

## VII. INVESTMENT

A total of 1,150 investment projects with an aggregate capital of Birr 17.9 billion were licensed by the Ethiopian Investment Agency and Regional Investment Offices during the fourth quarter of 2010/11. The number of approved investment projects showed a 34 percent increase over the preceding quarter and 33 percent decrease compared with the same period of last fiscal year.

The registered capital also exhibited 25 percent annual and 89 percent quarterly decline.

Private sector investment projects licensed in the review quarter were 1,150 of which about 87.7 percent of the

project with a 35.3 percent of the investment capital were domestic. Under the review period, 141 foreign investment projects were licensed with a registered capital of Birr 11.6 billion. There were no public projects approved in the review quarter.

Upon commencement of operation, the approved investment projects are expected to create employment opportunities for 42,441 and 94,563 citizens on permanent and casual basis respectively.

**Table 7.1. Performance of Approved Investment Projects (capital in millions of birr)**

Type of Projects	Items	2009/10	2010/11		% changes	
		Q.IV	Q.III	Q.IV	C/A	C/B
		A	B	C		
1. Total Investment	Number of projects	1,715	856	1,150	-33	34
	Capital[in million Birr]	23,785	160,360	17,934	-25	-89
	Permanent Employment	53,986	41,177	42,441	-21	3
	Temporary Employment	125,671	207,645	94,563	-25	-54
2. Private Investment	Number of projects	1,715	850	1,150	-33	35
	Capital[in million Birr]	23,785	13,799	17,934	-25	30
	Permanent Employment	53,986	26,327	42,441	-21	61
	Temporary Employment	125,671	33,495	94,563	-25	182
2.1 Domestic Investment	Number of projects	1,338	680	1,009	-25	48
	Capital[in million Birr]	10,480	4,843	6,336	-40	31
	Permanent Employment	35,002	16,053	30,364	-13	89
	Temporary Employment	70,610	19,546	66,103	-6	238
2.2 Foreign Investment	Number of projects	377	170	141	-63	-17
	Capital[in million Birr]	13,306	8,957	11,598	-13	29
	Permanent Employment	18,984	10,274	12,077	-36	18
	Temporary Employment	55,061	13,949	28,460	-48	104
3. Public Investment	Number of projects	0	6	0	0	0
	Capital[in million Birr]	0	146,561	0	0	0
	Permanent Employment	0	14,850	0	0	0
	Temporary Employment	0	174,150	0	0	0

*Source: Ethiopian Investment Agency*

Concerning sectoral distribution, real estate accounted for 40.6 percent of the

total projects followed by construction contracting including water well drilling (18.0 percent), manufacturing (16.8 percent), agriculture (10.4 percent) and hotels (including resort hotels, motels and lodges) (7.2 percent). In terms of total investment capital, manufacturing took 54.1 percent, agriculture 12.6 percent, hotels (including resort hotels and restaurants) 9.6 percent, real estate, machinery and equipment rental and consultancy service 11.7 percent and

construction contracting including water well drilling 8.7 percent.

Investment projects in agriculture are expected to create 8 percent of the total permanent employment, construction 12 percent and manufacturing 49 percent. Regarding casual employment in agriculture, manufacturing and construction are 56, 15.8 and 15.9 percent, respectively.

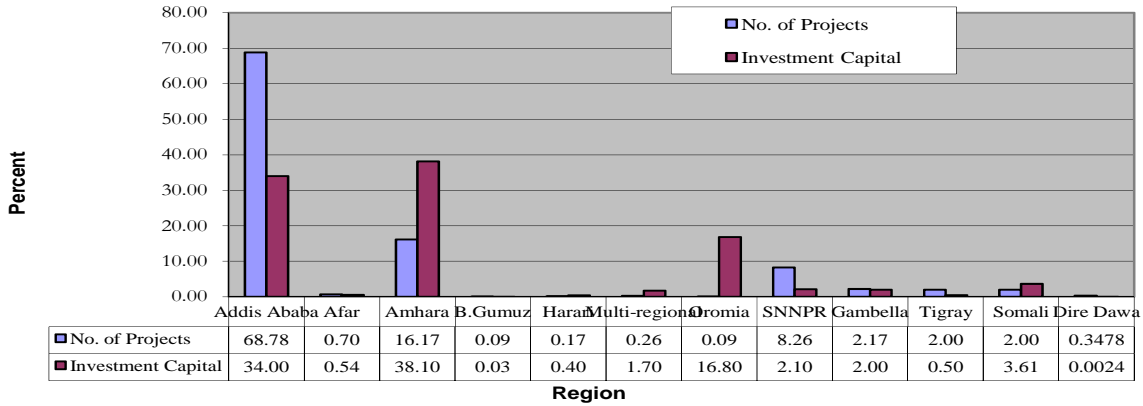
**Table 7.2 Investment Distribution By Sector [Qrt. IV, 2010/11]**

