

VIII. INVESTMENT

During the fourth quarter of 2008/09, the Ethiopian Investment Agency and Regional Investment Offices licensed 1,712 investment projects with a combined capital of Birr 142.2 billion. The number of approved investment projects was lower by 2.8 and 47.4 percent compared to the preceding quarter and the corresponding quarter of 2007/08 respectively. However, the registered capital was more than four fold compared to the previous quarter mainly because of huge (Birr 75 billion) public investment projects in the construction sector.

Ownership wise, of the total investment projects 1,711 were private investments, out of which 77.3 percent of projects and 65.4 percent of the investment capital were domestic. Foreign investment projects accounted for the remaining 22.7 and 34.6 percent in terms of number and investment capital, respectively. Besides, in the quarter under review, one public project with an investment capital of Birr 75 billion was also approved.

Upon commencement of operation, the approved investment projects are expected to create job opportunities for 266,489 citizens both 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.IV	Q.III	Q.IV	C/A	C/B
		A	B	C		
1. Total investment	Number	3,256	1,761	1,712	-47.4	-2.8
	Capital	61,333.19	28,420.18	142,249.98	131.9	400.5
	Permanent Employment	218822	135271	82418	-62.3	-39.1
	Temporary Employment	453667	131457	184071	-59.4	40.0
2. Private investment	Number	3,256	1,760	1,711	-47.5	-2.8
	Capital	61,333.19	27,975.18	67,249.98	9.6	140.4
	Permanent Employment	218822	135271	72418	-66.9	-46.5
	Temporary Employment	453667	131207	134071	-70.4	2.2
2.1 Domestic Investment	Number	2850	1400	1323	-53.6	-5.5
	Capital	28742.01	12238.90	43989.05	53.0	259.4
	Permanent Employment	111487	44023	30543	-72.6	-30.6
	Temporary Employment	275767	85248	94365	-65.8	10.7
2.2 Foreign Investment	Number	406	360	388	-4.4	7.8
	Capital	32591.18	15736.28	23260.93	-28.6	47.8
	Permanent Employment	107,335	91,248	41,875	-61.0	-54.1
	Temporary Employment	177,900	45,959	39,706	-77.7	-13.6
3. Public Investment	Number	-	1	1	-	0.0
	Capital	-	445.00	75,000.00	-	16753.9
	Permanent Employment	-	-	10,000	-	-
	Temporary Employment	-	250	50,000	-	19900.0

Source: Ethiopia Investment Agency

In terms of sectoral distribution, agriculture, hunting and forestry accounted for 27.6 percent of the approved investment projects, followed by manufacturing (19.2 percent), real estate development, renting and various business activities (17.9 percent) as well

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as construction (11.9 percent). However, with regard to total investment capital, the construction sector accounted for 53.7 percent followed by agriculture, hunting and forestry (17.3 percent) and manufacturing sectors (15.7 percent).

The approved investment projects in the agriculture, hunting and forestry sectors envisaged to create 49.7 percent of the total permanent employment to be followed by construction (24.3 percent)

