

INVESTMENT

Looking at the investment licensing profiles of the Ethiopian Investment Agency and Regional Investment Offices, a total of 13,504 investment projects involving Birr 149.2 billion capital were licensed during 1992/93 – 2004/05; of these total projects, 12067 (or 89.4 percent) were domestic, 1364 (or 10.1 percent) foreign, and 73 (or 0.5 percent) public. In terms of investment capital Birr 91.2 billion (or 61.1 percent) were domestic, Birr 41.4 billion (or 27.7 percent) foreign and Birr 16.7 billion (or 11.2 percent) public.

Out of the licensed investment projects in the period 1992/93 to 2004/05, it was reported that 2670 investment projects with investment capital of 25.85 billion Birr were operational.

In 2004/05 alone, a total of 2,872 investment projects involving capital outlay of Birr 36.5 billion were approved, the highest number in a single year since 1992/93. Domestic investment accounted for more than 78 percent of the total projects approved during 2004/05. The number of foreign projects was 622, which was 79.3 percent higher than the same period last year. The number of public sector projects accounted for a mere 0.35 percent of the total approved projects,

With regard to investment capital, domestic private investment projects accounted for Birr 19.6 billion (or 53.7 percent of the total investment capital approved), followed by foreign projects comprising Birr 15.4 billion or 42.3 percent during FY 2004/05.

The investment projects approved during the review fiscal year, when implemented, are expected to create job opportunities for 146,233 permanent and 580,957 temporary workers (See table 8.3).

Table 8.1 Number and investment capital of Total Approved projects by ownership

(Investment capital in millions of Birr)

Fiscal Year	Domestic projects		Foreign Projects		public Projects		Total Projects	
	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital
1992/93	542	3,750.00	3	233	0	0	545	3,983.00
1993/94	521	2,926.00	4	438	1	57	526	3,421.00
1994/95	684	4,794.00	7	505	2	39	693	5,338.00
1995/96	897	6,050.00	10	434	1	6	908	6,490.00
1996/97	752	4,447.00	42	2,268	1	7	795	6,722.00
1997/98	816	5,819.00	81	4,106	1	14	898	9,939.00
1998/99	674	3,765.00	30	1,380	9	4,915	713	10,060.00
1999/00	561	6,740.00	54	1,627	9	5,760	624	14,127.00
2000/01	635	5,675.70	45	2,923.3	7	257	687	8,856.00
2001/02	756	6,117.30	35	1,474.1	10	1,598.8	801	9,190.20
2002/03	1127	9,362.93	84	3,368.8	6	706.1	1217	13,437.86
2003/04	1862	12177.74	347	7205.22	16	1837.04	2225	21,220.00

2004/05	2240	19571.66	622	15405.12	10	1486.48	2872	36,464.26
Average Annual	925	6881	104	3193	5	1293	1035	11367
Cumulative	12,067	91,196.33	1,364	41,367.56	73	16,683.43	13,504	14,9247.3

Source: Ethiopian Investment Agency

Table 8.2 : Number and Investment Capital of Projects Approved and Commenced by operation by Type of Investment and fiscal year

No.	Description	1992/93-2000/01		2001/02		2002/03		2003/04		2004/05	
		Number of Projects	Investment Capital	Number of Projects	Investment Capital	Number of Projects	Investment Capital	Number of Projects	Investment Capital	Number of Projects	Investment Capital
1	APPROVED	6,389	68,937.02	801	9,192.63	1217	13437.86	2,225	21,220.00	2,872	36,464.26
1.1	Domestic	6,082	47,732.05	756	6,119.67	1127	9362.93	1,862	12,177.74	2,240	19,571.66
	New	5,485	41,810.81	660	5,440.12	976	6584.24	N.A	N.A	N.A	N.A
	Expansion	597	5,921.24	96	679.54	151	2778.69	N.A	N.A	N.A	N.A
1.2	Foreign	276	15,293.11	35	1,474.12	84	3368.82	347	7,205.22	622	15,405.12
	New	253	14,099.67	34	1,467.76	79	3216.86	N.A	N.A	N.A	N.A
	Expansion	23	1,194.44	1	6.37	5	151.96	N.A	N.A	N.A	N.A
1.3	Public	31	15,970.83	10	1,598.83	6	706.11	16	1,837.04	10	1,486.48
	New	7	5,734.42	5	1,550.96	4	635.72	N.A	N.A	N.A	N.A
	Expansion	18	5,153.44	5	47.88	2	70.39	N.A	N.A	N.A	N.A
2	OPERATIONAL	1,905	17,401.79	177	1,711.85	162	1888.77	235	2,793.32	191	2,053.13
2.1	Domestic	1,836	10,894.38	171	1,606.59	152	1687.65	129	671.82	105	515.45
	New	1,656	8,913.93	153	1,501.01	136	899.7	114	540.61	88	406.58
	Expansion	180	1,981.45	18	105.58	16	787.95	15	131.21	17	108.87
2.2	Foreign	60	4,206.14	6	105.26	9	188.66	102	2,018.67	86	1,537.69
	New	53	3,864.69	5	93.06	9	188.66	96	1,927.63	79	1,181.19
	Expansion	7	342.45	1	12.20	0	0	6	91.04	7	356.49
2.3	Public	9	2,300.27	-	-	1	12.46	4	102.82	-	-
	New	4	2,080.32	-	-	0	0	-	-	-	-
	Expansion	5	219.95	-	-	1	12.46	4	102.82	-	-

Source: Ethiopian Investment Agency

Table 8.3 Number, capital and Expected Employment creation capacity of approved projects

(Capital in millions of Birr)

