

VII. INVESTMENT

During the review quarter, the Ethiopian Investment Commission and Regional Investment Offices approved 672 investment projects, with a total investment capital of Birr 11.23 billion. Compared to the previous quarter and the same period last year, there was significant (a respective 92.1 and 136.3 percent) increase in investment capital. On the other hand, the employment creation capacity of projects was lower by 20.5 percent when compared to previous quarter. With respect to the same period last year, however, the employment creation capacity of the approved projects showed an 8.8 percent rise.

Ownership wise, 99.7 percent of the total number of investment projects approved was privately owned (of which 78.96 percent were domestic) with the corresponding share of 98.63 percent of total investment capital. Out of the total private investment projects, foreign investment accounted 21 and 20.78 percent interms of number and investment capital, respectively.

If the approved 672 investment projects go operational, they would have the potential to create employment opportunities for 60,901 citizens, out of whom 25,614 would be permanent and 35,287 temporary. Agriculture and manufacturing were the main sectors for employment creation jointly accounting for 66.81 percent of the total permanent and 54.9 percent of the total temporary employment, respectively.

Table VII.1. Number, Capital and employment Creation Capacity of Approved Projects

Type of Projects	Items	2003/04	2004/05		Percentage Change	
		Q.II	Q.I	Q.II	C/A	C/B
		A	B	C		
1.Total Investment	Number	505	751	672	33.07	-10.52
	Capital (Millions of Birr)	4,759.00	5,846.41	11,230.85	135.99	92.10
	Permanent Employment	35,851	49,562	25,614	-28.55	-48.32
	Temporary Employment	20,131	27,075	35,287	75.29	30.33
2.Private Investment	Number	499	749	670	34.27	-10.55
	Capital (Millions of Birr)	4689.5	5,698.15	11,076.63	136.20	94.39
	Permanent Employment	34444	49,549	25,606	-25.66	-48.32
	Temporary Employment	18999	27,075	35,287	85.73	30.33
	Number	409	598	529	29.34	-11.54

3.Domestic Investment	Capital (Millions of Birr)	2,670.00	3,798.63	8,775.03	228.65	131.01
	Permanent Employment	20,480	38,582	17,411	-14.99	-54.87
	Temporary Employment	14,000	17,541	25,641	83.15	46.18
4.Foreign Investment	Number	90	151	141	56.67	-6.62
	Capital (Millions of Birr)	2019.4	1,899.52	2,301.60	13.97	21.17
	Permanent Employment	13,964	10,967	8,195	-41.31	-25.28
	Temporary Employment	4,999	9,534	9,646	92.96	1.17
5. Public Investment	Number	6	2	2	-66.67	0.00
	Capital (Millions of Birr)	69.6	148.26	154.22	121.58	4.02
	Permanent Employment	1407	13	8	-99.43	-38.46
	Temporary Employment	1132	0	0.00	-100.00	0.00
<u>Source:</u> Ethiopian Investment Commission and NBE staff computation.						

Regarding sectoral share, manufacturing accounted for about 34.67 percent of the total number of approved investment projects followed by construction machinery leasing (17.26 percent) and agriculture (11.46 percent). Their corresponding shares in total investment capital were 24.2, 38.85 and 5.84 percent, respectively.

Table VII.2 Sectoral Distribution of Number, Capital and Employment Creation of Approved Projects

(Oct.-Dec. 2004)

SECTOR	Total number of projects		Investment Capital		Permanent Emp		Temporary Emp	
	Number	Share	(In Mn of Birr)	Share	Number	Share	Number	Share
Agriculture	77	11.46	655.82	5.84	5574	21.76	11587	32.84
Manufacturing	233	34.67	2,718.15	24.20	11539	45.05	7,783	22.06
Mining & Quarrying	0	0.00	0	0.00	0	0.00	0	0.00
Electricity Supply	4	0.60	156.22	1.39	18	0.07	10	0.03
Construction	45	6.70	348.51	3.10	876	3.42	3715	10.53

	Emp.Per														0.00	
	Emp. Tem														0.00	
Amhara	No. Of Proj.	16		9	2	1			1	3	7		1	1	41.00	6.1
	Capital	29,056.70		134,338.69	6,250.00	153,015.5			500.00	12,751	10,772.4		6,500	360.00	353,544.27	3.1
	Emp.Per	239		451	26	8			8	107	212		32	3	1,086	4.2
	Emp. Tem	5,031		440	101				10	5	84		8	9	5,688	16.1
B-Gumz	No. of Proj.	3													3.00	0.5
	Capital	37,760.73													37,760.73	0.3
	Emp.Per	111													111	0.4
	Emp. Tem	600													600	1.7
Dire Dawa	No. of Proj.			1											1.00	0.15
	Capital			500,000.00											500,000.00	4.6
	Emp.Per			200											200	0.8
	Emp. Tem			500											500	1.4
Harari	No. of Proj.														0.00	
	Capital														0.00	
	Emp.Per														0	
	Emp. Tem														0	
Oromiya	No. of Proj.	44		84	10		9	4	18	29	8	2		1	209.00	31.1

Grand Total	No. of Proj.	77	0	234	44	4	45	116	34	60	32	2	6	19	672	100
	Capital	655,825.2	0.00	2,719,291.1	1,578,406	156,223	348,506	4,363,462	202,688	290,850	194,496	2,780.00	23,284	696,164	11,230,836.	100
	Emp.Per	5,574	0	11,539	1,477	18	876	1,502	934	1,742	1,570	10	150	222	25,614	100
	Emp. Tem	11,587	0	7,783	6,790	10	3,715	644	2,123	1,244	1,046	20	48	277	35,287	100

Source: Ethiopian Investment Commission and NBE staff computation