0	

Source Field Survey, 2022

CHAPTER FIVE

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSION

This study aims to assess the challenges and prospects of private investment in the agriculture sector in Gurage Zone: the case of Abeshige woreda, SNNPR. In this area, there are different attractive natural resources like stable land, vegetation, and favorable climate conditions, and also very suitable private investment potential. However, private investors did not actively participate in the agricultural sector. According to Gurage zone investment promotion offices (2021), there are 30 licensed private investments in the agriculture sector in Abeshige woreda, but they have low levels of performance.

When we compare their plan with their achievement in private investment in the agriculture sector, it is doubtful to speak about their success. For instance, the creation of job opportunities in the study area was not more than 40% in this period (Abeshige woreda youth and enterprise office, 2021). According to the above findings, there are many underlying causes or constraints that contribute to such investor performance. These include their failure to be committed to the promotion of the country's economy. Their investment activities have been carried out in traditional farming methods, in the absence of appropriate raw materials and important infrastructures such as water roads and electric power. There is no promotion of investment opportunities in the areas by different mechanisms (AWAR, 2020).

As the findings revealed, out of the respondents, 86.7% of the respondents expressed that the given land of the investors was not utilized properly. As such, it could be concluded that the majority of the investors were out of the given land. Furthermore, researchers were confirmed to have seen their given land for the purpose of investment and utilized land not balanced during the direct observation of the selective investment sites. So, in this case, it had a negative impact on the investor’s annual revenue and a decreased improvement of the area. The findings of the study also demonstrated that 58.8% of respondents reported that the majority of the employed workers ranged between 50 and 100 in the private investment in agriculture projects. Given these findings, the study concludes that respondents revealed that the number of employed workers in the private agriculture sector was lower in the study area.

The study findings also revealed that the majority of the total respondents revealed that 66% of them replied that they do not pay all types of government taxes. While 34% of the respondents were for those who replied "yes" to the above, given these findings, the majority of respondents had low government revenue expressed on the causes of low government revenue, based on the above analysis, which are not responsible for collecting and administering government revenue and investment land, have weak human and material resources, and also a weak system of tax administration. This study also discovered that out of the total respondents, the majority of them revealed that (53.3%) of the respondents expressed having spent more time providing licenses. In fact, in the above findings, the services were delayed as a result of irresponsiveness and unaccountable service providers in the concerned office, which had not yet been provided in the study area.

The above findings also revealed that the condition of infrastructure installed by the woreda, especially road, water supply, electric power supply, telecommunication, and healthcare services infrastructure development, is very low and poor. For this reason, agricultural private investment should be difficult without these services. The other findings of this study were government-related challenges, which showed that 35.3% of respondents and 29.4% of respondents agreed and strongly agreed that bribe to get land is widely practiced, as well as the absence of strengthening transparency and consultation with concerned farmers and communities. 57.3% of respondents agreed and strongly agreed on the existence of weak investment promotion for agricultural private sector.

Financial input is thought to be a major determinant of private investments; this is because investment projects that use a sufficient amount of capital can be more productive. As indicated in the above finding that, out of 30 respondents, 60% of the respondents by their own start-up capital, 26.6% of the respondents indicated in their responses that they had used bank loans, while 13.3% of the respondents were loans from relatives or friends for investment. As a result of the above finding, the unavailability of financial institutions and the collateral demanded by the financial institutions have decreased the performance of agricultural private investment in the woreda and there were challenges for the employees. Besides this, greater promotion of private investment in agriculture projects should be encouraged and suitable financial institutional credit frameworks should be put in place at woreda and the above government level so that they can be fully empowered to mobilize effective private investment in agriculture projects.

According to the study's findings, 58.8% of respondents reported that the majority of respondents, or 63.3%, did not confirm that they would continue to invest in accordance with the contractual agreement in the future. i.e., there was not a plan to expand your investment for the future. Furthermore, as a finding, most of the investors in agricultural private investment in Abeshige woreda responded negatively to the plan for the expansion and were determined in their private investment in the agriculture sector in the study area.

It could be concluded that shortages of funds to finance, poor government service delivery, the presence of government-related challenges, and weak infrastructural development are the major factors significantly influencing the level of private investment in agriculture sector projects in the study area. As a result, addressing these challenges was very essential to ensure substantive private investment in agriculture sector projects in the study area. This will need coordinated efforts from various stakeholders, including the government, development partners, and the community at large.

5.2 RECOMMENDATIONS

Based on the results and conclusions obtained from this study, the following points were made as recommendations:

- Increased access to finance, limited access to financial to fund agricultural projects, and the unavailability of financial institutions and the collateral requested by financial institutions have all contributed to a decrease in the performance of agricultural private investment in the woreda. Thus, the federal government and other stakeholders (development partners and the community at large) should work together to alleviate this problem by coordinating with financial service providers.

