

## VIII. INVESTMENT

The Ethiopian Investment Agency and regional Investment Offices licensed some 34,796 investment projects with an aggregate capital of Birr 493.2 billion during 1992/93 – 2007/08. Of these projects, 29,796 (or 85.6 percent) were domestic, 4918 (or 14.13 percent) foreign and 82 (or 0.2 percent) public. In terms of capital, Birr 257.5 billion (or 52 percent) was attributed to domestic investors, Birr 200.5 billion (or 40.6 percent) to foreign investors and Birr 35.1 billion (or 7.13 percent) to the public sector.

In 2007/08, a total of 8,961 investment projects with a combined capital of Birr 170.4 billion were approved, a record high in a single year since 1992/93.

Domestic investment accounted for more than 81 percent of the total projects approved during the reported period. The number of foreign projects reached 1,651 which was 43.5 percent higher than the same period last year.

With regard to investment capital, foreign investment projects accounted for Birr 92.2 billion (or 54.1 percent) of the total

approved investment capital, followed by domestic private projects which make up Birr 77.8 billion or 45.7 percent.

Upon going operational, the investment projects approved during the review fiscal year are expected to create 592,188 permanent and 1,148,119 casual jobs (Table 9.2).

Out of the total projects, 163 went operational in the same year, of which 52 projects being in the real estate development, rental services and various business activities.

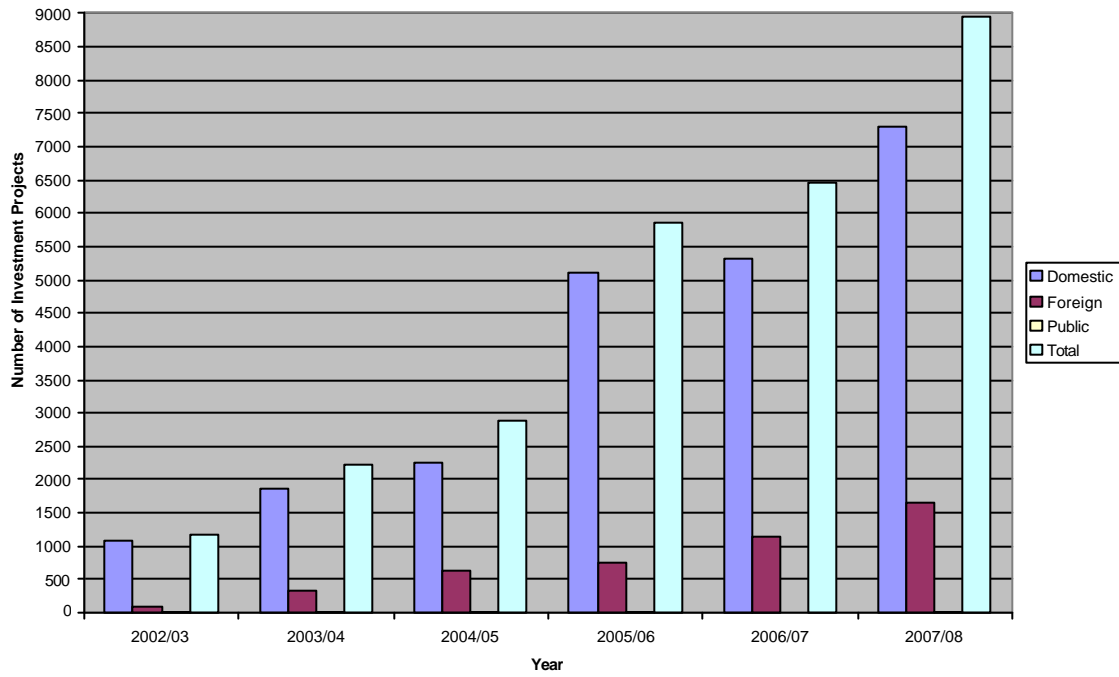
**Table 8.1: Number and Investment Capital of Approved Projects by Ownership  
Since 1992/93**

