

VIII. INVESTMENT

During the second quarter of 2008/09, the Ethiopian Investment Agency and Regional Investment Offices licensed 1,966 investment projects with a combined capital of Birr 28.5 billion.

The number of approved investment projects was lower by 33.4 percent and registered capital by 9.5 percent compared to the previous quarter. Year-on-year basis, however, the number of approved investment projects increased by 12.7 percent but with lower investment capital by 31.2 percent.

Of the total licensed investment projects, about 99.9 percent or 1,965 projects

were taken up by the private sector. Domestic investment projects accounted for about 80 percent of the projects and 39.4 percent of the investment capital, while foreign investment projects took the remaining 20 and 60.6 percent in terms of number and investment capital, respectively. In the quarter under review, one public project with an investment capital of Birr 2.9 billion was also approved.

Upon going operational, the approved investment projects are expected to create employment opportunities for 240,960 citizens on permanent and casual basis.

Table 8.1. Number, Capital and Job Opportunities of Approved Projects

Type of Projects	Items	Capital (In Millions of Birr)				
		2007/08	2008/09		Percentage changes	
		Q.II	Q.I	Q.II	C/A	C/B
		A	B	C		
1.Total Investment	Number	1,744	2,951	1,966	12.7	-33.4
	Capital	41,449.3	31,497.3	28,510.3	-31.2	-9.5
	Permanent Employment	163851	112076	73702	-55.0	-34.2

	Temporary Employment	285575	279918	167258	-41.4	-40.2
2. Private Investment	Number	1,743	2,945	1,965	12.7	-33.3
	Capital	41,414.9	27,079.3	25,592	-38.2	-5.5
	Permanent Employment	163836	112076	73,676	-55.0	-34.3
	Temporary Employment	285550	279918	166,958	-41.5	-40.4
2.1 Domestic Investment	Number	1278	2471	1576	23.3	-36.2
	Capital	25728.1	15298.6	10088.8	-60.8	-34.1
	Permanent Employment	39173	65797	44028	12.4	-33.1
	Temporary Employment	106549	193432	122034	14.5	-36.9
2.2 Foreign Investment	Number	465	474	389	-16.3	-17.9
	Capital	15686.8	11780.7	15503.0	-1.2	31.6
	Permanent Employment	124,663	46,279	29,648	-76.2	-35.9
	Temporary Employment	179,001	86,486	44,924	-74.9	-48.1
3. Public Investment	Number	1	6	1	0.0	-83.3
	Capital	34	4,418	2,918.48	8483.8	-33.9
	Permanent Employment	15	-	26	73.3	-
	Temporary Employment	25	-	300	1100.0	-

Source: Ethiopia Investment Agency

Regarding sectoral share, agriculture, hunting and forestry accounted for 25.3 percent of the approved investment projects, followed by manufacturing (21.2 percent), real estate development, renting and various business activities (16.8 percent) as well as hotels and restaurants (12.4 percent). In terms of total investment capital, agriculture, hunting and forestry make up for 29.5 percent, followed by manufacturing (29 percent) and real estate development

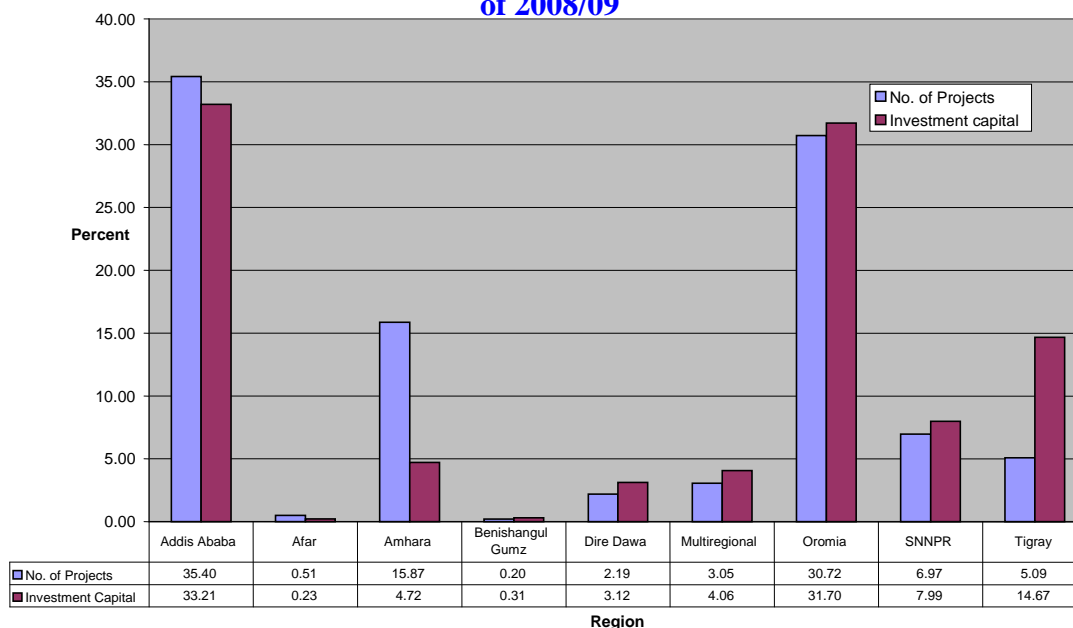
renting and various business activities (13.8 percent).