- The availability of infrastructure should be seriously improved, especially interruption of road network, drinking water supply, electricity for some of the sectors was a great problem; telecommunication, health service care were among the problems as seen in this study.
- Institutional improvements should be prioritized, and perceptions and attitudes toward the facilitation of private investment in the agriculture sector, both for new investors and those already involved in the business, should be prioritized. The investment license, land lease certificate, and registered business name were not clearly designed and complex. Hence, to reduce bureaucracy and make service delivery systems short and clear, work and information flows should be carried out properly and timely.

- The government should provide more incentive packages and encourage those who invest in locations far from the center to make up for the advantages available in the country's center.
- In sum, according to the researcher, all the above points should have required the concerned parties in the investment sector to pay strong attention to achieve the long-term objectives of private investment in the agriculture sector.

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7. APPENDEXIES

Appendix I. List of private investment in Agriculture sector project owners in the study area

No.	Name of their Company	License No	Issued date	Kebele	Sector	Given land size in ha	Issued date	Developed land	Register capital	Implemented capital	Existing job status
1	Agriculture/Cereal crops PLC	SE/G/0059/2001	11/6/2006	Hudad 4	Agri	66.58	2/7/2001	66.58	1,000,000	4,650,000	full operational
2	Cereal Crops PLC	SE/G/0094/2003	8/11/2003	//	Agri	117.79	11/8/2003	117.79	3,874,950	7,530,954	full operational
3	Hudad-5/6 Cereal Crops PLC	SE/0063/87	1/3/2002	Hudad 5&6	Agri	70	20/3/2006	65	1,200,000	10,625,800	full operational
4	Hudad 5/6 Agriculture PLC	SE/G/0884/96	19/6/96	Hudad5&6	Agri	156.86	7/797	151	4,926,729	16,385,600	full operational
5	Seed multiplication PLC	SE/2449/99	10/8/2005	Hudad 1	Agri	364.4	21/07/98	297	3,779,564	33,704,128	full operational
6	Borer Cereal crops PLC	SE/0018/87	8/3/1987	Borer	Agri	23.39	23/8/95	23.39	2,335,539	7,545,500	full operational

7	Agriculture/ cereal crops PLC	SE/0695/93	24/1/93	Borer	Agri	67.37	26/12/90	67.37	7,246,834	16,216,000	full operational
8	Agriculture Development Plc			Borer	Agri	160	20/03/86	160		26,422,100	full operational
9	Agri-business Plc			Borer	Agri	70.3	13/6/97	70.3		15,915,500	full operational
10		SE/0941/85	5/11/1985	Borer	Agri	160	17/09/86	160	1,366,900	23,300,000	full operational
11	Agriculture And Business Plc	SE/0245/89	6/8/1989	Borer	Agri	180	28/8/95	180	2,045,261	26,565,000	full operational
12	Hudad-4 Agri-business dev.t Plc	SE/2135/98	25/11/98	Hudad 4	Agri	50	11/10/1999	43	2,000,000	5,980,500	full operational
13	Hudad-7 agriculture/Cereal Crops PLC	SE/ጉ0079/2002	9/9/2002	Hud 7	Agri	60.5	9/9/2002	60.5	2,300,000	4,070,860	full operation
14	Hudad-7 agriculture devet PLC	SE/G/0130/07	3/9/2007	Hudad 7	AgriCattle rereaning	2	29/05/2007	2	7,147,942	1,250,500	full operational

15	Borer agicultural devt PLC	SE/0042/87	27/09/2004	Borer	Agri	79.75	12/6/1997	79.75	4,500,000	10,924,950	full operational
16	Borer agicultural devt PLC			Borer	Agri	160	11/2/2006	160		21,487,440	full operational
17	Yinabet agricultural & general trading PLC	SE/0649/92	16/12/99	jejeba&gasore	Agri	62.5	9/5/1997	24	1,830,890	3,273,750	semi operational
18	Hudad-4 agriculture development PLC	SE/G-0099/04	8/8/2005	Hudad 4	Agri	146.18	7/11/1997	145	2,565,000	12,506,550	full operational
19	Agriculture /Cereal Crops PLC	SE/G-100/04	7/9/2004	Hudad 4	Agri	100	7/11/1997	99	6,000,000	9,850,900	full operational
20	Cereal Crops Plc	SE/1415/98	7/9/2007	Hudad 4	Agri	50	19/6/99	48	7,000,000	8,765,000	full operational
21	Yesresh Hudad-4 agricultural devt Plc	SE/2077/98	5/11/1998	Hudad 4	Agri	50	11/1/1999	40	3,024,250	5,000,000	full operational
22	Hudad-4 agriculture devt. Plc	SE/2225/98	6/12/2006	Hudad 4	Agri	50	11/2/1999	45.5	2,032,945	3,256,250	full operational
23	Desene agriculture &	SE/2497/	14/01/20	Huda	Ag	110	23/9	100	2,000,	9,568,25	full

