

## VIII. INVESTMENT

During the third quarter of 2008/09, the Ethiopian Investment Agency and Regional Investment Offices licensed 1,761 investment projects with a combined capital of Birr 28.4 billion. The number of approved investment projects was lower by 10.4 percent and registered capital by 0.3 percent as compared to the previous quarter. Year-on-year basis, also, the number of approved investment projects decreased by 16.1 percent and their investment capital by 37 percent.

21.5 and 56.3 percent in terms of number and investment capital respectively. In the quarter under review, one public project with investment capital of Birr 445 million was also approved.

Up on going operational, the approved investment projects are expected to create employment opportunities for 266,728 citizens on permanent and casual basis.

Ownership wise, of the total investment projects 1,760 are private investments, out of which 79.5 percent of projects and 43.7 percent of the investment capital were domestic. Foreign investment projects accounted for the remaining

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

		Capital (In Millions of Birr)				
Type of Projects	Items	2007/08	2008/09		Percentage Changes	
		Q.III	Q.II	Q.III	C/A	C/B
		A	B	C		
1.Total investment	Number	2,100	1,966	1,761	-16.1	-10.4
	Capital	45,026.91	28,510.30	28,420.18	-36.9	-0.3

	Permanent Employment	139613	73702	135271	-3.1	83.5
	Temporary Employment	223299	167258	131457	-41.1	-21.4
2. Private investment	Number	2,099	1,965	1,760	-16.2	-10.4
	Capital	44,853.53	25,591.82	27,975.18	-37.6	9.3
	Permanent Employment	139567	73676	135271	-3.1	83.6
	Temporary Employment	223299	166958	131207	-41.2	-21.4
2.1 Domestic Investment	Number	1703	1576	1400	-17.8	-11.2
	Capital	11927.23	10088.77	12238.90	2.6	21.3
	Permanent Employment	57467	44028	44023	-23.4	0.0
	Temporary Employment	106545	122034	85248	-20.0	-30.1
2.2 Foreign Investment	Number	396	389	360	-9.1	-7.5
	Capital	32926.30	15503.05	15736.28	-52.2	1.5
	Permanent Employment	82,100	29,648	91,248	11.1	207.8
	Temporary Employment	116,754	44,924	45,959	-60.6	2.3
3. Public Investment	Number	1	1	1	0.0	0.0
	Capital	173.38	2,918.48	445.00	156.7	-84.8
	Permanent Employment	46	26	-	-100.0	-100.0
	Temporary Employment	-	300	250	0.0	-16.7

Source: Ethiopia Investment Agency

Regarding sectoral share, the manufacturing accounted for 25.4 percent of the approved investment projects, followed by agriculture, hunting and forestry (19.7 percent), real estate development, renting and various business activities (17.6 percent) and construction (12.8 percent). In terms of total investment capital also, manufacturing make up for 47.4 percent followed by agriculture, hunting and forestry (15.5 percent) and real estate

development renting and various business activities (10.8 percent).

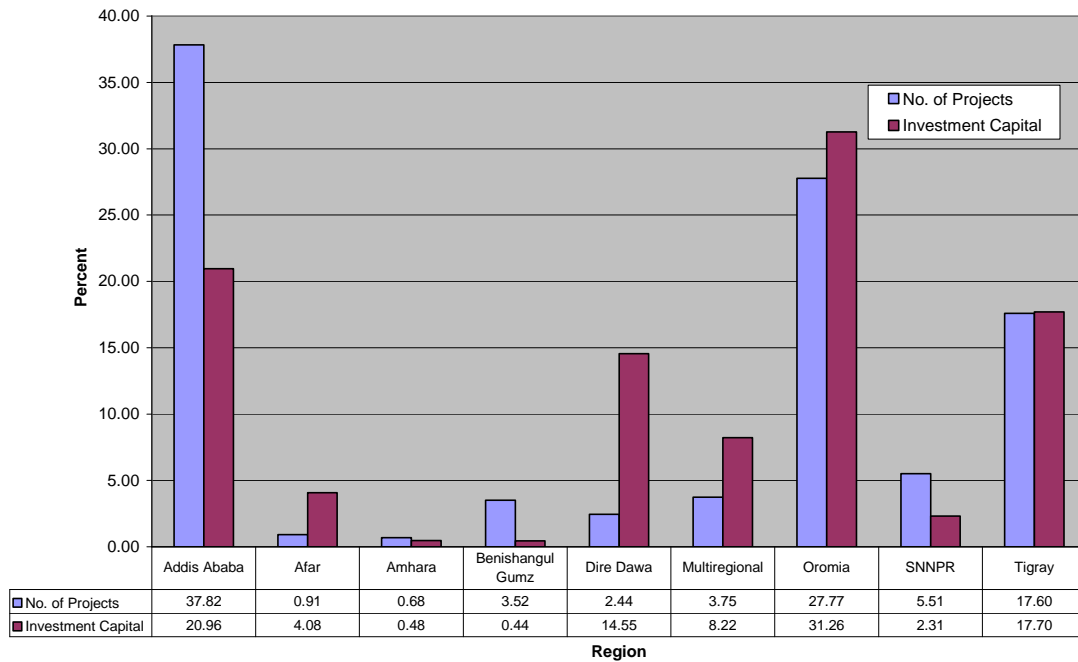
The approved investment projects in the agriculture, hunting and forestry sectors are expected to create 52.4 percent of the total permanent employment to be followed by manufacturing (27.2 percent) and construction (5.8 percent). Regarding casual employment, 43 percent is expected to be generated in agriculture, hunting and forestry and 21.9 percent in construction.

