

VII. INVESTMENT

During the review quarter, the Ethiopian Investment Commission and Regional Investment Offices have approved 751 investment projects with a total investment capital of Birr 11.6 billion.

Ownership wise, 99.7 percent of the total number of investment projects were private (of which 76.1 percent were domestic) with the corresponding share of 90.4 percent of the total investment capital. Foreign investment accounted for 23.9 and 57.1 percent in terms of number and investment capital, respectively. Two public investment projects were also registered during the review period.

Up on completion these 751 investment projects are expected to create employment opportunities for 197,972 citizens, both on permanent and temporary basis.

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

Type of Projects	Items	2003/04	2004/05		Percentage Change	
		Q.III	Q.II	Q.III	C/A	C/B
		A	B	C		
1.Total Investment	Number	671	672	751	11.9	11.8
	Capital (Millions of Birr)	7381.1	11,230.85	11600	57.2	3.3
	Permanent Employment	51344	25,614	43227	-15.8	68.8
	Temporary Employment	32001	35,287	154745	383.6	338.5
2.Private Investment	Number	668	670	749	12.1	11.8
	Capital (Millions of Birr)	5909.9	11,076.63	10487	77.4	-5.3
	Permanent Employment	51068	25,606	37624	-26.3	46.9
	Temporary Employment	31981	35,287	54745	71.2	55.1

2.1 Domestic Investment	Number	556	529	570	2.5	7.8
	Capital (Millions of Birr)	3425.2	8,775.03	4496	31.3	-48.8
	Permanent Employment	26743	17,411	20196	-24.5	16.0
	Temporary Employment	14517	25,641	32770	125.7	27.8
2.2 Foreign Investment	Number	112	141	179	59.8	27.0
	Capital (Millions of Birr)	2484	2,301.60	5991	141.2	160.3
	Permanent Employment	24325	8,195	17428	-28.4	112.7
	Temporary Employment	17464	9,646	21975	25.8	127.8
3. Public Investment	Number	3	2	2	-33.3	0.0
	Capital (Millions of Birr)	1471.1	154.22	1112	-24.4	621.0
	Permanent Employment	276	8	5603	1930.1	69937.5
	Temporary Employment	20	0.00	100000	499900.0	

Source: Ethiopian Investment Commission and NBE staff computation

Regarding sectoral share, manufacturing accounted for about 31.7 percent of the total number of approved investment projects followed by construction machinery leasing (16.4 percent) and agriculture (14.8 percent). Their respective shares in total investment capital will be 31.8, 5.1 and 11.4 percent.

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

(Jan.-Mar. 2005)

SECTOR	Total number of projects		Investment Capital		Permanent Emp		Temporary Emp	
	Number	Share (%)	(In Mn of Birr)	Share (%)	Number	Share (%)	Number	Share (%)
Agriculture	111	14.78	1322.29	11.40	9983	23.09	31,101	20.10
Manufacturing	238	31.69	3,695.13	31.85	13028	30.14	7,839	5.07
Electricity Supply	2	0.27	275	2.37	73	0.17	14	0.01
Construction	34	4.53	1128.5	9.73	7079	16.38	106017	68.51
Construction machinery leasing	123	16.38	587.42	5.06	1591	3.68	851	0.55
Real Estate	65	8.66	1,246.32	10.74	1749	4.05	5336	3.45
Trade	6	0.80	32.73	0.28	121	0.28	187	0.12
Hotel & Tourism	80	10.65	614.82	5.30	2256	5.22	1204	0.78
Education	36	4.79	454.97	3.92	1800	4.16	788	0.51
Transport & Storage	9	1.20	28.92	0.25	166	0.38	265	0.17
Health	18	2.40	1986.29	17.12	4852	11.22	850	0.55
Other Businesses	29	3.86	227.71	1.96	529	1.22	293	0.19
Grand Total	751	100.00	11,600.10	100.00	43227	100.00	154,745	100

Source: Ethiopian Investment Commission

Looking at regional distribution, a significant proportion (49.7 percent) of the total number of approved projects went to Addis Ababa, followed by Oromiya and Amhara. The same was true for total investment capital as Addis Ababa and the two regions (Oromiya and Amhara, collectively) took the respective 45.6 and 34.2 percent share.

