

VII. INVESTMENT

During the third quarter of 2006/07, the Ethiopian Investment Agency and Regional Investment Offices have approved 1,326 investment projects with a total investment capital of Birr 19.1 billion. The number of approved investment projects was higher by 16.7 percent vis-à-vis the preceding quarter while the associated capital was lower by 25.1 percent. Year- on -year basis, the approved number of investment projects declined by 2.3 percent while their registered capital increased by 63.1 percent.

Ownership wise, all investment projects approved were private. Of the total, 76.6 percent of the investment projects which accounted for 58.8 percent of the capital were domestically owned while foreign

investment projects constituted the balance. No public investment project was registered during the review period.

Upon commencement, the approved investment projects are expected to create employment opportunities for 63,064 citizens on permanent and 121,868 citizens on temporary basis.

All in all, since 1992, 23177 investment projects having Birr 295.6 billion capital were approved. Of these, 17 percent have gone operational. Moreover, 99.6 percent of the projects with an investment capital of Birr 266 billion were private. Foreign investment accounted for 13.3 percent of the total projects and Birr 101.7 billion of the capital

Table VIII.1. Number, Capital and Employment Creation Capacity of Approved Projects
(Capital in million Birr)

Type of Projects	Items	2005/06	2006/07		Percentage changes	
		Q.III	Q.II	Q.III	C/A	C/B
		A	B	C		
1. Total investment	Number	1357	1,136	1,326	-2.3	16.7
	Capital	11726.65	25,540.06	19,123.18	63.1	-25.1
	Permanent Employment	40227	98,402	63,064	56.8	-35.9
	Temporary Employment	58356	57930	121868	108.8	110.4
2. Private investment	Number	1355	1,136	1,326	-2.1	16.7
	Capital	10681.56	25,540.06	19,123.18	79.0	-25.1
	Permanent Employment	40227	98,402	63,064	56.8	-35.9
	Temporary Employment	58356	57930	121868	108.8	110.4
2.1 Domestic Investment	Number	1159	879	1,015	-12.4	15.5
	Capital	4204.46	5582.76	11246.12	167.5	101.4
	Permanent Employment	24444	74,286	29,845	22.1	-59.8
	Temporary Employment	29638	42,780	80,195	170.6	87.5
2.2 Foreign Investment	Number	196	257	311	58.7	21.0
	Capital	6477.11	19957.30	7877.05	21.6	-60.5
	Permanent Employment	15783	24,116	33,219	110.5	37.7
	Temporary Employment	28718	15,150	41,673	45.1	175.1
3. Public investment	Number	2	-	-	-	-
	Capital	1045.083	-	-	-	-
	Permanent Employment	-	-	-	-	-
	Temporary Employment	-	-	-	-	-

Source: Ethiopian Investment Agency

Looking by sector, real estate, renting and business activities accounted for about 35.2 percent of the total number of approved investment projects, followed by manufacturing (21.0 percent), agriculture (20.9 percent) and hotel and restaurant (7.8 percent). In terms of total investment capital, agriculture accounted for the lion's share (29.5 percent) followed by manufacturing (24.2 percent), real state, renting and business activities (18.17 percent) and hotel and restaurant (11.2 percent). The approved