	industry PLC	99	06	d 4	ri		/98		000	0	operational
24	Tameche general trading Plc	SE/G-0016/2000	9/5/2006	Boketa&Serite	Agri	218.88	14/2/2006	158	4,000,000	7,650,500	semi operation
25	Cereal Crops devet. Plc	SE/G0019/2001	5/1/2001	Borer	Agri	41.5	28/8/95	41.5	600,000	3,414,000	full operational
26	Borer agriculture development plc	SE/0006/86	12/10/2004	Borer	Agri	133.7	13/6/98	134	3,646,830	11,650,600	full operational
27	Lafy international food complex PLC	SE/G1981/98	10/6/1998	gibe Yebare	Agri	260.57	11/1/1998	160	2,384,000	9,356,250	semi-implementation
28	Erkata livestock breeding &fattening PLC	SE/2897/99	18/10/99	Fitejeju	Agri	0	Private land	45	2,384,000	356,250	non-functional
29	Gibe agricultural devt organization (gov)	EIA-IP/14905/00	27/06/2000	gibe Yebare	Agri	380		192	2,384,000	56,680,350	Semi-operational
30	Hitania PLC	SE/G0171/2009	8/3/2009	chisakorbesa	Agri	10	8/3/2009	54	8,409,900		pre implementation

Source: Gurage zone investment promotion office (2021). *Data of private investment in agriculture profile, Wolkite*

APPENDEX II: SURVEY QUESTIONNAIRES TO BE FILLED BY AGRICULTURAL PRIVATE INVESTORS

Dear respondents,

First, I would like to extend my sincere gratefulness for your cooperation and willingness to response on this study. The main objectives of this questionnaire are to gather information on challenges and prospects of agricultural private investment in Abeshige woreda. The study is required for partial fulfillment of Masters of Art Degree in development Studies.

Dear respondents, you are expected to provide genuine and reliable information with respect to agricultural private investment contributions to the development of Abeshige woreda and the factors in the cause of agricultural private investment implementation you genuine information is highly decisive the success of the study.

Thank you in advance for your time and cooperation!!

General Instructions

- No need for writing of your name
- Read each statement carefully

1. Put mark (√) in the provided box and write the appropriate answer in the black space

- Please make sure that you do not miss any page

Part I: General Back ground of the Respondents

2. Nationality: - Ethiopia [ ] foreigner [ ],
3. sex male [ ] female [ ]
4. Age:18-30[ ] 31-40 [ ] 41-40 [ ] above [ ]
5. Marital status: Married [ ] single divorced [ ] windowed ( )
6. , Educational background: illiterate [ ] primary education complete [ ] secondary education complete [ ] certificate [ ] diploma/TVET [ ] degree [ ] above degree [ ]

Part Two: agricultural private investment in perspectives of employment and tax revenue

1. How many employees do you have? -Less than 50 ( ) -51-100 ( ) 101- 300( ) 300 - 500 ( ) above 500 employees workers
2. Average salary: For workers per month (in ETB):
   less than 1000 ( ) 1300-1600 ( )
   1601-2000 ( ) above 2500Eth birr( )

3. How do you identify the reason for turn over? Less salary ( ) alternatives work ( ) harsh climate condition ( ) unable to do as per the rule and regulation of the organization ( ) lack of facility ( ) if any more, please justify …….
4. Have you provide facilities for the workers? Yes ( ) No ( ) if your answer is yes of what type? House ( ) transport ( ) free medical services ( ) if any more please specify …….
5. How many hectares of the total land you have utilized for production? Below quarter ( ) quarter of the total ( ) have of the total ( ) more than half ( ) all of the acquired land ( )

7. For how many years you have taken the land for investment? 5 ( ) 10 ( ) 20 ( ) 40 ( ) 50 ( ) more than 50 ( ) not fixed ( )

8. Have you paid taxes or any fees for the government? Yes ( ) No ( )

9 . If your answer is yes in no "5" above what types of tax? Land use tax ( ) income tax ( ) sales tax ( ) excise tax ( ) please justify if any ……..And if your answer no, what is that reason? Weak enforcement organization ( ) my investment is tax exempted ( ) I do not know where to pay ( ) please justify if any reasons…….

