

VII. INVESTMENT

During the second quarter of 2006/07, the Ethiopian Investment Agency and Regional Investment Offices approved 931 investment projects with a total investment capital of Birr 23.7 billion. The number of approved investment projects and capital was lower by 50.1 and 13.4 percent, respectively. Year- on -year basis, the number of approved investment projects dropped by 13.5 percent while in terms of registered capital, increased by 1.5 percent.

Ownership wise, all the investment projects were private investments, of which 72.2 percent projects and 15.7 percent of the investment capital were domestic. Foreign investment projects

accounted for 27.8 and 84.3 percent in terms of number and registered capital, respectively. No public investment project was registered during the review period.

Upon commencement of operation, the approved investment projects are expected to generate employment opportunities for 136,731 citizens, both on permanent and temporary basis.

Table 7.I. Number, Capital and Employment Creation Capacity of Approved Projects
(Capital in millions of Birr)

Type of Project	Item	2005/06	2006/07		Percentage changes	
		Qtr. II	Qtr. I	Qtr. II	C/A	C/B
		A	B	C		
1. Total investment	Number	1076	1,867	931	-13.5	-50.1
	Capital	23335.62	27,355.34	23,687.68	1.5	-13.4
	Permanent Employment	47721	54,926	91,671	92.1	66.9
	Temporary Employment	53427	107890	45060	-15.7	-58.2
2. Private investment	Number	1073	1,867	931	-13.2	-50.1
	Capital	15965.51	27,355.34	23,687.68	48.4	-13.4
	Permanent Employment	47690	54,926	91,671	92.2	66.9
	Temporary Employment	53377	107,890	45060	-15.6	-58.2
2.1 Domestic Investment	Number	849	1,601	672	-20.8	-58.0
	Capital	6779.68	14859.76	3715.67	-45.2	-75.0
	Permanent Employment	15872	36,052	67,283	323.9	86.6
	Temporary Employment	34338	74,005	29,860	-13.0	-59.7
2.2 Foreign Investment	Number	224	266	259	15.6	-2.6
	Capital	9185.83	12495.58	19972.01	117.4	59.8
	Permanent Employment	31818	18,874	24,388	-23.4	29.2
	Temporary Employment	19039	33,885	15,200	-20.2	-55.1
3. Public investment	Number	3	-	-	-	-
	Capital	7370.111	-	-	-	-
	Permanent Employment	31	-	-	-	-
	Temporary Employment	50	-	-	-	-

Source: Ethiopian Investment Agency

Regarding sectoral share, real estate, renting and business activities accounted for about 53.3 percent of the total number of approved investment projects, followed by agriculture (17.0 percent), manufacturing (10.4 percent) and education (5.1 percent). In terms of total investment capital, manufacturing accounted for the lion's share (52.3 percent) followed by real estate, renting and business activities (18.6 percent) and agriculture (14.5 percent). The approved

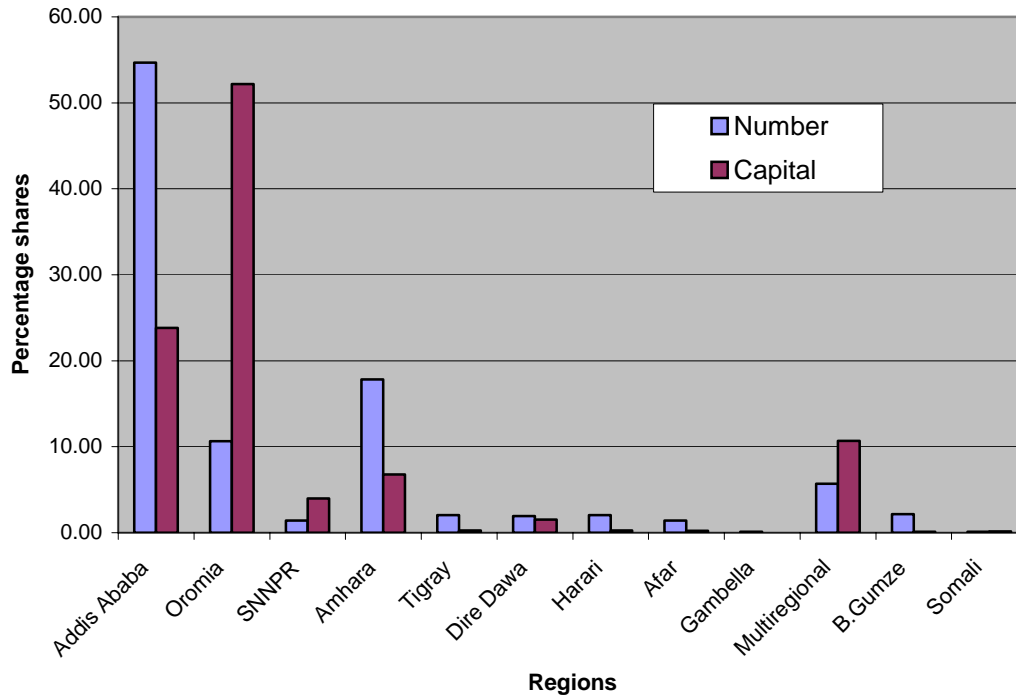
investment projects in the real estate, renting and business activities sector are expected to create 64.3 percent of the total permanent employment to be followed by agriculture (13.8 percent) and manufacturing (13.8 percent). Regarding temporary employment, 66.7 percent is expected to be created in agriculture, 11.7 percent in real estate, renting and business activities and 7.3 percent in manufacturing.

Table 7.2: Number, Capital and Employment Creation Capacity of Approved Projects by Sector

Sector	No. of Proj.	Share	Capital (in million Birr)	Share	Perm. Emp.	Share	Temp. Emp.	Share
Agriculture, hunting and forestry	158	16.97	3,422.3	14.45	12676	13.83	30062	66.72
Construction	15	1.61	239.5	1.01	874	0.95	478	1.06
Education	47	5.05	265.9	1.12	2665	2.91	1168	2.59
Electricity, gas, steam and water supply	2	0.21	27.7	0.12	61	0.07	134	0.30
Health and social work	36	3.87	985.7	4.16	2785	3.04	1743	3.87
Hotels and restaurants	47	5.05	1,807.8	7.63	1750	1.91	2150	4.77
Manufacturing	97	10.42	12,390.8	52.31	11291	12.32	3265	7.25
Mining and quarrying	1	0.11	1.0	0.00	12	0.01	27	0.06
Other community, social and personal service activities	2	0.21	27.8	0.12	229	0.25	200	0.44
Real estate, renting and business activities	496	53.28	4,415.7	18.64	58912	64.26	5292	11.74
Transport, storage and communication	21	2.26	60.2	0.25	306	0.33	345	0.77
Wholesale, retail trade & repair service	9	0.97	43.2	0.18	110	0.12	196	0.43
Grand Total	931	100	23,687.7	100.0	91,671	100.0	45,060	100.0

Source: Ethiopian Investment Agency

Fig. VII.1 Regional share of approved investment projects during the second quarter of 2006/07



During the quarter under review, a significant proportion (54.7 percent) of the total number of approved investment projects went to Addis Ababa, followed by Amhara (17.8 percent) and Oromia (10.6 percent). In terms of approved investment capital, Oromia attracted 52.2 percent followed by Addis Ababa (23.8 percent) and Amhara (6.8 percent). Cross-regional projects accounted for 10.6 percent of the total approved investment capital in the review quarter.

