

## **VII. INVESTMENT**

The Ethiopian Investment Agency and Regional Investment Offices licensed a total of 1,175 investment projects with an aggregate capital of Birr 30.4 billion during the first quarter of 2011/12. The number of approved investment projects was 48.8 percent lower relative to same period of last year. Similarly, the total registered capital of these projects declined by 22 percent annually. (Table 7.1).

All projects approved during the stated period were private and of which 1,049 projects, having 89.4 percent share, were domestic and the remaining 125 projects, (10.6 percent), were foreign.

Foreign investment projects, though small in number, recorded an investment capital of Birr 20.5 billion, accounting for 73 percent of total private investment capital.

Relative to a year ago, both domestic and foreign investment projects depicted 45.9 and 64.4 percent decline, respectively.

After completion, the approved investment projects are expected to generate employment opportunities 33,289 permanent and 95,231 casual employees.

Table 7.1. Performance of Approved Investment Projects During the first quarter of 2011/12

*(Capital (In Million Birr))*

Type of Projects	Items	2010/11		2011/12	Percentage changes	
		Q.I	Q.IV	Q.I	C/A	C/B
		A	B	C		
1.Total Investment	Number	2,294	1,150	1,175	-48.8	2
	Capital	39,013	17,934	30,371	-22.2	69
	Permanent Employment	75,740	42,441	33,289	-56.0	-22
	Temporary Employment	146,761	94,563	95,231	-35.1	1
2. Private Investment	Number	2,291	1,150	1,174	-48.8	2
	Capital	31,557	17,934	28,115	-10.9	57
	Permanent Employment	75,365	42,441	33,288	-55.8	-22
	Temporary Employment	146,718	94,563	95,231	-35.1	1
2.1 Domestic Investment	Number	1,940	1,009	1,049	-45.9	4
	Capital	13,219	6,336	7,610	-42.4	20
	Permanent Employment	55,321	30,364	22,114	-60.0	-27
	Temporary Employment	103,099	66,103	32,377	-68.6	-51
2.2 Foreign Investment	Number	351	141	125	-64.4	-11
	Capital	18,338	11,598	20,505	11.8	77
	Permanent Employment	20,044	12,077	11,174	-44.3	-7
	Temporary Employment	43,619	28,460	62,854	44.1	121
3. Public Investment	Number	3	0	1	-66.7	0
	Capital	7,456	0	2,256	-69.7	0
	Permanent Employment	375	0	0	-100.0	0
	Temporary Employment	43	0	0	-100.0	0

Source: Ethiopian Investment Agency

With regard to sectoral distribution of investment projects, the lion's share (35 percent) was taken by real estate, renting and business activities followed by manufacturing (32 percent) and Construction (17 percent). As for investment capital, the share of manufacturing was 38 percent, agriculture, hunting and forestry 36 percent (Table 8.2). As for new job creation, the largest permanent

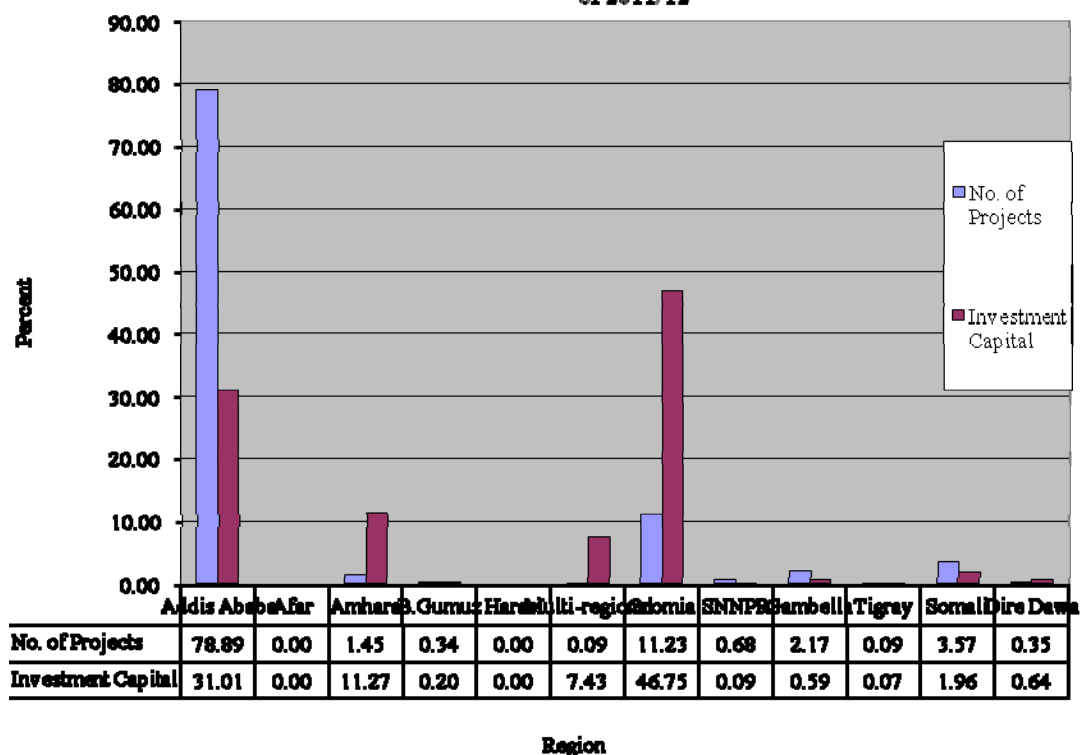
employment opportunity is expected to be in manufacturing projects (46 percent), agriculture, hunting and forestry (21 percent), real estate, renting & business activities (11 percent) and construction (9 percent). At the same time, agriculture, hunting & forestry, manufacturing and construction are expected to employ 62, 17 and 13 percent of the casual workers respectively.