Sector								
	No. of Project	Share (%)	Capital in '000' Birr	Share (%)	Per. Emp.	Share (%)	Temp. Emp.	Share (%)
Agriculture	120	10.4	2,260	12.6	3,586	8	52,820	56
Mining and quarrying	3	0.3	4	0.0	37	0	66	0.07
Manufacturing	193	16.8	9,702	54.1	20,872	49	14,920	15.78
Education	16	1.4	167	0.9	1,011	2	1,791	1.89
Health	10	0.9	135	0.8	581	1	140	0.15
Hotels (Including Resort Hotels, Motels and Lodges) and Restaurants	83	7.2	1,719	9.6	5,334	13	2,686	2.84
Tour Operation, Transport and Communication	28	2.4	153	0.9	214	1	118	0.12
Real estate, Machinery and Equipment Rental and Consultancy Service	467	40.6	2,091	11.7	5,070	12	6,610	6.99
Construction Contracting Including Water Well Drilling	207	18.0	1,554	8.7	5,170	12	15,008	15.87
Electricity (Generation, Transmission and Distribution)	1	0.1	47	0.3		0	NA	
Wholesale, retail trade & repair service	9	0.8	51	0.3	418	1	284	0.30
Other*	13	1.1	50	0.3	148	0	120	0.13
<b>Grand Total</b>	<b>1,150</b>	<b>100.0</b>	<b>17,934</b>	<b>100.0</b>	<b>42,441</b>	<b>100</b>	<b>94,563</b>	<b>100.00</b>

Source: Ethiopian Investment Agency

\* Gymnasium and Recreation center

*Fig VII:1 Approved Investment Projects by Region of Investment During Fourth Quarter of 2010/11*



*Source: Ethiopian Investment Agency*

In the review quarter a considerable proportion (68.8 percent) of the total approved investment projects were in Addis Ababa distantly followed by Amhara (16.17 percent), Oromia (8.3 percent), SNNPR (2.2 percent), Somalia (2 percent) and Tigray (2 percent). In terms of approved investment capital, Addis Ababa attracted 99.7 percent of the investment capital.

**Table 7.3 Regional-Sector Nexus in the Number, Capital (in million Birr) and Employment Creation Capacity of Licensed Projects**

Investment Region		[Qrt.IV 2010/11]												
Sector	Indicators	Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multi-regional	Oromia	SNNPR	Gambella	Somali	Harari	Tigray	Grand Total
Agriculture	No of Proj.	0	2	1	1	0	0	21	4	2	1	0	1	33
	Capital.	0	32,000.0	18,174.2	5,100.0	0	0	1,087,599	217,057	102,000	500,000	0	55,000	2,016,930.2
	Perm.emp.	0	110	120	136	0	0	1,428	323	115	115	0	220	2,567
	Temp.emp.	0	300	3,000	750	0	0	2,160	7,598	3,015	0	0	100	16,923
Mining and quarrying	No of Proj.	1	0	0	0	0	0	0	0	0	0	0	0	1
	Capital.	1,700.0	0	0	0	0	0	0	0	0	0	0	0	1,700.0
	Perm.emp.	2	0	0	0	0	0	0	0	0	0	0	0	2
	Temp.emp.	12	0	0	0	0	0	0	0	0	0	0	0	12
Manufacturing	No of Proj.	28	0	2		2	1	33	2	0	0	0	1	69
	Capital.	379,252.5	0	5,385,000.0		53,839	310,000	1,608,722.2	15,000	0	0	0	6,000	7,757,813.6
	Perm.emp.	1,958	0	900		49	160	3,219	60	0	0	0	50	6,396
	Temp.emp.	1,873	0	2,700		92	60	2,966	30	0	0	0	30	7,751
Education	No of Proj.	3	0	0	0	0	0	1	0	0	0	0	0	4
	Capital.	33,700	0	0	0	0	0	15,000	0	0	0	0	0	48,700
	Perm.emp.	350	0	0	0	0	0	50	0	0	0	0	0	400
	Temp.emp.	970	0	0	0	0	0	5	0	0	0	0	0	975
Health	No of Proj.	2	0	0	0	0	0	1	0	0	0	0	0	3
	Capital.	102,000	0	0	0	0	0	1,500	0	0	0	0	0	103,500
	Perm.emp.	230	0	0	0	0	0	16	0	0	0	0	0	246