(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	233.00	0	0.00	545	3,983.00
1993/94	521	2,926.00	4	438.00	1	57.00	526	3,421.00
1994/95	684	4,794.00	7	505.00	2	39.00	693	5,338.00
1995/96	897	6,050.00	10	434.00	1	6.00	908	6,490.00
1996/97	752	4,447.00	42	2,268.00	1	7.00	795	6,722.00
1997/98	816	5,819.00	81	4,106.00	1	14.00	898	9,939.00
1998/99	674	3,765.00	30	1,380.00	9	4,915.00	713	10,060.00
1999/00	561	6,740.00	54	1,627.00	9	5,760.00	624	14,127.00
2000/01	635	5,675.70	45	2,923.30	7	257.00	687	8,856.00
2001/02	756	6,117.30	35	1,474.10	10	1,598.80	801	9,190.20
2002/03	1,127	9,362.93	84	3,368.82	6	706.11	1,217	13,437.86
2003/04	1,862	12,177.74	347	7,205.22	16	1,837.04	2,225	21,220.00
2004/05	2,240	19,571.66	622	15,405.12	10	1,486.48	2,872	36,463.26
2005/06	5,100	41,841.14	753	19,980.06	6	18,215.08	5,859	80,036.28
2006/07	5,322	46,630.06	1,150	46,948.95	0	0.00	6,472	93,579.01
<b>2007/08</b>	<b>7,307</b>	<b>77,868.16</b>	<b>1,651</b>	<b>92,248.78</b>	<b>3</b>	<b>261.56</b>	<b>8,961</b>	<b>170,378.50</b>
<b>Average Annual</b>	<b>1,862</b>	<b>16,095.98</b>	<b>307</b>	<b>12,534.08</b>	<b>5</b>	<b>2,197.50</b>	<b>2,175</b>	<b>30,827.57</b>
<b>Cumulative</b>	<b>29,796</b>	<b>257,535.69</b>	<b>4,918</b>	<b>200,545.34</b>	<b>82</b>	<b>35,160.07</b>	<b>34,796</b>	<b>493,241.10</b>