The approved investment projects in the agriculture, hunting and forestry sectors are expected to create 34.6 percent of the total permanent employment, followed by manufacturing (32.3 percent) and hotels and restaurants (8.8 percent). Regarding temporary employment, 53.4 percent is expected to be created in agriculture, hunting and forestry and 16.6 percent in construction.

Table 8.2 Sectoral Distribution of Number, Capital and Job Opportunities of Approved Projects

	No. of Proj.	Share	Capital(in Million Birr)	Share	Perm. Emp.	Share	Temp. Emp.	Share
Agriculture, hunting and forestry	498	25.33	8405.89	29.48	25,524	34.63	89,264	53.37
Construction	217	11.04	981.34	3.44	5,715	7.75	27,844	16.65
Education	61	3.10	403.39	1.41	2,456	3.33	2,185	1.31
Electricity, gas, steam and water supply	4	0.20	2947.88	10.34	51	0.07	425	0.25
Fishing	1	0.05	3.00	0.01	30	0.04	-	-
Health and social work	41	2.09	360.60	1.26	1,833	2.49	981	0.59
Hotels and restaurants	243	12.36	1795.25	6.30	6,486	8.80	7,289	4.36
Manufacturing	417	21.21	8277.77	29.03	23,782	32.27	21,339	12.76
Mining and quarrying	6	0.31	72.30	0.25	150	0.20	177	0.11
Other community, social and personal service activities	20	1.02	76.44	0.27	409	0.55	872	0.52
Real estate, renting and business activities	330	16.79	3945.10	13.84	4,655	6.32	12,097	7.23
Transport, storage and communication	86	4.37	266.66	0.94	1,096	1.49	1,384	0.83
Wholesale, retail trade & repair service	42	2.14	974.69	3.42	1,515	2.06	3,401	2.03
Grand Total	1,966	100	28,510.30	100	73,702	100	167,258	100

Source: Ethiopian Investment Agency

Fig. VIII.1: Approved Investment Projects by Region during Second Quarter of 2008/09

Source: Ethiopian Investment Agency

During the review quarter, 35.4 percent of the total approved investment projects went to Addis Ababa, followed by Oromia (30.7 percent), Amhara (15.9 percent) and SNNPR (6.9 percent).

Similarly, in terms of capital, Addis Ababa took 33.2 percent followed by Oromia (31.7 percent) and Tigray (14.7 percent).

Multiregional projects accounted for 4.1 percent of the total approved investment capital in the review quarter.