10. For how many years you have paid land use tax? One ( ) two ( ) three ( ) four ( ) five ( ) above five ( )

11. For how many years you have paid income tax? Two ( ) three ( ) four ( ) five ( ) above five ( )

Part: 3 Challenges that hinder growth of agricultural Private Investment

1. Please judges on the quality and efficiency of services delivery for the investors

Areas of service delivery	Average days to obtain service				
	Less 5	5-10	10-15	15-20	20-30
Obtaining investment license and registration					
Obtaining land for investment					
Tax payment activities					
Getting registration for trade name					

If it took 10 days, what was the reason for delays? Please explain it

.....

2. Judges the availability and quality of the following infrastructures facilities that influences your activities

Sector	Degree of judgment				
	Very poor	Poor	good	Excellent	Not available
Road net work					
Telecommunication					
electricity					
Postal service					
Health service					

Dou you have been affected by the poor performance or unavailability of the above infrastructure? Yes [ ] no [ ] if yes, rate the most three sectors in terms of severity 1rst ……..……..2nd……..3rd……Among the above infrastructures sectors which one need more in your investment? Please rate in terms of importance 1rst ……2nd …….3rd……

4. Have you ever paid additional payments /illegal payments to get things done for the officials or experts in government office? Yes [ ] No [ ] If you're is yes, for what purpose you have paid?

-To obtain land for investment [ ] to prolong the tax exemption period [ ]

-To obtain investment license [ ] to obtain trade registered name [ ]

6. Had your investment being set back is operation for the delay in service delivery as the result of corruption? Yes [ ] No [ ] if yes for how many years /months it has set back?

7. How do you perceive the role of governance in agricultural private investment in the woreda? Very good [ ] good [ ] moderate [ ] low [ ]

8. Rate the following points or statements about governance in pediments of agricultural private investment

Factors	Full agree	agree	disagree	Fully disagree
They are an illegal or unofficial investment activities in the woreda	[ ]	[ ]	[ ]	[ ]
Some private investors are not properly pay taxes per the schedule or not at pay at all	[ ]	[ ]	[ ]	[ ]
Bribe and nepotism is frequently known investment license in obtaining land for investment	[ ]	[ ]	[ ]	[ ]
Peace and security of the woreda is stable favorable for investment	[ ]	[ ]	[ ]	[ ]
The tax imposition and regulation is favorable to invest in the woreda	[ ]	[ ]	[ ]	[ ]
Tax collection and administration of the woreda is free from corruption and efficient	[ ]	[ ]	[ ]	[ ]

Rate the problem 1 up to 3 in terms of seriousness in governance 1rst ……

2nd …….3rd……

9. Where did you get start-up investment capital? Credit from relatives and friends [ ] from owner's source [ ] from informal money lenders [ ] Banks loan [ ] micro credits [ ]

10. If the source of capital is from the banks and for micro credits /where are the places? In the woreda [ ] in the zone [ ] in the region [ ] from other region [ ]

11. Do you get the financial institutions are easily accessibly? Yes [ ] No [ ] if your answer is No, what are your reasons? .....

Part four: expectations of the investors/future prospects

1. Do you have a plan to expand your project? Yes [ ] No [ ] if your answer is No what is your reason? .....
2. Which factors will more influence your future investment plan?

Availability and sustainability of road network [ ] Availability of electricity [ ]

Availability of postal services [ ] Availability finance institution [ ]

Availability of peace security [ ] Availability of good governance [ ] and others…….

3. What should the government do for developing and sustaining agricultural private investment in the woreda? Improve rules and regulation that influence the investment [ ] strictly protect corruption [ ] improve quality and efficiency of service delivery [ ]

መጠይቅ -2

በአበሸጌ ወረዳ የተመረጡ አካባቢዎች በግብርና የግሉ ዘርፍ ፍቃድ ወስደዉ መዋለንዋያቸዉ ባፈሰሱ ባለሀብቶች የሚሞላ ።

ዉድ መላሾች ፡-የመጠየቁ አላማ ባለሀብቶች ያሉባቸዉ ችግሮችና የወደፊት ተስፋዎች መረጃ ለማሰባሰብ ሲሆነ ጥናት ያስፈለገዉ በትምህርት ክፍሉ የእድገት እቅድና አስተዳደር ድህረ ምረቃ (2ኛ ዲግሪ) ዑሁፍ ለማዘጋጀት ነዉ።

ዉድ መላሾች የምትሰጡት ትክክለኛና ተአማኒነት ያለዉ መረጃ ለጥናቱ ዉጤታማነት በጣም አስፈላጊ መሆኑን በመገንዘብ መጠይቁን በጥንቃቄ እድትሞሉ በትህትና እጠይቃለሁ፡ የመጠየቁ ዋና ጠቀሜታ ለትምህርታዊ አላማ ብቻ መሆኑን ለመግለዕ ነው። ለምታደርጉልገኝ ትብር ከወዲሁ አመሰግናለሁ።