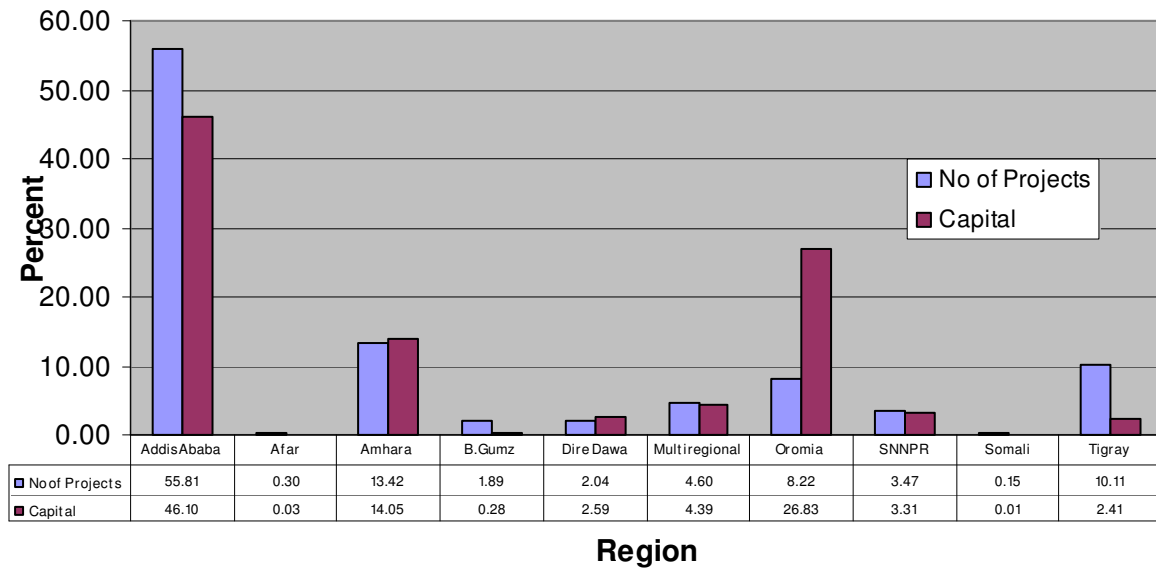
investment projects in the agriculture sector are expected to create 39.4 percent of the total permanent employment to be followed by manufacturing (24.1 percent), real state, renting and business activities (13.3 percent) and hotel and restaurant (8.5 percent). Regarding temporary employment, 71.2 percent is expected to be in agriculture, 9.1 percent in manufacturing, 8.6 percent in real state, renting and business activities and 4.8 percent in construction.

Table VII.2 Sector Distribution of Number, Capital and Employment Creation Capacity
Approved projects during 3rd quarter of 2006/07

Source: Ethiopian Investment Agency

Sector	No. of Proj.	Share	Capital (in Million Birr)	Share	Perm. Emp.	Share	Temp. Emp.	Share
Agriculture, hunting and forestry	277	20.89	5,632	29.45	24,840	39.39	86,956	71.35
Construction	42	3.17	239.87	1.25	1,114	1.77	5,825	4.78
Education	67	5.05	732.19	3.83	3,730	5.91	1,171	0.96
Electricity, gas, steam and water supply	1	0.08	10.08	0.05	16	0.03	40	0.03
Fishing	2	0.15	92.79	0.49	70	0.11	230	0.19
Health and social work	42	3.17	1,651.69	8.64	3,113	4.94	1,411	1.16
Hotels and restaurants	104	7.84	2,135.00	11.16	5,382	8.53	3,906	3.21
Manufacturing	279	21.04	4,634.21	24.23	15,223	24.14	11,042	9.06
Mining and quarrying	6	0.45	41.80	0.22	235	0.37	239	0.20
Other community, social and personal service activities	3	0.23	183.25	0.96	386	0.61	195	0.16
Real estate, renting and business activities	467	35.22	3,473.86	18.17	8,406	13.33	10,485	8.60
Transport, storage and communication	23	1.73	85.22	0.45	262	0.42	226	0.19
Wholesale, retail trade & repair service	13	0.98	211.18	1.10	287	0.46	142	0.12
Grand Total	1,326	100	19,123	100	63,064	100	121,868	100

Fig. VII 1: Approved Investment Projects by Region During the Third Quarter of 2006/07



During the quarter under review, a significant proportion (55.8 percent) of the total number of approved investment projects went to Addis Ababa, followed by Amhara (13.4 percent) and Tigray (10.1 percent). In terms of approved investment

capital, Addis Ababa attracted 46.1 percent followed by Oromia (26.8 percent) and Amhara (14.1 percent). Cross-regional projects accounted for 4.4 percent of the total approved investment capital.