Investment Region		[Qrt.IV 2010/11]												
Sector	Indicators	Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multi-regional	Oromia	SNNPR	Gambella	Somali	Harari	Tigray	Grand Total
	Temp.emp.	30	0	0	0	0	0	6	0	0	0	0	0	36
Hotels (Including Resort Hotels, Motels and Lodges) and Restaurants	No of Proj.	8	0	0	0	0	0	4	2	0	1	0	1	16
	Capital.	390,024.6	0	0	0	0	0	107,000.0	7,460	0	11,004	0	23,360.0	538,849.0
	Perm.emp.	2,441	0	0	0	0	0	687	25	0	45	0	55	3,253
	Temp.emp.	75	0	0	0	0	0	75	15	0	0	0	7	172
Tour Operation, Transport and Communication	No of Proj.	21	1	0	0	0	0	0	0	0	0	0	0	22
	Capital.	81,054.6	1,100	0	0	0	0	0	0	0	0	0	0	82,154.6
	Perm.emp.	165	3	0	0	0	0	0	0	0	0	0	0	168
	Temp.emp.	80	1	0	0	0	0	0	0	0	0	0	0	81
Real estate, Machinery and Equipment Rental and Consultancy Service	No of Proj.	20	0	1	0	0	0	13	0	0	0	0	0	34
	Capital.	1,013,836.7	0	850	0	0	0	32,935.0	0	0	0	0	0	1,047,621.7
	Perm.emp.	231	0	2	0	0	0	101	0	0	0	0	0	334
	Temp.emp.	982	0	0	0	0	0	59	0	0	0	0	0	1,041

Investment Region		[Qrt.IV 2010/11]												
		Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multi-regional	Oromia	SNNPR	Gambella	Somali	Harari	Tigray	Grand Total
Sector	Indicators													
Construction Contracting Including Water Well Drilling	No of Proj.	9	0	0	0	0	0	19	0	0	1	0	1	31
	Capital.	334,300.0	0	0	0	0	0	113,600	0	0	10,000	0	5,700	713,650.0
	Perm.emp.	397	0	0	0	0	0	219	0	0	22	0	11	789
	Temp.emp.	1,572	0	0	0	0	0	469	0	0	50	0	11	3,002
Electricity (Generation, Transmission and Distribution)	No of Proj.	0	0	0	0	0	0	1	1	0	0	0	0	2
	Capital.	0	0	0	0	0	0	43,000	47,000	0	0	0	0	90,000.0
	Perm.emp.	0	0	0	0	0	0	25	0	0	0	0	0	25
	Temp.emp.	0	0	0	0	0	0	30	0	0	0	0	0	30
Others	No of Proj.	0	0	0	0	0	0	1	0	0	0	0	0	1
	Capital.	0	0	0	0	0	0	1,000.0	0	0	0	0	0	1,000.0
	Perm.emp.	0	0	0	0	0	0	3	0	0	0	0	0	3
	Temp.emp.	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total No of Proj.</b>		<b>92</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>94</b>	<b>9</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>4</b>	<b>216</b>
<b>Total Capital.</b>		<b>2,335,868</b>	<b>33,100</b>	<b>5,404,024</b>	<b>5,100</b>	<b>53,839</b>	<b>310,000</b>	<b>3,010,356</b>	<b>286,517</b>	<b>102,000</b>	<b>521,004</b>	<b>0</b>	<b>90,060</b>	<b>12,401,919</b>
<b>Total Perm.emp.</b>		<b>5,774</b>	<b>113</b>	<b>1,022</b>	<b>136</b>	<b>49</b>	<b>160</b>	<b>5,748</b>	<b>408</b>	<b>115</b>	<b>182</b>	<b>0</b>	<b>336</b>	<b>14,183</b>
<b>Total Temp.emp.</b>		<b>5,594</b>	<b>301</b>	<b>5,700</b>	<b>750</b>	<b>92</b>	<b>60</b>	<b>5,770</b>	<b>7,643</b>	<b>3,015</b>	<b>50</b>	<b>0</b>	<b>148</b>	<b>30,023</b>

Investment Region		[Qrt.IV 2010/11]												
Sector	Indicators	Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multi-regional	Oromia	SNNPR	Gambella	Somali	Harari	Tigray	Grand Total
Percentage share														
No of Proj.		43	1	2	0	1	0	44	4	1	1	0	2	100
Capital.		19	0	44	0	0	2	24	2	1	4	0	1	100
Perm.emp.		41	1	7	1	0	1	41	3	1	1	0	2	100
Temp.emp.		19	1	19	2	0	0	19	25	10	0	0	0	100

Source: Ethiopian Investment Agency