

## VI. INVESTMENT

Ethiopian Investment Agency and Regional Investment Offices licensed a total of 856 investment projects with an aggregate capital of Birr 160.4 billion during the third quarter of 2010/11. The number of approved investment projects showed a 36 percent decline relative to the same quarter of last fiscal year, as a result of slow down in private investment projects (Table 6.1).

However, the registered capital of the projects rose remarkably 581 percent relative to a year earlier.

Of the total investment projects, the majority (850) were private and the remaining public (6). Out of the private

investment projects, about 80 percent of the projects with a 35.1 percent of investment capital were domestic, and the remaining foreign.

Upon commencement of operation, the approved investment projects are expected to create employment opportunities for 41,177 permanent and 207,645 casual workers.

**Table 6.1. Performance of Approved Investment Projects**

*(Capital in millions of Birr)*

Type of Projects	Items	2009/10	2010/11		% changes	
		Q.III	Q.II	Q.III	C/A	C/B
		A	B	C		
<b>1. Total Investment</b>	Number of projects	1,331	850	856	-36	1
	Capital[in million Birr]	23,549	12,087	160,360	581	1,227
	Permanent Employment	48,895	33,442	41,177	-16	23
	Temporary Employment	120,005	65,448	207,645	73	217
<b>2. Private Investment</b>	Number of projects	1,329	849	850	-36	0
	Capital[in million Birr]	23,294	12,085	13,799	-41	14
	Permanent Employment	47,480	33,422	26,327	-45	-21
	Temporary Employment	119,837	65,378	33,495	-72	-49
<b>2.1 Domestic Investment</b>	Number of projects	981	660	680	-31	3
	Capital[in million Birr]	7,478	5,054	4,843	-35	-4
	Permanent Employment	24,363	18,880	16,053	-34	-15
	Temporary Employment	59,405	29,875	19,546	-67	-35
<b>2.2 Foreign Investment</b>	Number of projects	348	189	170	-51	-10
	Capital[in million Birr]	15,816	7,031	8,956	-43	27
	Permanent Employment	23,117	14,542	10,274	-56	-29
	Temporary Employment	60,432	35,503	13,949	-77	-61
<b>3. Public Investment</b>	Number of projects	2	1	6	200	500
	Capital[in million Birr]	255	2	146,561	57,377	6,661,741
	Permanent Employment	1,415	20	14,850	949	74,150
	Temporary Employment	168	70	174,150	103,561	248,686

Source Ethiopian investment Agency

Looking at the sectoral distribution of investment projects, the majority were taken up by real estate, machinery and equipment, rental and consultancy services (28 percent) followed by manufacturing (24.2 percent); construction contracting including water well drilling (19.6 percent); tour operation, transport communication (10.7 percent); agriculture (6.2 percent) and hotels including resort hotels, motels and lodge and restaurants (5.1 percent).

In terms of investment capital, electricity generation, transmission and distribution took 49 percent of the total capital,

agriculture 43.2 percent, manufacturing 4.4 percent and construction contracting including water well drilling 1.1 percent (Table 7.2).

Concerning new job creation by sectoral projects, agriculture and manufacturing alone are expected to create 44 and 30 percent of the total permanent employment, in their order.