Table VII.3 Regional-Sector Nexus in the Number, Capital (in ' 000 Birr) and Employment Creation Capacity of Licensed Projects

Regions	Items	Agriculture	Manufacturing	Real Estate	Electricity supply	Construction	Construction machinery	Trade	Hotel & Tourism	Education	Transp. & Storage	Health	Other Businesses	Grand total	% age share out of total
Addis Ababa	No. Of Proj.	4	119	38	0	26	111	1	24	15		13	22	373	49.67
	Capital	16,185.00	887,329.70	1,105,722	0	1,091,944	509,719.	525.00	459,613	63,866.80		953,370.30	196,987.50	5,285,263	45.56
	Emp.Per	48	6261	1,353	0	6,955	1,359	3	994	559		2,411	283	20226	46.79
	Emp.Tem	835	3,718	4,585	0	105,731	800	2	575	431		340	223	117240	75.76
Afar	No. Of Proj.	1												1.00	0.13
	Capital	17400												17,400	0.15
	Emp.Per	40												40.00	0.09
	Emp.Tem	100												100.00	0.06
Amhara	No. Of Proj.	11	4	7			1	1	7	5	1			37.00	4.93
	Capital	13,243.80	1,233,395	50,199.30			900.00	8,786.	11,828	26,203	16,827			1,361,383	11.74

	Emp.Per	187	299	108			6	40	185	146	95			1,066.00	2.47
	Emp.Tem	3,528	321	553			4	150	100	51	236			4,943.00	3.19
Gambela	No. of Proj.	1												1.00	0.13
	Capital	10,000.00												10,000	0.09
	Emp.Per	1,700												1,700	3.93
	Emp.Tem	3,000												3,000	1.94
Dire Dawa	No. of Proj.	4	12	1		3		2				1	1	24.00	3.20
	Capital	29,619.70	533,204.90	243.00		17,470.10		2,047.00				1,300.00	450.00	584,334	5.04
	Emp.Per	381	329	8		72		37				36	10	873	2.02
	Emp.Tem	10,039	211	0		39		35				10	20	10,354	6.69
Harari	No. of Proj.							1		2				3.00	0.40
	Capital							8,203.00		17,400.00				25,603	0.22
	Emp.Per							12		145				157	0.36
	Emp.Tem							0		15				15	0.01

Table VII.3 (ctd.) Regional-Sector Nexus in the Number, Capital (in ' 000 Birr) and Employment Creation Capacity of Licensed Projects

Regions	Items	Agriculture	Manufacturing	Real Estate	Electricity supply	Construction	Construction machinery	Trade	Hotel & Tourism	Education	Transp. & Storage	Health	Other Businesses	Grand total	%age share out of total
Oromiya	No. of Proj.	77	88	16		3	6	1	44	12	8	2	5	262.00	34.89
	Capital	1,095,847.70	764,923.70	52,408.		10,350.00	52,408.00	1,390.00	114,257.	335,825.30	12,088.00	142,000.00	29,376.00	2,610,873	22.51
	Emp. Per	6,811	4,098	226		35	121	11	871	852	71	205	232	13,533	31.31
	Emp. Tem	12,525	2,756	194		183	10	0	494	258	29	300	50	16,799	10.86
SNNP	No. of Proj.	4	2		1		1	0				1		9.00	1.20
	Capital	2,831.60	17450		2,970.70		4,980.00	0				24,620.00		52,852	0.46
	Emp. Per	244	67		8		6	0				300		625	1.45
	Emp. Tem	0	50		14		10	0				100		174	0.11
Somali	No. of Proj.	0								0				0.00	0.00
	Capital	0.00								0.00				0.00	0.00
	Emp. Per	0								0				0	0.00
	Emp. Tem	0								0				0	0.00

Tigray	No. of Proj.	2	10	1		1	1		3	1			1	20.00	2.66
	Capital	3,850.00	243,398.80	7,743.		500.00	1,320.00		19,415.00	7,652.00			900.00	284,778	2.45
	Emp. Per	25	1,902	9		3	2		72	80			4	2,097	4.85
	Emp. Tem	430	739	4		50	2		35	20			0	1,280	0.83
Multi-regional	No. of Proj.	7	3	2	1	1	2	1	2	1		1		21.00	2.80
	Capital	133,313.60	15,430.00	30,000.	272,000	8,250.00	9,885.30	19,977.50	9,709	4,026.50		865,000.00		1,367,592	11.79
	Emp. Per	547	72	45	65	14	85	30	134	18		1,900		2,910	6.73
	Emp. Tem	644	44	0	0	14	25	0	0	13		100		840	0.54
Grand Total	No. of Proj.	111	238	65	2	34	123	6	80	36	9	18	29	751	100
	Capital	1,322,291	3,695,132	1,246,315	274,970	1,128,514	587,415	32,725	614,822	454,973	28,915	1,986,290.	227,713	11,600,081	100
	Emp. Per	9,983	13,028	1,749	73	7,079	1,591	121	2,256	1,800	166	4,852	529	43,227	100
	Emp. Tem	31,101	7,839	5,336	14	106,017	851	187	1,204	788	265	850	293	154,745	100

Source: Ethiopian Investment Commission and NBE staff computation