ማሳሰቢያ ፡-

- እያንዳንዱ አረፍተነገር በጥንቃቄ ያንብቡ
- ለምትፈልጉት ምላሽ “x “ እና በባዶ ቦታዎች በተመረጡት ቦታ ተገዉን ምላሽ ይስጡ

ክፍል -1 አጠቃላይ መረጃ

የባለሀብቱ ፆታ ፡- ወንድ .....ሴት .....እድሜ ፡ከ18-30 ( ) ከ30-40 ( ) ከ41-50 አመት ከ50 አመት በላይ

የጋብቻ ሁኔታ፡ ያገባ ( ) ያላገባ ( ) የፈታ ( )

የትምህርት ደረጃ ፡1ኛ ደረጃ ( ) 2ኛ ደረጃ ( ) የኮሌጅ ዲፕሎማ የመጀመሪ ዲግሪና ከዛ በላይ ( )

ዜግነት ፡- ኢትዮጵይዊ ( ) የዉጭ ሀገር ዜጋ ( )

2. በግብርና የግሉ ዘርፍ ከስራ እድልና ከገቢ ተግባራት በተመለከተ

በተቋማት ምን ያህል ስራተኛ አሎት ፡ሀ. ቋሚ፡ .....ጊዜያዊ .....ድምር..... .

አማካይ ደሞዝ ፡ለቋሚ ሰራተኛ በወር፡-ከ500 ብር ያነሰ ( ) ከ 1000-1300ብር ( ) ከ1500-1800 ብር ( ) ከ1500-1800ብር ( ) ከ1800-2500( ) ከ2500ብር በላይ ( ) ፡ለጊዜያዊ ሰራተኛ በወር፡-ከ1000 ብር ያነሰ ( ) ከ 700-1000ብር ( ) ከ1000-1300 ብር ከ1500-1800ብር ( )ከ1800-2500( ) ከ2500ብር በላይ ( )

1. በተቋሞት የሚያቋርጥ ሰራተኛ በአመቱ የሚያቀቋርጡ ይኖራሉ አዎ ( )የሉም ( )መልሶ አዎ ከሆነ ምን ያህል ይሆናሉ፡ በጣም ብዙ ( ) መካከለኛ ( ) ዝቅተኛ ( )
2. ለሰራተኛዉ የሚሰጣቸዉ ተጨማሪ አቅርቦት አለወይ አዎ( ) የለም ( )መልሶ አዎ ከሆነ ምን አይነት፡- ቤት ( ) መንቀሳቀሻ መኪና ( ) ነጻ የመድሀኒት አቅርቦት( ) ሌላ ተጨማሪ ነገር ካለም የጥቀሱ .....
3. ከተሰጦት መሬት መካከል ምን ያህሉ ጥቅም (ምርታማነት)ላይ ዉሏል ከሩብ በታች ( ) ከጠቅላለዉ ግማሹ ( )ከግማሽ በላይ ( )የተሰጠዉ ሙሉ መሬት
4. መቼ ነዉ በግብርናዉ ዘርፍ በኢንቨስመንት መሬት ያገኙት 5 አመት ( ) 10አመት ( )15አመት ከ 20አመት በላይ

5. የግብናዉ ኢንቨስትመንት ተቋም ለመንግስትየሚከፈል ግብር በአግባቡ ይከፍላሉ አዎ ( ) አይደለም ( )መልሶ አዎ ከሆነ ምን አይነት ግብር ነዉ የሚከፍሉት የመሬት ግብር የቀረጥ ግብር ( ) የገቢ ግብር ( )የቀረጥ ግብር ( )
6. ለምን ያህል ጊዜ ይሆናል እነዚህ የግብር አይነት የከፈሉት ለ1 አመት ( )ለ2 አመት ( )ለ 3 አመት ከአምስት አመት በላይ

ክፍል፡- 3 ለግብርናዉ የግሉ ዘርፍ እድገት ችግር ሊሆን የሚችለዉ

1.እባክዎ እንቬስተሩ ከጥራትና ከበቂ አገልግሎት አሰጣጥ ዉሳኔ ይስጡ

የአገልግሎት አይነት	አገልግሎት የተሰጦት አማካይ ቀናት			
	ከ5 ቀናት በታች	ከ6-10	ከ11-15 ቀናት	ከ15 ቀናት በላይ
የኢንቨስትመንት ፍቃድና ከምዝገባ አንፃር				
ለኢንቨስትመንቱ መሬት ከማግኘት አንጻር				
የንግድ ስም ከመመዝገብ አንጻር				

እነዚህ ተግባት ለማስፈጸም ከ10 ቀናት በላይ ከወሰደቦት ምክንያቱ ምንእንደሆነ ያብራሩ

……..