**Table 7.2 Investment Distribution by Sector During the first quarter of 2011/12**

	No. of Projects	Share [%]	Capital(in million Birr)	Share [%]	Perm. Emp.	Share [%]	Temp. Emp.	Share [%]
Agriculture, hunting and forestry	57	5	11,013	36	6,830	21	59,004	62
Construction	194	17	1,544	5	3,083	9	12,480	13
Education	18	2	165	1	765	2	1,561	2
Health and social work	9	1	87	0	289	1	112	0
Hotels and restaurants	56	5	2,156	7	2,577	8	3,046	3
Manufacturing	380	32	11,514	38	15,461	46	16,155	17
Real estate, renting and business activities	410	35	1,134	4	3,600	11	2,427	3
Transport, storage and communication	24	2	56	0	147	0	74	0
Electricity, gas, steam and water supply	1	0	2,256	7		0		0
Mining and quarrying	3	0	77	0	125	0	111	0
Wholesale, retail trade & repair service	10	1	241	1	176	1	177	0
Others	13	1	127	0	235	1	84	0
<b>Grand Total</b>	<b>1,175</b>	<b>100</b>	<b>30,371</b>	<b>100</b>	<b>33,288</b>	<b>100</b>	<b>95,231</b>	<b>100</b>

Source: Ethiopian Investment Agency

Fig VIII.1 Approved Investment Projects by Region of Investment During First Quarter of 2011/12



Source: Ethiopian Investment Agency

Regarding regional distribution of investment projects, 78.9 percent of the projects with an investment capital share of 31 percent were in Addis Ababa, followed by 11.2 percent in Oromia and 3.4 percent in Somali (Fig.VIII.1). Sector wise, Oromia took 36 percent of the investment in agriculture, hunting & forestry.

Meanwhile Addis Ababa's share was 77 percent in manufacturing, 90 percent in real estate, renting and business activities and 87 percent in construction;

Somali region received 27 percent in agriculture, hunting & forestry and 18 percent in hotels and restaurant (Table 8.3).

**Table 7.3- Regional-Sector Nexus in the Number, Capital (in thousands of Birr) and Employment Creation Capacity of Licensed Projects During the first quarter of 2011/12**

Sector														
Sector	Indicators	Investment Region												Grand Total
		Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multi-regional	Oromia	SNNPR	Gambella	Somali	Harari	Tigra y	
Agriculture, hunting and forestry	No of Proj.	5	0	3	3	5	0	20	2	2	15	0		55
	Capital	24,570	0	74880	47,139.5	4,071	0	10,431,252	16,783	178,156.1	204,457	0		10,981,309
	Perm.emp.	108	0	135	340	72	0	2,103	100	1,075	1,267	0		5,200
	Temp.emp.	86	0	1,590	5,250	29	0	24,715	400	20,700	4,734	0		57,504
Construction	No of Proj.	168	0		0	4	0	17	3	0	2	0		194
	Capital.	1,394,122.4	0		0	9,445.4	0	129,255	4,530	0	6,670.3	0		1,544,023.1
	Perm.emp.	2,754	0		0	51	0	228	33	0	17	0		3,083
	Temp.emp.	11,428	0		0	95	0	821	103	0	33	0		12,480
Education	No of Proj.	12	0		0	1	0	3		0	2	0		18
	Capital.	121,200.7	0		0	256.5	0	18,183.4		0	25,779.5	0		165,420.1
	Perm.emp.	565	0		0	7	0	78		0	115	0		765
	Temp.emp.	1,403	0		0		0	45		0	113	0		1,561
Electricity, gas, steam and water supply	No of Proj.		0	0	0	0	1	0	0	0	0	0	0	1
	Capital.		0	0	0	0	2,256,392	0	0	0	0	0	0	2,256,392
	Perm.emp.		0	0	0	0		0	0	0	0	0	0	
	Temp.emp.		0	0	0	0		0	0	0	0	0	0	2
fishing	No of Proj.	0	0	0	0	0	0	2	1	0	0	0	0	31,830
	Capital.	0	0	0	0		0	31,830		0	0	0	0	1,630
	Perm.emp.	0	0	0	0	0	0	1,630		0	0	0	0	1,500
	Temp.emp.	0	0	0	0	0	0	1,500		0	0	0	0	40
Health and social work	No of Proj.	8	0		0		0			0	1	0		9
	Capital.	82,689	0		0		0			0	4,000	0		86,689