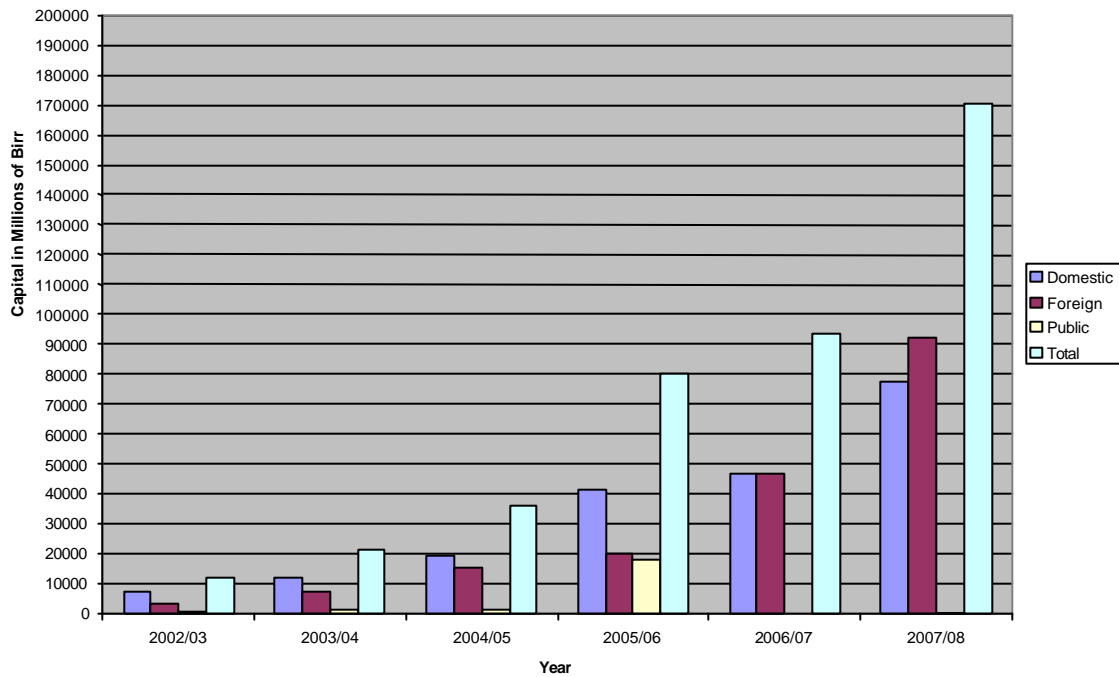
Source: Ethiopian Investment Agency

**Fig VIII.1 Approved Investment Projects by Source**



Source: Ethiopian Investment Agency

**Fig VIII.2 Capital Outlay of Approved Investment Projects by Source**



Source: Ethiopian Investment Agency

**Table 8.2 Number, Capital and Expected Job Opportunities of Approved Projects**  
(Capital in Millions of Birr)

		2005/06	2006/07	2007/08	Percentage Change	
		A	B	C	C/A	C/B
Total Investment	Number	5859	6472	8961	52.94	38.46
	Capital	80036.27	93579.01	170378.5	112.88	82.07
	Permanent Jobs	211112	302598	592188	180.51	95.70
	Casual Jobs	339732	461341	1148119	237.95	148.87
Private	Number	5853	6472	8958	53.05	38.41
	Capital	61821.2	93579.01	170116.9	175.18	81.79
	Permanent Jobs	211071	302598	592117	180.53	95.68
	Casual Jobs	334682	461341	1148084	243.04	148.86
Domestic	Number	5100	5322	7307	43.27	37.30
	Capital	41841.14	46630.06	77868.16	86.10	66.99
	Permanent Jobs	140347	200592	263205	87.54	31.21
	Casual Jobs	256063	330989	646209	152.36	95.24
Foreign	Number	753	1150	1651	119.26	43.57
	Capital	19980.06	46948.95	92248.78	361.70	96.49
	Permanent Jobs	70724	102006	328912	365.06	222.44
	Casual Jobs	78619	130352	501875	538.36	285.02
Public	Number	6	-	3	-50.00	-
	Capital	18215.08	-	261.56	-98.56	-
	Permanent Jobs	41	-	71	73.17	-
	Casual Jobs	5050	-	35	-99.31	-

Source: Ethiopian Investment Agency

## 8.1 Investment by Sector

Sector-wise, 2133 projects (about 23.8 percent of the total projects licensed in 2007/08) were in agriculture, hunting and forestry followed by manufacturing (22.3 percent), real estate development rental services and various business activities (19.8 percent), hotel and restaurant services (14.9 percent) and construction (6.5 percent). Manufacturing, real estate development

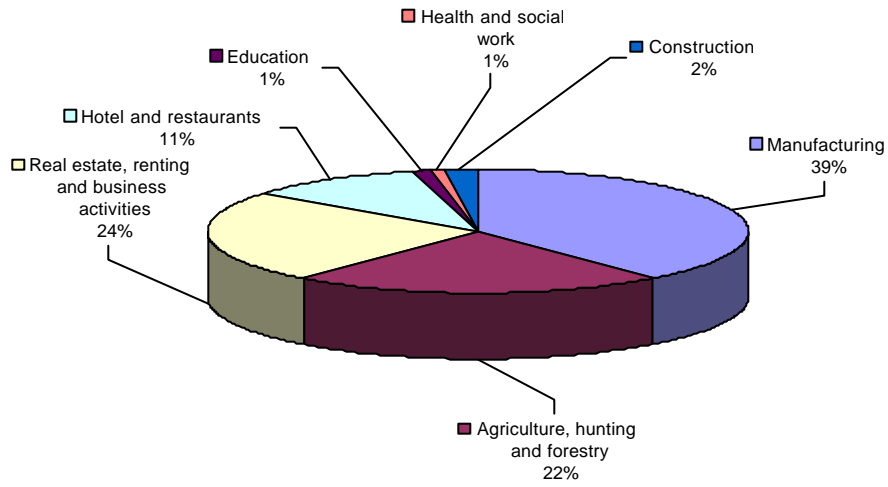
rental services and various business activities and agriculture, hunting and forestry appeared to dominate in terms of approved investment capital with a respective share of 37.8 percent, 23.7 percent and 21.7 percent, respectively.