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

	No. of Proj.	Share	Capital(In Millions of Birr)	Share	Perm. Emp.	Share	Temp. Emp.	Share
Agriculture, hunting and forestry	346	19.65	4414.94	15.53	70,901	52.41	56,476	42.96
Construction	226	12.83	2915.08	10.26	7,907	5.85	28,826	21.93
Education	41	2.33	172.59	0.61	1,287	0.95	1,284	0.98
Electricity, gas, steam and water supply	1	0.06	445.00	1.57	-	-	250	0.19
Fishing	1	0.06	5.05	0.02	25	0.02	1,200	0.91
Health and social work	25	1.42	998.78	3.51	2,692	1.99	768	0.58
Hotels and restaurants	184	10.45	1975.77	6.95	7,445	5.50	4,967	3.78
Manufacturing	448	25.44	13461.64	47.37	36,770	27.18	23,431	17.82
Mining and quarrying	3	0.17	30.89	0.11	113	0.08	107	0.08
Other community, social and personal service activities	13	0.74	82.07	0.29	537	0.40	879	0.67
Real estate, renting and business activities	310	17.60	3071.73	10.81	5,237	3.87	7,533	5.73
Transport, storage and communication	111	6.30	621.77	2.19	1,378	1.02	4,759	3.62
Wholesale, retail trade & repair service	52	2.95	224.87	0.79	979	0.72	977	0.74
<b>Grand Total</b>	<b>1,761</b>	<b>100</b>	<b>28420.18</b>	<b>100.00</b>	<b>135,271</b>	<b>100</b>	<b>131,457</b>	<b>100</b>

Source: Ethiopian Investment Agency

Fig. VII 1: Approved Investment Projects by Region during Third Quarter of 2008/09



During the review quarter a significant proportion (37.8 percent) of the total approved investment projects went to Addis Ababa, followed by Oromia (27.8 percent), Tigray (17.6 percent) and SNNPR (5.5 percent). In terms of approved investment capital, Oromia took 31.3 percent followed by Addis Ababa (21 percent) and Dire Dawa (14.6 percent). Multiregional projects accounted for 8.2 percent of the total approved investment capital in the review quarter.

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

Sector	Data	Addis Ababa	Afar	Amhara	B.Gumze	Dire Dawa	Multiregional	Oromia	SNPR	Tigray	Grand Total
Agriculture, hunting and forestry	No of Proj.	8	10	8	56	3	29	146	27	59	346
	Capital.	51.88	1104.20	75.41	119.83	7.56	513.16	162.015	209.69	713.06	4414.94
	Perm. emp.	648	985	214	918	66	57062	5940	1939	3129	70901
	Temp .emp.	705	9645	760	8610	34	7507	13197	6842	9176	56476
Construction	No of Proj.	163	1	1		2		16	1	42	226
	Capital.	900.36	17.80	41.10		2.20		154.12	6.00	1793.50	2915.08
	Perm. emp.	3745	5	67		30		2315	30	1715	7907
	Temp .emp.	16366	3	13		20		8283	100	4041	28826
Education	No of Proj.	8					3	13	4	13	41
	Capital.	33.74					45.20	41.42	10.22	42.02	172.59
	Perm. emp.	368					108	213	239	359	1287
	Temp .emp.	158					250	162	0	714	1284
Electricity, gas, steam and water supply	No of Proj.						1				1
	Capital.						445.00				445.00
	Perm. emp.						0				0
	Temp .emp.						250				250