**Table 8.3 Regional-Sector Nexus in Number, Capital and Job Opportunities of Licensed Projects
(in Millions of Birr)**

Sector	Data	Addis Ababa	Afar	Amhara	B.Gumze	Dire Dawa	Multiregional	Oromia	SNNPR	Tigray	Grand Total
Agriculture, hunting and forestry	No of Proj.	5	5	207	2	7	21	194	43	14	498
	Capital.	7.58	23.79	696.46	14.35	4.67	276.91	5565.04	1762.66	54.43	8405.887
	Perm.emp.	76	141	5915	62	107	1094	13065	3648	1416	25524
	Temp.emp.	149	284	57137	150	65	3064	18679	4201	5535	89264
Construction	No of Proj.	181		4		3	3	12	3	11	217
	Capital.	846.30		16.06		3.93	46.00	14.25	23.04	31.78	981.344
	Perm.emp.	4705		90		39	100	150	143	488	5715
	Temp.emp.	24031		1175		53	340	915	5	1325	27844
Education	No of Proj.	16		9		1	2	20	7	6	61
	Capital.	252.29		20.79		3.00	43.14	36.36	30.10	17.71	403.389
	Perm.emp.	958		153		14	58	470	626	177	2456
	Temp.emp.	702		182		40	51	650	467	93	2185
Electricity, gas, steam and water supply	No of Proj.							3		1	4
	Capital.							29.40		2918.48	2947.881
	Perm.emp.							25		26	51
	Temp.emp.							125		300	425
Fishing	No of Proj.			1							1
	Capital.			3							3
	Perm.emp.			30							30
	Temp.emp.			0							0
Health and social work	No of Proj.	15		5				12	5	4	41
	Capital.	188.811	0	26.138				33.468	89.663	22.524	360.604
	Perm.emp.	870		93				261	401	208	1833
	Temp.emp.	540		46				217	128	50	981
Hotels and restaurants	No of Proj.	39	2	34	1	2	2	125	31	7	243
	Capital.	808.13	16.87	151.10	5.00	2.82	11.60	545.38	128.84	125.51	1795.246
	Perm.emp.	1372	60	695	42	37	50	3055	713	462	6486
	Temp.emp.	860	156	1034	0	17	6	3617	1125	474	7289
Manufacturing	No of Proj.	160		18	1	14	25	132	26	41	417
	Capital.	5114.22	0.00	104.03	68.00	34.22	372.18	2242.89	150.32	191.92	8277.772
	Perm.emp.	8513		1169	260	277	2013	9131	979	1440	23782
	Temp.emp.	7369		588	300	347	1557	8095	1743	1340	21339
Mining and quarrying	No of Proj.	4						2			6
	Capital.	45.32						26.98			72.299
	Perm.emp.	100						50			150
	Temp.emp.	139						38			177
Other community, social and personal service activities	No of Proj.	3		4		2		7	1	3	20
	Capital.	14.60		4.17		5.21		24.01	4.00	24.45	76.435
	Perm.emp.	41		55		55		89	14	155	409
	Temp.emp.	37		162		205		109	104	255	872
Real estate, renting and business activities	No of Proj.	197	1	15		12	7	83	5	10	330
	Capital.	1975.29	1.30	245.66		23.31	406.67	494.00	12.74	786.14	3945.099
	Perm.emp.	1784	5	141		174	605	1587	99	260	4655
	Temp.emp.	2616	4	2912		220	1810	4136	139	260	12097
Transport, storage and communication	No of Proj.	69	2	7				6		2	86
	Capital.	196.36	23.50	28.93				14.72		3.15	266.658
	Perm.emp.	716	22	249				89		20	1096
	Temp.emp.	779	14	477				99		15	1384
Wholesale, retail trade & repair service	No of Proj.	7		8		2		8	16	1	42
	Capital.	18.13		50.04		811.43		12.70	76.39	6.00	974.688
	Perm.emp.	61		198		856		102	273	25	1515
	Temp.emp.	121		522		207		252	2299		3401
Total No of Proj.		696	10	312	4	43	60	604	137	100	1966
Total Capital		9467.03	65.47	1346.36	87.35	888.58	1156.50	9039.18	2277.75	4182.09	28510.302
Total Perm.emp.		19196	228	8788	364	1559	3920	28074	6896	4677	73702
Total Temp.emp.		37343	458	64235	450	1154	6828	36932	10211	9647	167258
Percentage Share											
No of Proj.		35.40	0.51	15.87	0.20	2.19	3.05	30.72	6.97	5.09	100.00
Capital		33.21	0.23	4.72	0.31	3.12	4.06	31.70	7.99	14.67	100.00
Perm.emp.		26.05	0.31	11.92	0.49	2.12	5.32	38.09	9.36	6.35	100.00
Temp.emp.		22.33	0.27	38.40	0.27	0.69	4.08	22.08	6.10	5.77	100.00

Source: Ethiopian Investment Agency