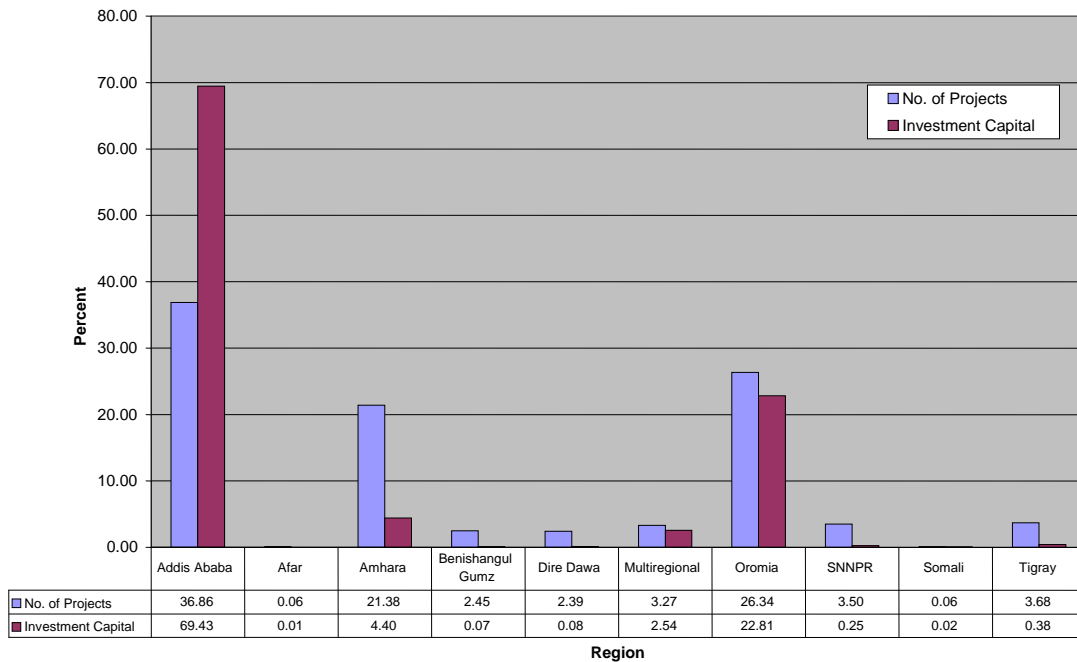
and manufacturing (14.4 percent). As to casual employment, 46.9 percent is expected to be generated in agriculture, hunting and forestry and 38.2 percent in the construction sectors

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

	No. of Proj.	Share	Capital(In Millions of Birr)	Share	Perm. Emp.	Share	Temp. Emp.	Share
Agriculture, hunting and forestry	473	27.63	24,614.62	17.30	40,996	49.74	86,374	46.92
Construction	204	11.92	76,337.63	53.66	20,054	24.33	70,388	38.24
Education	41	2.39	4,581.56	3.22	824	1.00	818	0.44
Electricity, gas, steam and water supply	1	0.06	14.21	0.01	10	0.01	0	0.00
Fishing	5	0.29	92.16	0.06	100	0.12	170	0.09
Health and social work	28	1.64	146.67	0.10	324	0.39	266	0.14
Hotels and restaurants	182	10.63	3,573.50	2.51	2,891	3.51	3,425	1.86
Manufacturing	329	19.22	22,377.05	15.73	11,855	14.38	9,341	5.07
Mining and quarrying	5	0.29	113.45	0.08	184	0.22	720	0.39
Other community, social and personal service activities	9	0.53	34.82	0.02	160	0.19	1,202	0.65
Real estate, renting and business activities	307	17.93	9,886.03	6.95	4,141	5.02	10,350	5.62
Transport, storage and communication	68	3.97	290.89	0.20	618	0.75	470	0.26
Wholesale, retail trade & repair service	60	3.50	187.39	0.13	261	0.32	547	0.30
Grand Total	1,712	100.00	142,249.98	100.00	82,418	100.00	184,071	100.00

Source: Ethiopian Investment Agency

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



During the review quarter, a 36.9 percent of the total approved investment projects went to Addis Ababa, followed by Oromia (26.3 percent), Amhara (21.4 percent) and SNNPR (3.5 percent). In terms of approved investment capital,

Addis Ababa took 69.4 percent followed by Oromia (22.8 percent) and Amhara (4.4 percent). Multiregional projects accounted for 2.5 percent of the total approved investment capital in the review quarter.