Fishing	No of Proj.	1									1
	Capital.	5.05									5.05
	Perm. emp.	25									25
	Temp .emp.	1200									1200
Health and social work	No of Proj.	14					7	1	3		25
	Capital.	930.89					48.85	3.00	16.05		998.78
	Perm. emp.	2227					246	15	204		2692
	Temp .emp.	337					251	0	180		768
Hotels and restaurants	No of Proj.	45	1		3	4	1	81	24	25	184
	Capital.	920.30	12.60	0.00	2.89	6.40	2.00	449.31	85.95	496.33	1975.77
	Perm. emp.	1858	50		35	583	10	1936	1167	1806	7445
	Temp .emp.	1263	0		50	26	20	2398	171	1039	4967
Manufacturing	No of Proj.	129	1	1	1	12	24	134	15	131	448
	Capital.	1261.54	8.40	1.50	0.77	4058.41	922.17	6127.45	61.39	1020.02	13461.64
	Perm. emp.	5571	60	100	41	2788	731	22857	515	4107	36770
	Temp .emp.	4819	21	50	20	2172	1099	9907	331	5012	23431
Mining and quarrying	No of Proj.						1	2			3
	Capital.						18.89	12.00			30.89
	Perm. emp.						13	100			113
	Temp .emp.						57	50			107
Other community, social and personal service activities	No of Proj.	5				1				7	13
	Capital.	19.50				3.82				58.75	82.07
	Perm. emp.	275				17				245	537

	Temp .emp.	184				0				695	879
Real estate, renting and business activities	No of Proj.	195	1	1	1	16	6	54	10	26	310
	Capital.	1549.59	1.80	16.00	0.60	48.23	79.32	357.36	135.30	883.53	3071.73
	Perm. emp.	2767	2	10	4	309	65	954	530	596	5237
	Temp .emp.	5249	1	2	5	258	42	1462	121	393	7533
Transport, storage and communication	No of Proj.	91	1	1	1	3	1	6	3	4	111
	Capital.	269.71	5.00	1.80	1.50	4.44	311.72	11.40	9.75	6.45	621.77
	Perm. emp.	804	20	15	5	23	380	61	36	34	1378
	Temp .emp.	526	30	6	2	50	4000	37	51	57	4759
Wholesale, retail trade & repair service	No of Proj.	7	1			2		30	12		52
	Capital.	14.00	8.40			4.90		62.78	134.80		224.87
	Perm. emp.	95	60			26		488	310		979
	Temp .emp.	53	21			15		662	226		977
<b>Total No of Proj.</b>		<b>666</b>	<b>16</b>	<b>12</b>	<b>62</b>	<b>43</b>	<b>66</b>	<b>489</b>	<b>97</b>	<b>310</b>	<b>1761</b>
<b>Total Capital</b>		<b>5956.56</b>	<b>1158.19</b>	<b>135.81</b>	<b>125.59</b>	<b>4135.96</b>	<b>2337.45</b>	<b>8884.83</b>	<b>656.09</b>	<b>5029.70</b>	<b>28420.18</b>
<b>Total Perm.emp.</b>		<b>18383</b>	<b>1182</b>	<b>406</b>	<b>1003</b>	<b>3842</b>	<b>58369</b>	<b>35110</b>	<b>4781</b>	<b>12195</b>	<b>135271</b>
<b>Total Temp.emp.</b>		<b>30860</b>	<b>9721</b>	<b>831</b>	<b>8687</b>	<b>2575</b>	<b>13225</b>	<b>36409</b>	<b>7842</b>	<b>21307</b>	<b>131457</b>
<b>Percentage Share</b>											
<b>No of Proj.</b>		<b>37.82</b>	<b>0.91</b>	<b>0.68</b>	<b>3.52</b>	<b>2.44</b>	<b>3.75</b>	<b>27.77</b>	<b>5.51</b>	<b>17.60</b>	<b>100.00</b>
<b>Capital</b>		<b>20.96</b>	<b>4.08</b>	<b>0.48</b>	<b>0.44</b>	<b>14.55</b>	<b>8.22</b>	<b>31.26</b>	<b>2.31</b>	<b>17.70</b>	<b>100.00</b>
<b>Perm.emp.</b>		<b>13.59</b>	<b>0.87</b>	<b>0.30</b>	<b>0.74</b>	<b>2.84</b>	<b>43.15</b>	<b>25.96</b>	<b>3.53</b>	<b>9.02</b>	<b>100.00</b>
<b>Temp.emp.</b>		<b>23.48</b>	<b>7.39</b>	<b>0.63</b>	<b>6.61</b>	<b>1.96</b>	<b>10.06</b>	<b>27.70</b>	<b>5.97</b>	<b>16.21</b>	<b>100.00</b>

Source: Ethiopian Investment Agency