		2002/03	2003/04	2004/05	Percentage change	
		A	B	C	C/A	C/B
1. Total Investment	Number	1217	2,225	2,872	144	29
	Capital	13437.86	21,220.00	36,464.26	204.84	71.84
	Permanent Workers	54375	153,125	146,233	184	-5
	Temporary Workers	16032	132,305	580,957	2,970	339
2. Total Private	Number	1211	2,209	2,862	144	30
	Capital	10989.96	19,382.96	34,976.78	214.10	80.45
	Permanent Workers	54283	151,235	140,464	173	-7
	Temporary Workers	15978	131,010	480,292	2,452	267
3. Domestic	Number	1127	1,862	2,240	106	20
	Capital	7621.14	12,177.74	19,571.66	156.81	60.72
	Permanent Workers	46715	100,808	87,810	101	-13
	Temporary Workers	15133	99,235	415,000	3,320	318
4. Foreign	Number	84	347	622	649	79
	Capital	3368.82	7,205.22	15,405.12	338.34	113.80
	Permanent Workers	7568	50,427	52,654	584	4
	Temporary Workers	845	31,775	65,292	876	105
5. Public	Number	6	16	10	43	-38
	Capital	706.11	1,837.04	1,486.48	79.94	-19.08
	Permanent Workers	92	1,890	5,769	4,050	205
	Temporary Workers	54	1,295	100,665	97,633	7,673
Source: Ethiopian Investment Agency						

Investment by sector

Sector-wise, 919 (about 32 percent) of the total projects licensed in 2004/05 were in industry followed by agriculture (16.1 percent), hotel and tourism (9.4 percent), education service (6.1 percent), real estate development (5.8 percent) and construction (5.2 percent). Industry, agriculture and construction machinery leasing appeared to dominate in terms of approved investment capital with a respective share of 21 percent, 16.6 percent and 11.3 percent. The remaining investment capital is to be real estate development (11.3 percent), construction (5.7 percent) and other sectors.

Table 8.4 Number and Capital of Investment projects Approved by sector
(Capital in millions of Birr)

Sectors	2002/03		2003/04		2004/05		%age share to Total	
	No. of projects	Investment Capital	No. of projects	Investment Capital	No. of projects	Investment Capital	No. of projects	Investment Capital
Industry	361	3525.96	822	8,507.00	919	10,520.01	32.00	28.85
Agriculture	96	1401.9	254	4,142.39	463	7,657.15	16.12	21.00
Real estate development	45	364.89	100	947.47	167	4,125.83	5.81	11.31
Hotel and tourism	24	120.51	134	800.68	269	1,593.84	9.37	4.37
Education service	114	1519.92	182	862.60	175	1,076.56	6.09	2.95
Health service	34	1264.48	60	483.67	46	1,277.79	1.60	3.50
Construction	129	1087	138	1,379.10	150	2,084.08	5.22	5.72
Construction	360	2601.32	384	2,320.79	512	6,060.93	17.83	16.62
Machinery leasing						0.00		
Trade	9	33.73	41	400.40	68	377.30	2.37	1.03
Transport and storage	3	566.43	7	23.86	20	48.64	0.70	0.13
Mining and quarrying	6	27.94	9	71.73	1	38.59	0.03	0.11
Electricity generation	7	822.48	7	881.51	10	633.26	0.35	1.74
Other businesses	29	101.33	87	398.51	72	972.67	2.51	2.67
Grand Total	1217	13437.89	2,225	21,219.71	2,872	36,466.66	100.00	100.00
Source: Ethiopian Investment Agency								

Distribution by Region

Closer look at the regional distribution of the approved investment projects revealed that Addis Ababa, being the capital city with relatively better facilities, enjoyed the largest share (about 49.4 percent) from the total approved projects. This amounted Birr 15.8 billion investment capital (43.4 percent of the total investment capital) during the review fiscal year. Oromiya, Amhara and Dire Dawa appeared to be the largest investment attractors with a respective share of 24 percent, 17.8 percent and 5.7 percent from the total investment capital. The rest of the regions have insignificant shares both in terms of number and capital outlay of approved investment projects (Table 8.5).

The continued concentration of most of investment projects in urban areas and non agricultural activities and the insignificant share of other regions such as Afar ,Somali, Benishangul Gumuz, Gambella and Harari from the total approved investment projects highlight the importance of developing the infrastructure in these regions while at the same time strengthening the popularization endeavor.

Table 8.5 Number and Capital of Approved projects by Region

(Capital in millions of Birr)								
Regions	2002/03		2003/04		2004/05		Percentage share out of Total	
	No. of projects	Investment Capital	No. of projects	Investment Capital	No. of projects	Investment Capital	No. of projects	Investment Capital
Tigray	50	235.15	56	325.00	93	868.09	3.24	2.38
Afar	11	86.72	4	610.40	8	40.68	0.28	0.11
Amhara	40	246.32	100	896.20	277	6,507.31	9.64	17.84
Oromia	100	1718.66	340	6,960.60	846	8,753.92	29.46	24.01
Somali	0	0	8	289.10	4	30.72	0.14	0.08
Benishangul-Gumuz	3	107.45	8	89.70	18	80.33	0.63	0.22
SNNPR	60	731.24	204	1,105.40	92	505.60	3.20	1.39
Gambella	0	0	0	0.00	1	5.50	0.03	0.02
Harari	37	51.72	40	36.40	17	40.29	0.59	0.11
Addis Ababa	875	9150.22	1,426	10,581.30	1,420	15,838.80	49.44	43.43
Dire Dawa	41	1110.38	37	310.20	50	2,075.99	1.74	5.69
Interregional Projects	0	0	2	15.70	46	1,719.43	1.60	4.72
Grand Total	1217	13437.86	2,225	21,220.00	2,872	36,466.66	100.00	100.00

Source: Ethiopian Investment Agency

