

VII. INVESTMENT

During the fourth quarter of 2006/07, Ethiopian Investment Agency and Regional Investment Offices approved 1,693 investment projects with a total investment capital of Birr 18.6 billion. The number of approved investment projects and the associated capital went down by 5.1 percent and 13.2 percent against the previous quarter and 11.8 and 22.6 percent compared to a year earlier

Of all the investment projects, 81 percent projects and 64 percent of the capital were from domestic sources, while the share of foreign investment projects was 19 and 36 percent, respectively. No public investment project was registered during the review period.

Upon commencement, the approved investment projects are expected to create employment opportunities for 73,141 citizens on permanent and 155,526 citizens on temporary basis.

Table VII.1. Number, Capital and Employment Creation Capacity of Approved Projects During Fourth Quarter of 2006/07
(Capital in million Birr)

Type of Projects	Items	2005/06	2006/07		Percentage changes	
		Q.IV	Q.III	Q.IV	C/A	C/B
		A	B	C		
1.Total investment	Number	1920	1,784	1,693	-11.8	-5.1
	Capital	24055.42	21,466.65	18,625.80	-22.6	-13.2
	Permanent Employment	70986	75,830	73,141	3.0	-3.5
	Temporary Employment	136448	141,745	155526	14.0	9.7
2. Private investment	Number	1919	1,784	1,693	-11.8	-5.1
	Capital	24045.3	21,466.65	18,625.80	-22.5	-13.2
	Permanent Employment	70976	75,830	73,141	3.1	-3.5
	Temporary Employment	136448	141,745	155,526	14.0	9.7
2.1 Domestic Investment	Number	1715	1,477	1,373	-19.9	-7.0
	Capital	19181.30	13667.02	11936.33	-37.8	-12.7
	Permanent Employment	51694	42,734	47,252	-8.6	10.6
	Temporary Employment	116861	100,256	115,776	-0.9	15.5
2.2 Foreign Investment	Number	204	307	320	56.9	4.2
	Capital	4864.00	7799.63	6689.47	37.5	-14.2
	Permanent Employment	19282	33,096	25,889	34.3	-21.8
	Temporary Employment	19587	41,489	39,750	102.9	-4.2
3. Public investment	Number	1	-	-	-	-
	Capital	10.12	-	-	-	-
	Permanent Employment	10	-	-	-	-
	Temporary Employment	0	-	-	-	-

Source: Ethiopian Investment Agency

Looking by sector, real estate, renting and business activities accounted for about 29.3 percent of the total number of approved investment projects, followed by manufacturing (22.7 percent), agriculture hunting and forestry (18.8 percent), and hotel and restaurant (10.4 percent). In terms of job creation, Fourth Quarter 2006/07

percent). In terms of total investment capital, manufacturing accounted for the lion's share (33.1 percent) followed by real estate, renting and business activities (29.4 percent), agriculture (14.0 percent) and hotels and restaurant (13.9 percent). In terms of job creation,

manufacturing is expected to create 48.2 percent of the total permanent employment followed by agriculture, hunting and forestry sector (17.0 percent), real estate, renting and business activities (10.8 percent) and hotel and restaurant (10.6 percent). Regarding temporary employment, 58.4 percent is

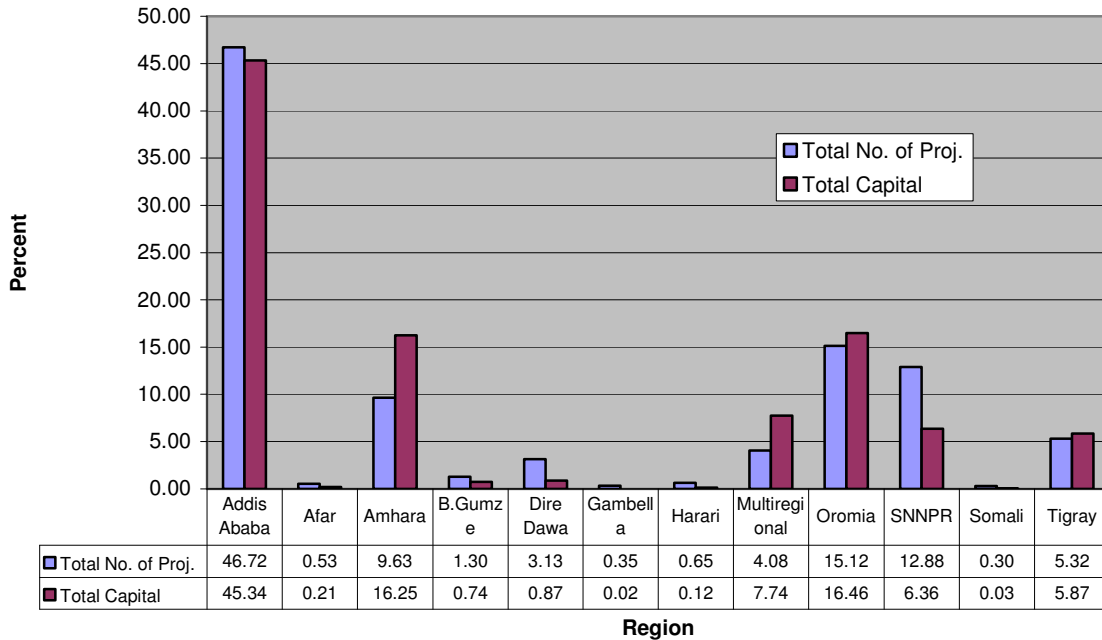
expected to be in agriculture, hunting and forestry, 21.6 percent in manufacturing, 6.5 percent in construction and 5.6 percent in real estate, renting and business activities.