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

Sector	Data	Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multiregional	Oromia	SNNPR	Somali	Tigray	Grand Total
Agriculture, hunting and forestry	No of Proj.	5	1	208	37	6	18	169	17		12	473
	Capital.	8.39	20.00	5604.86	81.57	17.27	2287.07	16357.22	76.91	0.00	161.34	24614.62
	Perm.emp.	195	25	14856	584	123	21205	1812	2038		158	40996
	Temp.emp.	105	100	57529	8280	100	13390	4272	546		2052	86374
Construction	No of Proj.	164		7		3	2	7	9		12	204
	Capital.	75835.47	0.00	14.80	0.00	18.30	364.00	43.70	40.50	0.00	20.86	76337.63
	Perm.emp.	19498		42		75	22		184		233	20054
	Temp.emp.	68401		250		37	208		729		763	70388
Education	No of Proj.	16		8		4	1	11			1	41
	Capital.	213.28	0.00	18.62	0.00	10.62	30.00	4308.54	0.00	0.00	0.50	4581.56
	Perm.emp.	522		138		110	50				4	824
	Temp.emp.	467		48		90	150				63	818
Electricity, gas, steam and water supply	No of Proj.	1										1
	Capital.	14.207	0	0	0	0	0.00	0	0	0	0	14.21
	Perm.emp.	10										10
	Temp.emp.	0										0
Fishing	No of Proj.	1		1			1		2			5
	Capital.	0.67	0	5	0	0	60	0	26.49	0	0	92.16
	Perm.emp.	10		30			40		20			100
	Temp.emp.	15		15			20		120			170
Health and social work	No of Proj.	13		4	1			8			2	28
	Capital.	69.76	0.00	6.40	1.00	0.00	0.00	41.90	0.00	0.00	27.60	146.67
	Perm.emp.	192		37	15			5			75	324
	Temp.emp.	106		37	50			2			71	266
Hotels and restaurants	No of Proj.	41		54	1	3	3	63	8		9	182
	Capital.	475.24	0.00	185.31	5.00	4.23	82.62	2615.61	66.53	0.00	138.96	3573.50
	Perm.emp.	1118		838	5	26	190	90	259		365	2891
	Temp.emp.	1204		1619	10	50	55	80	96		311	3425
Manufacturing	No of Proj.	134		30	2	10	25	103	8		17	329
	Capital.	20000.17	0.00	230.83	2.46	30.84	565.35	1346.96	59.11	0.00	141.34	22377.05
	Perm.emp.	4911		1539	35	235	1542	2509	591		493	11855
	Temp.emp.	3527		1260	45	275	1466	1854	388		526	9341
Mining and quarrying	No of Proj.	1					1	1		1	1	5
	Capital.	5	0	0	0	0	50.00	11.95	0.00	22.00	24.50	113.45
	Perm.emp.	5					34	40		25	80	184
	Temp.emp.	30					600	5		25	60	720
Other community, social and personal service activities	No of Proj.	5		2		1					1	9
	Capital.	21.69	0.00	0.98	0.00	1.60	0.00	0.00	0.00	0.00	10.55	34.82
	Perm.emp.	67		33		10					50	160
	Temp.emp.	1032		45		5					120	1202
Real estate, renting and business activities	No of Proj.	193		35		11	3	43	15		7	307
	Capital.	1844.26	0.00	161.40	0.00	33.43	173.00	7570.41	84.63	0.00	18.91	9886.03
	Perm.emp.	2142		653		189	105	86	909		57	4141
	Temp.emp.	7529		1699		192	336	209	28		357	10350
Transport, storage and communication	No of Proj.	52		4		3	1	6	1		1	68
	Capital.	260.14	0.00	3.15	0.00	1.80	1.50	18.80	2.50	0.00	3.00	290.89
	Perm.emp.	519		18		13	11	43	4		10	618
	Temp.emp.	322		20		32	4	87	3		2	470
Wholesale, retail trade & repair service	No of Proj.	5		13	1		1	40				60
	Capital.	17.40	0.00	25.33	12.00	0.00	2.83	129.84	0.00	0.00	0.00	187.39
	Perm.emp.	48		186	15		10	2				261
	Temp.emp.	80		405	30		32	0				547
Total No of Proj.		631	1	366	42	41	56	451	60	1	63	1712
Total Capital		98765.68	20.00	6256.67	102.03	118.10	3616.37	32444.92	356.66	22.00	547.55	142249.98
Total Perm.emp.		29237	25	18370	654	781	23209	4587	4005	25	1525	82418
Total Temp.emp.		82818	100	62927	8415	781	16261	6509	1910	25	4325	184071
Percentage Share												
No of Proj.		36.86	0.06	21.38	2.45	2.39	3.27	26.34	3.50	0.06	3.68	100.00
Capital		69.43	0.01	4.40	0.07	0.08	2.54	22.81	0.25	0.02	0.38	100.00
Perm.emp.		35.47	0.03	22.29	0.79	0.95	28.16	5.57	4.86	0.03	1.85	100.00
Temp.emp.		44.99	0.05	34.19	4.57	0.42	8.83	3.54	1.04	0.01	2.35	100.00

Source: Ethiopian Investment Agency

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