2. ከማህበራዊ አገልግሎት አቅርቦት ችግር ነዉ ያሉትን ወስኑ

ተቋማት	የተሰጠ ዉሳኔ				
	በጣም በጣም ደካማ	ደካማ	ጥሩ	በጣም ጥሩ	አገልግሎት አይሰጥም
የመንገድ ትስስር					
ማብራት አገልግሎት					
ንጹህ የመጠጥ የዉሀ አገልግሎት					
የፖስታ አገልግሎት					
የስልክ አቅርቦት					
የጤና አገልግሎት					

እባክዎ ሌላም ከተጠቀሱት ዉጪ ተጨማሪ ካለ ይጥቀሱ……

ከላይ ከተገለጹት ማህበራዊ አገልግሎቶች ለግብርናዉ የግሉ ዘረፍ እንዳይስፋፋ ተጽእኖ ሊሆን የሚችለዉ ያሉትን በደረጃ ያስቀምጡ 1ኛ……

2ኛ……3……

3.በአበሽጌ ወረዳ ዉስጥ በግብርናዉ ዘርፍ እየተፈቱ ያሉት የመልካም አስተዳደር ችግሮች ምን ይመስላል

4. የኢንቨስትመንት ተግባራት ለማስፈጸም እንዲዘገይ ከሙስና ተግባር ጋር የተያያዘ ችግር ሊሆን ይችላል ይላሉ አዎ ( ) አይደለም ( )

5. ከታች የተዘረዘሩ ሀሳቦች ዉስጥ ግብርናዉ በግሉ ዘርፍ የመልካም አስተዳደር ችግሮች ሊሆኑ ይችላሉ ያሉትን ይወስኑ

ምክንያቶች	በጣም እስማማለሁ	እስማማለሁ	አልስማማም	በጣም አልስማማም
በወረዳዉ ሀረገ-ወጥ የኢንቨስትመንት ተግባራት አሉ				
ጥቂት የኢንቨስትመንት አካላት በተቀመጠላቸዉ ጊዜ ገደብ በተገቢዉ ሁኔታ ግብር ከመክፈል ጋር ዉስንነት መኖሩ				
በወረዳዉ ምቹ የሆነ የተረጋጋ የኢንቨስትመንት አካባቢ መኖሩ				
በዞኑም ሆነ በወረዳ ደረጃ ከሙስና የጸዳና ቀልጣፋ አገልግሎት መኖሩ				

ከላይ የተገለጹት ችግሮች በደረጃ ያስቀምጡ 1ኛ…… 2ኛ…… 3ኛ ……

7.ለኢንቨስትመንት የሚሆን የተቋሙ ካፒታል ከጅምር እስከአሁን ድረስ የበጀት ምንጩ ከየት የሚያመጡት ከገጓደኛና ዘመድ ( ) ከራሳችን ( )ከመደበኛ ከልሆነ ብድር ( )ከባንክ ብድር ( )ከመይክሮ ብድር ( )

8.የፋይናስ ተቋማት አገልግሎት በቀላሉ ተግባራዊ የደርጋል አዎ ( ) አይደለም ( )መልሶ አይደለም ከሆነ ምክንያቱ ምንድነዉ ……

ክፍል -4 ለወደፊት ከግብረናዉ ኢንቬስተሩ የሚጠበቁ ተግባራት በተመለከተ

1. ለወደፊት ይህ ፕሮጀክት ለማስፋት እቅድ አሎት አዎ ( ) አይደለም ( ) መልሶ የለም ካሉ ለምን ……
2. በበላይነት ወደፊት የኢንቨስትመንት እቅዶን ሊያደናቅፉ ይችላል ብለዉ ካሰቡት ምክንያት ም ሊሆን ይችላል ዘለቄታዊ ጠሆነ የመንገድ ዝርጋታ ያለመኖር ( )
    - የፖስታ አገልግሎት ያለመኖር ( )
    - ሰላምና ደህንነት ያለመኖር ( )
    - በአካባቢዉ ዘለቄታዊ የሆነ የመልካም አስተዳደር ችግር የለመኖር ( )
    - የፋይናስ ተቋማት በቅርብ ያለ መኖር ( )
    - እናም ሌሎች ተጨማሪ ነገሮች ካሉ ይጥቀሱ ( )

APPEDEX-III SURVEY QUESTIONNAIRES TO BE FILLED BY GOVERNMENT OFFICIALS (EXPERTS)

Dear respondents,

First, I would like to extend my sincere gratefulness for your cooperation and willingness to the response on this study.

The main objectives of this questionnaire are to gather information on prospects and challenges of agricultural private investment in Abeshigeworeda. The study is required for partial fulfillment of masters of art degree in development planning & management.