Sector														
	Indicators	Investment Region												Grand Total
		Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multi-regional	Oromia	SNNPR	Gambella	Somali	Harari	Tigra y	
	Perm.emp.	274	0		0		0			0	15	0		289
	Temp.emp.	77	0		0		0			0	35	0		112
Hotels and restaurants	No of Proj.	36	0	4	0	2	0	3	7	0	10	0	1	56
	Capital.	1,913,778.1	0	25489	0	19,500	0	35,000	47,430.8	0	142,637.6	0	20,040	2,156,445
	Perm.emp.	1,935	0	116	0	63	0	95	79	0	318	0	50	2,577
	Temp.emp.	2,538	0	166	0		0	85	47	0	247	0	10	3,046
Manufacturing	No of Proj.	292	0	9	1	14	0	62	1	0	1	0		380
	Capital.	4,662,742.4	0	3321163	13,900	122,996.8	0	62	1,700	0	74,536	0		11,513,66
	Perm.emp.	10,223	0	1,295	65	426	0	62	10	0	150	0		15,461
	Temp.emp.	7,876	0	2,545	100	171	0	5,363	50	0	50	0		16,155
Mining and quarry	No of Proj.	2	0		0	0	0		0	0	1	0	0	3
	Capital.	26,471.4	0		0	0	0		0	0	50,958.8	0	0	77,430.2
	Perm.emp.	85	0		0	0	0		0	0	40	0	0	125
	Temp.emp.	60	0		0	0	0		0	0	51	0	0	111
Real estate, renting and business activities	No of Proj.	370	0	1	0	9	0	22	1	0	7	0		410
	Capital.	997,156.8	0	1,500	0	22,764.2	0	36,770	2,660.7	0	72,948.6	0		1,133,800
	Perm.emp.	3,075	0	10	0	80	0	144	16	0	275	0		3,600
	Temp.emp.	1,589	0	10	0	192	0	242	30	0	364	0		2,427
Tour operation, eco-tourism, cold storage service, etc	No of Proj.	22	0	0	0			1	1	0	0	0	0	24
	Capital.	54,300	0	0	0			250	1,000	0.	0	0	0	55,550
	Perm.emp.	139	0	0	0			2	6	0	0	0	0	147
	Temp.emp.	62	0	0	0		0	8	4	0	0	0	0	74

Sector														
Indicators	Investment Region													
	Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multi-regional	Oromia	SNNPR	Gambella	Somali	Harari	Tigray	Grand Total	
Wholesale, retail trade & repair service	No of Proj.	3	0		0	2	0	2	0	0	3	0		10
	Capital.	22,000	0		0	6,131.9	0	200,308	0	0	12,860	0		241,299.9
	Perm.emp.	50	0		0	47	0	62	0	0	17	0		176
	Temp.emp.	49	0		0	11	0	30	0	0	87	0		177
Others	No of Proj.	9	0	0	0	4	0	9		0	0	0		13
	Capital.	117,612	0	0	0	9,450.3	0	51,880		0	0	0		127,062.3
	Perm.emp.	166	0	0	0	69	0	517		0	0	0		235
	Temp.emp.	56	0	0	0	28	0	240		0	0	0		84
<b>Total No of Proj.</b>	<b>927</b>	<b>0</b>	<b>17</b>	<b>4</b>	<b>41</b>	<b>1</b>	<b>132</b>	<b>8</b>	<b>2</b>	<b>42</b>	<b>0</b>	<b>1</b>	<b>1,175</b>	
<b>Total Capital.</b>	<b>9,416,643</b>	<b>0</b>	<b>3423032</b>	<b>61,040</b>	<b>194616</b>	<b>2256392</b>	<b>14199470</b>	<b>26,674</b>	<b>178,156</b>	<b>594,848</b>	<b>0</b>	<b>20,040</b>	<b>30370910</b>	
<b>Total Perm.emp.</b>	<b>19,374</b>	<b>0</b>	<b>1,556</b>	<b>405</b>	<b>815</b>		<b>7,634</b>	<b>165</b>	<b>1,075</b>	<b>2,214</b>	<b>0</b>	<b>50</b>	<b>33,288</b>	
<b>Total Temp.emp.</b>	<b>25,224</b>	<b>0</b>	<b>4,311</b>	<b>5,350</b>	<b>526</b>		<b>32,809</b>	<b>587</b>	<b>20,700</b>	<b>5,714</b>	<b>0</b>	<b>5,475</b>	<b>95,231</b>	
<b>Percentage share</b>		<b>0</b>									<b>0</b>			
<b>No of Proj.</b>	<b>79</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>11</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>100</b>	
<b>Capital.</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>7</b>	<b>47</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>100</b>	
<b>Perm.emp.</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>23</b>	<b>0</b>	<b>3</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>100</b>	
<b>Temp.emp.</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>34</b>	<b>1</b>	<b>22</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>100</b>	

Source: Ethiopian Investment Agency