**Table 8.3: Number and Capital of Investment Projects Approved by Sector**  
(Capital in Millions of Birr)

Sector	2005/06		2006/07		2007/08		Percentage Share	
	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital
Manufacturing	1331	32881.51	1260	37382.24	1998	64473.36	22.30	37.84
Agriculture, hunting and forestry	729	7149.46	1103	14379.60	2133	36980.35	23.80	21.70
Real estate development, rental services and various Business activities	2345	10632.52	2568	24523.46	1780	40428.50	19.86	23.73
Hotel and restaurant services	497	2227.99	515	9205.80	1339	17564.73	14.94	10.31
Education	262	1456.23	327	2037.99	324	1562.96	3.62	0.92
Health and social work	89	620.48	149	2700.50	175	1516.30	1.95	0.89
Construction	333	4289.11	283	1878.30	582	3173.49	6.49	1.86
Wholesale, retail trade and repair service	94	181.04	115	504.96	268	797.66	2.99	0.47
Transport, storage and communication	98	1342.69	86	270.32	184	483.49	2.05	0.28
Fishing	2	4.06	5	100.30	2	3.91	0.02	0.00
Mining and quarrying	15	122.83	13	179.11	38	516.20	0.42	0.30
Electricity, gas, steam and water supply	8	18267.50	4	37.79	4	2486.70	0.04	1.46
Public administration and defense; compulsory social security					1	8.25	0.01	0.00
Other community, social and personal service activities	56	860.86	44	378.55	133	382.60	1.48	0.22
<b>Grand Total</b>	<b>5859</b>	<b>80036.27</b>	<b>6472</b>	<b>93579</b>	<b>8961</b>	<b>170378.5</b>	<b>100.0</b>	<b>100.0</b>

Source: Ethiopian Investment Agency

Fig. VIII.3 Distribution of Capital Outlay of Approved Investment Projects by Sector



Source: Ethiopian Investment Agency

## 8.2 Investment by Region

The regional distribution of the approved investment projects revealed that Oromia attracted 2,977 projects (about 33.2 percent of the total) and Birr 7.07 billion investment capital (41.5 percent) during the review fiscal year.

**Table 8.4: Number and Capital of Approved Projects by Region**

Region	2005/06		2006/07		2007/08		Percentage Share	
	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital
Tigray	201	899.41	375	4614.66	270	3999.07	3.01	2.35
Afar	15	6813.95	28	102.97	20	390.44	0.22	0.23
Amhara	422	8717.04	662	12643.20	1298	12267.48	14.48	7.20
Oromia	1026	18676.27	899	25477.20	2977	70776.35	33.22	41.54
Somali	2	43.00	9	43.40	39	188.50	0.44	0.11
Benishangul-Gumuz	17	40.15	97	370.97	152	677.66	1.70	0.40
SNNPR	887	3273.32	634	5552.36	975	10228.71	10.88	6.00
Gambella	1	1.60	10	9.99	34	349.18	0.38	0.20
Harari	74	124.73	34	97.84	22	57.44	0.25	0.03
Addis Ababa	2989	22834.31	3364	38161.60	2621	47388.62	29.25	27.81
Dire Dawa	70	2539.90	121	1194.40	248	3689.49	2.77	2.17
Multiregional Projects	155	16072.58	239	5310.26	305	20365.55	3.40	11.95
<b>Grand Total</b>	<b>5859</b>	<b>80036.27</b>	<b>6472</b>	<b>93578.85</b>	<b>8961</b>	<b>170378.50</b>	<b>100.00</b>	<b>100.00</b>

Source: Ethiopian Investment Agency