Dear respondents, you are expected to provide genuine and reliable information with respect to agricultural private investment contributions to the development of Abeshigeworeda and the factors in the cause of agricultural private investment implementation you genuine information is highly decisive the success of the study.

Thank you in advance for your cooperation!!

- ❖ Instructions to the respondent
- ➢ No need of writing of your name
- ➢ Read each statement carefully
- ➢ Put mark ( ) provide box and write the appropriate answer in the black space
- ➢ Please make sure that you do not omit question or skip any page

PART ONE: GENERAL INFORMATION

i. Country _Ethiopia ( ) foreigner ( ) sex : male ( ) female ( )
ii. Age : 18-30 ( )31-40 ( )41-50 ( ) above 50 ( ); marital status ; marred ( ) single ( ) divorced ( )
iii. Education back ground; illiterate ( )primary education complete ( )secondary education complete ( ) certificate ( ) diploma / TVET ( ) Degree ( ) Above Degree

Part Two: agricultural private investment in perspectives of employment and tax revenue

1. Do you know the employment opportunity that has created by agricultural private investment is the woreda ? Yes ( ) No ( ) if your answer is yes how many workers have employed in the woreda per year on average? less than 50 ( ) 50-100 ( )100-300( ) 300-500 ( ) above 500
2. Is there the number of the workers turnover to per year? Increase Yes ( ) No ( ).if your answer is decrease what is the reason? Less salary ( ) poor management ( ) bad weather condition ( ) alternatives work ( ) unfavorable work environment ( ) if any more reason please explain…….

3. Do you know that the investors provide facilitates for the workers? Yes ( ) No ( ) if your answer is yes what types of facilitates? House ( ) transport ( ) free medical services if any more please explain it……..
4. Have the investors paid taxes for the government? yes ( ) No ( )
5. What types of tax? Land use tax ( ) income taxes ( ) sales tax ( )others ( )
6. Do you think the government properly collects taxes and other fees from the investors per year? Yes ( ) No ( ) if your answer is No what is the reason? weak tax administration ( )corruption ( ) left the area before paying and taxes ( ) tax evasion( ) others ( )
7. Has the government collect tax revenue from the workers Yes ( ) No ( ) if your answer is yes how do you see that has the launching of the investment? ……if no what is the reason? Please explain……
8. Are there legal measures when there is tax envision, corruption and unpaid taxes? Yes ( )
   No ( ) if yes please mention what types of measures……..
   ……

Part three: Challenges of that hinders the growth of Agricultural private investment in the Abeshigeworeda

Factors	**levels of opinions**			
	Strong agrees	**Agree**	**Disagree**	**Strongly disagree**
In adequate road network	**[ ]**	**[ ]**	**[ ]**	**[ ]**
In adequate telecommunication	**[ ]**	**[ ]**	**[ ]**	**[ ]**
Inadequate electricity	**[ ]**	**[ ]**	**[ ]**	**[ ]**
In adequate potable water	**[ ]**	**[ ]**	**[ ]**	**[ ]**
High imposion of tax and other regulatory system	**[ ]**	**[ ]**	**[ ]**	**[ ]**
Poor and inefficient services delivery	**[ ]**	**[ ]**	**[ ]**	**[ ]**
Lack of peace and security	**[ ]**	**[ ]**	**[ ]**	**[ ]**
In adequate financial institution	**[ ]**	**[ ]**	**[ ]**	**[ ]**
Lack of good governance	**[ ]**	**[ ]**	**[ ]**	**[ ]**

If there is any other challenge please specify…….……., and rate the problems or challenges in level of severity 1rst……2nd……..3rd…….

Part four: Future Prospects in agricultural private investment

1. What should the government do to promote agricultural private investment in Abeshigeworeda and to make the sector as one means for development?

Improve other infrastructures (telecommunication, electricity, road network, potable water [ ]

Improve administration system of investment [ ]

Adapt more fiscal incentives schemes [ ]

Secure peace and security [ ]

Others [ ]

State three most important factors in rank 1rst ……..2nd ……3rd…….

2. What should the investors do? Rate in order of importance as 1rst……..2nd……..3rd…….

   Develop the sense of ownership and commitment [ ]

   Use financial institution to tackle the financial problem [ ]

   Invest in Environmental friendly [ ]

   Plan for long term investment [ ]

   Improve the condition of work and workers [ ]

   Benefits the local society through technological transfer [ ]

Please state any further solutions and prospects to promote agricultural private investment and development in the woreda……

APPENDEX IV: INTERVIEW QUESTIONS FOR SEMI STRUCTURED TYPE FOR GOVERNMENTAL OFFICIALS AND EXPERTS

Dear interviewee, first I would like to extend my sincere gratefulness for your cooperation and willingness to an interview on this study.