Table VII.2 Sector Distribution of Number, Capital and Employment Creation Capacity of Approved Projects during Fourth Quarter of 2006/07

Sector	No. of Proj.	Share	Capital (in Million Birr)	Share	Perm. Emp.	Share	Temp. Emp.	Share
Agriculture, hunting and forestry	319	18.84	2,613	14.03	12,458	17.03	90,825	58.40
Construction	84	4.96	439.77	2.36	2,053	2.81	10,143	6.52
Education	87	5.14	566.46	3.04	4,372	5.98	2,526	1.62
Electricity, gas, steam and water supply	1	0.06	0.04	0.00	50	0.07	250	0.16
Health and social work	28	1.65	318.51	1.71	1,203	1.64	1,253	0.81
Hotels and restaurants	176	10.40	2,596.64	13.94	7,769	10.62	6,418	4.13
Manufacturing	384	22.68	6,164.39	33.10	35,263	48.21	33,537	21.56
Mining and quarrying	3	0.18	83.45	0.45	137	0.19	103	0.07
Other community, social and personal service activities	23	1.36	109.40	0.59	439	0.60	370	0.24
Real estate, renting and business activities	496	29.30	5,475.27	29.40	7,871	10.76	8,659	5.57
Transport, storage and communication	23	1.36	77.50	0.42	733	1.00	879	0.57
Wholesale, retail trade & repair service	69	4.08	181.42	0.97	793	1.08	563	0.36
Grand Total	1,693	100	18,625.80	100	73,141	100	155,526	100

Source: Ethiopian Investment Agency

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



During the quarter under review, a significant proportion (46.7 percent) of the total number of approved investment projects went to Addis Ababa, followed by Oromia (15.1 percent) and SNNP (12.9 percent). In terms of approved

investment capital, Addis Ababa attracted 45.3 percent followed by Oromia (16.5 percent) and Amhara (16.2 percent). Cross-regional projects accounted for 7.7 percent of the total approved investment capital.

Table VII.3 Regional-Sector Nexus in the number, Capital (in Million Birr) and Employment Creation Capacity of licensed Projects

Sector	Investment by Regions													
		Addis Ababa	Afar	Amhara	B.Gum ze	Dire Dawa	Gambella	Harari	Multi - regional	Oromia	SNNPR	Somali	Tigray	Grand Total
Agriculture, hunting and forestry	No of Proj.	7.0	5.0	64.0	16.0	4.0	4.0	2.0	9.0	94.0	85.0	1.0	28.0	319.0
	Capital.	41.4	21.5	134.5	131.7	5.2	1.9	2.3	49.3	1423.2	673.5	1.8	126.8	2612.9
	Perm.emp.	249.0	124. _n	1614.0	493.0	61.0	19.0	15.0	319.0	6330.0	2781.0	20.0	433.0	12458.0
	Temp.emp.	334.0	695. _n	9391.0	5231.0	72.0	65.0	25.0	1830.0	15123. _n	45237.0	45.0	12777.0	90825.0
Construction	No of Proj.	71.0				2.0			1.0	5.0			5.0	84.0
	Capital.	393.2				1.3			15.0	15.9			14.4	439.8
	Perm.emp.	1701.0				31.0			20.0	161.0			140.0	2053.0
	Temp.emp.	6877.0				12.0			30.0	1641.0			1583.0	10143.0
Education	No of Proj.	44.0	1.0	7.0	1.0	1.0		2.0	2.0	13.0	13.0		3.0	87.0
	Capital.	459.4	2.0	13.7	0.5	2.0		5.0	1.9	39.8	38.6		3.6	566.5
	Perm.emp.	3178.0	11.0	221.0	10.0	5.0		15.0	70.0	445.0	373.0		44.0	4372.0
	Temp.emp.	1820.0	0.0	36.0	5.0	5.0		20.0	35.0	233.0	333.0		39.0	2526.0
Electricity, gas, steam and water supply	No of Proj.												1.0	1.0
	Capital.												0.0	0.0
	Perm.emp.												50.0	50.0
	Temp.emp.												250.0	250.0
Health and social work	No of Proj.	16.0		4.0				1.0		1.0	4.0		2.0	28.0
	Capital.	258.7		10.6				1.5		28.0	14.8		4.9	318.5
	Perm.emp.	879.0		84.0				14.0		100.0	97.0		29.0	1203.0
	Temp.emp.	1038.0		25.0				20.0		150.0	20.0		0.0	1253.0
Hotels and restaurants	No of Proj.	68.0		26.0	1.0	6.0	1.0		5.0	22.0	34.0		13.0	176.0
	Capital.	1741.1		180.2	0.7	58.5	1.0		186.0	102.9	117.7		208.6	2596.6
	Perm.emp.	4184.0		995.0	20.0	407.0	6.0		205.0	424.0	735.0		793.0	7769.0
	Temp.emp.	3340.0		795.0	0.0	400.0	10.0		110.0	302.0	779.0		682.0	6418.0
Manufacturing	No of Proj.	186.0		32.0	2.0	17.0		2.0	25.0	72.0	22.0		26.0	384.0
	Capital.	1916.9		1550.2	2.6	35.7		2.7	795.6	997.7	214.5		648.6	6164.4
	Perm.emp.	10519.0		2416.0	15.0	279.0		17.0	6490.0	5251.0	3393.0		6883.0	35263.0
	Temp.emp.	7206.0		3211.0	23.0	442.0		15.0	15088.0	4671.0	1961.0		920.0	33537.0
Mining and quarrying	No of Proj.								2.0	1.0				3.0
	Capital.								63.4	20.0				83.4
	Perm.emp.								87.0	50.0				137.0
	Temp.emp.								3.0	100.0				103.0