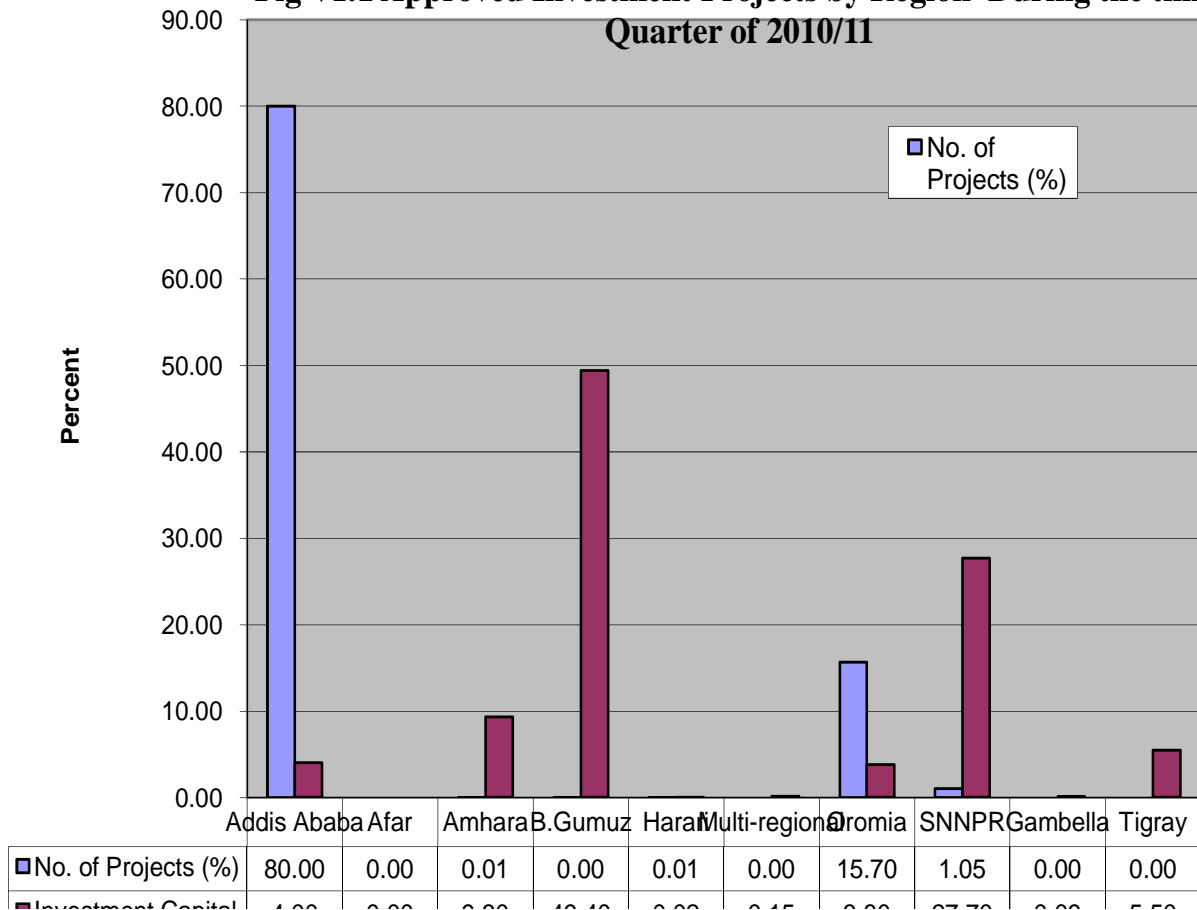
Similarly, agriculture, manufacturing, construction contracting including water well drilling are anticipated to provide about 98 percent of the total casual employment.

**Table 6.2 Summary of Licensed Investment Projects During the Third Quarter of 2010/11**

Sector								
	No. of Project	Share (%)	Capital in '000' Birr	Share (%)	Per. Emp.	Share (%)	Temp. Emp.	Share (%)
Agriculture	53	6.2	69,309	43.2	18,117	44	179,997	87
Mining and quarrying	4	0.5	20	0.0	40	0	66	0
Manufacturing	207	24.2	7,015	4.4	12,361	30	10,553	5
Education	9	1.1	409	0.3	609	1	276	0
Health	13	1.5	409	0.3	948	2	457	0
Hotels (including Resort Hotels, Motels and Lodges) and Restaurants	44	5.1	1,373	0.9	2,064	5	1,396	1
Tour Operation, Transport and Communication	92	10.7	224	0.1	661	2	457	0
Real estate, Machinery and Equipment Rental and Consultancy Service	240	28.0	1,266	0.8	2,367	6	1,705	1
Construction Contracting including Water Well Drilling	168	19.6	1,786	1.1	3,762	9	12,351	6
Electricity (Generation, Transmission and Distribution)	3	0.4	78,501	49.0		0		0
Trade(Wholesale, retail Import & Export)and Maintenance service	7	0.8	14	0.0	57	0	105	0
Other	16	1.9	34	0.0	191	0	282	0
Grand Total	856	100.0	160,359	100	41,177	100	207,645	100

Source : *Ethiopian Investment Agency*

**Fig VI:1 Approved Investment Projects by Region During the third Quarter of 2010/11**



Source: Ethiopian Investment Agency

In the review quarter, a considerable proportion (80 percent) of the total approved investment projects went to Addis Ababa, distantly followed by Oromia (15.7percent) and SNNPR (1.05 percent) (FigureVI.1)

On the other hand, of the total investment capital, almost 50 percent

was held by projects in B.Gumuz, despite their insignificant number.