The main objective of this interview is to collect first-hand information which is going on to be used as an important input for my study. The interview response will enable me to identify the challenges and prospects of agricultural private investment in the study area which is used to provide way-out to the problem under discussion.

Your genuine, truthful and unreserved response will thus be of much help for my

study. I would like to assure you that, there are no associated risks as a result of your participation in this interview.

Thanks in advance for your time and cooperation!!

1. What are the major duties and responsibilities of your office to achieve the objectives of agricultural private investment in Abeshigeworeda? To what extent these duties and responsibilities are achieved? And what are the major problems?
2. Is there any effort to identify agricultural private investment opportunities of the woreda /zonal administration/and challenges? If such measures are undertaken what are those opportunities and

challenges that you have identified? How did you used to promote and solve the problems? Discuss the challenges that you came across from government institutions from policy related issues and from the investors themselves?

3. What problems are seen in services provision, what are standards is achieved? And what measures is undertaken from government to improve service provision and promote the principles of good governance?
4. What are the benefits that government as well as the communities got from the expansion of agricultural private investments in zonal in general and in the study area in particular?
5. What policies gaps have come across in the course of expanding the activities of agricultural private investment? Please, add any information you like with regard to the challenges and opportunities of agricultural private investment in the study area?

APPENDEX V: FOCUS GROUP DISCUSSION GUIDE QUESTION FOR SELECTED COMMUNITY MEMBERS

As a guide to lead focus group discussants, the following major question will be addressed. To clearly understand the idea of discussants investigating questions will also use during the discussion session.

1. What are the major challenges of that hinders the growth of agriculture private investment in the woreda?

2. What favorable conditions or opportunities did you understand in Abeshige woreda for growth and expansions of agricultural private investment are there any problems in their expansion?

3. What are the contributions of the government and local communities got the expansion of agricultural private investment in Abeshige woreda?

APPENDIX VI: LIST OF KEY INFORMANT INTERVIEWEES' IN THE STUDYAREA

	Name of Informant	**Sex**	**Age**	**Responsibility**
1	Beseatu Haile	M	32	Gurage zone investment officer
2	AbdilkerimNasir	M	28	Abeshigeworeda Administration officer
3	ShimelsFikre	M	31	Abeshige revenue officer
4	EyasuFantahun	M	29	AbeshigeAgri sector officer
5	ShemsuAbdila	M	34	AbeshigeAgri sector expert

6	MubarikJemal	M	32	Gurage zone investment promotion inspection expert
7	KidaneTadesse	M	35	Gurage zone revenue officer
8	Eskinder Negash	M	32	Abeshigeworeda Revenue officer
9	MuradDemsis	M	31	Abeshige political leader
10	BiniamTilahun	M	30	Abeshigeworeda administration
11	AlemuAnebo	M	29	AbeshigeworedaAgri sector leader
12	FirawGizaw	M	36	Abeshigeworeda administration leader
13	Abiy w/senbet	M	29	AbeshigeWoreda Administration expert

Source: Field survey, 2022

APPENDIX VII: LIST OF FOCUS GROUP PARTICIPANTS IN EACH SAMPLED STUDY KEBELES.

No.	*Name*	*Sex*	*Age*	*Responsibility*	*Discussant kebeles*
1	Tofik kedire	male	*45*	Kebele chair man	JEJEBA/GASORE
2	Abdilber Awel	male	*30*	Kebele leader	
3	Tesfaye Abere	,,	*32*	Agriculture expert	
4	Endale Besir	Male	*40*	Representative of kebele investment site	
5	Beharu Mohammed	male		Modele farmers	
6	Arebo shifo	,,	*41*	, Employed worker	
7	Dula kerabiza	Male	*44*	Employed worker	
1	Ahmed Ali	Male	*42*	Chair man	BOKETA/SERITE
2	Heyiru Agiza	male	*39*	Kebele leader	
3	Alemayehu Siware	Male	*43*	investor's manager	
4	Aboneh Nida	Male	*32*	Agriculture experts	
5	Seifu Sani	''	*40*	Model farmers	
6	Habte Tadele	Male	*42*	Employed worker	
7	Andamlak Teshome	Male	*26*	Employed worker	
1	Goremis Emaye	Male	*51*	Kebele chaired man	BORER
2	Walta Nigus	''	32	Model farmers	
3	Oumer Mohamod	''	42	Investor'smanager	
4	Aleminew Yideg	''	30	Agriculture experts	
5	Yilma Emawayh	male	55	Model farmer	
6	Wendu Getachew	''	40	Employed worker	
7	Ayele Shewa	''	61	Employed worker	

Source: Field survey, 2022