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Sector	Investment Regions													
		Addis Ababa	Afar	Amhara	B.Gumze	Dire Dawa	Gambella	Harari	Multi - regional	Oromia	SNNPR	Somali	Tigray	Grand Total
Other community, social and personal service activities	No of Proj.	85.9		4.0		1.7				4.0	6.2		7.6	109.4
	Capital.	207.0		62.0		42.0				18.0	65.0		45.0	439.0
	Perm.emp.	171.0		55.0		20.0				10.0	97.0		17.0	370.0
	Temp.emp.	368.0	3.0	17.0		21.0	1.0	4.0	23.0	39.0	6.0	4.0	10.0	496.0
Real estate, renting and business activities	No of Proj.	3486.5	14.7	1070.0		54.8	0.2	11.6	323.9	414.6	17.3	3.4	78.1	5475.3
	Capital.	5034.0	23.0	530.0		492.0	8.0	30.0	480.0	995.0	61.0	80.0	138.0	7871.0
	Perm.emp.	5134.0	25.0	865.0		677.0	22.0	40.0	538.0	1045.0	46.0	62.0	205.0	8659.0
	Temp.emp.	17.0		2.0					2.0		2.0			23.0
Transport, storage and communication	No of Proj.	51.1		5.0					7.2		14.2			77.5
	Capital.	451.0		81.0					32.0		169.0			733.0
	Perm.emp.	631.0		33.0					7.0		208.0			879.0
	Temp.emp.	2.0		8.0	2.0	1.0				8.0	48.0			69.0
Wholesale, retail trade & repair service	No of Proj.	11.6		57.9	1.6	3.0				20.2	87.2			181.4
	Capital.	62.0		176.0	35.0	10.0				92.0	418.0			793.0
	Perm.emp.	8.0		166.0	30.0	30.0				154.0	175.0			563.0
	Temp.emp.	791.0	9.0	163.0	22.0	53.0	0.6	11.0	69.0	256.0	218.0	0.5	90.0	1693.0
Total No of Proj.	791	8445.7	38.3	3025.9	137.0	162.1	3.1	23.1	1442.4	3066.4	1184.0	5.2	1092.6	
Total Capital.	8445.7	26464.0	158.0	6179.0	573.0	1327.0	33.0	91.0	7703.0	13866.0	8092.0	100.0	8555.0	
Total Perm.emp.	26464	26559.0	720.0	14577.0	5289.0	1658.0	97.0	120.0	17641.0	23429.0	48856.0	107.0	16473.0	
Total Temp.emp.	26559	85.9			4.0		1.7			4.0	6.2		7.6	
Percentage Share														
Total No of Proj.	46.7	0.5	9.6	1.3	3.1	0.4	0.7	4.1	15.1	12.9	0.3	5.3	100.0	
Total Capital.	45.3	0.2	16.3	0.7	0.9	0.0	0.1	7.7	16.5	6.4	0.0	5.9	100.0	
Total Perm.emp.	36.2	0.2	8.5	0.8	1.8	0.1	0.1	10.5	19.0	11.1	0.1	11.7	100.0	
Total Temp.emp.	17.1	0.5	9.4	3.4	1.1	0.1	0.1	11.3	15.1	31.4	0.1	10.6	100.0	

Source: Ethiopian Investment Agency