

VII. DEVELOPMENTS IN INVESTMENT SECTOR

During the fourth quarter of 2013/14 Ethiopian Investment Agency and Regional Investment Offices issued investment licenses to about 1,201 projects with a total capital of Birr 14.1 billion. The number of approved investment projects and the registered investment capital decreased by 14.3 and 51.8 percent on annual and 11.6 and 64.4 percent on quarterly basis wing to the decline in the newly registered number of projects in Addis Ababa, es pecially in construction sector as the demand for the machine renting is declining and the government also ceased to provide incentive to the sub-sector (Table 7.1).

With respect to ownership, about 99.7 percent of the approved projects were private of which 1,117 projects (93.0 percent) were domestic and the remaining

80 projects (6.7 percent) foreign. Foreign investment projects recorded an investment capital of Birr 5.8 billion; accounting for 41.0 percent of the total investment capital registered during the review quarter. Compared with the preceding quarter foreign investment projects slowdown by 54.5 percent despite increased in investment capital by 7 percent. Similarly, four public investment projects with a capital of Birr 494.9 million were registered during the same period.

The approved investment projects are expected to generate employment opportunities for 138,999 thousand workers of which 66,252thousand or 47.7 percent would be permanent and 52.3 percent casual (Table 7.1).

Table 7.1 Performance of Approved Investment Projects

Type of Projects	Items	2012/13	2013/14		Percentage changes	
		Q.IV	Q.III	Q.IV	C/A	C/B
		A	B	C		
1.Total Investment	Number of projects	1,401.0	1,359	1,201.0	-14.3	-11.6
	Capital[in million Birr]	29,309.9	39,765	14,137.0	-51.8	-64.4
	Permanent Employment	36,206.0	92,203	66,252.0	83.0	-28.1
	Temporary Employment	60,493.0	114,055	72,747.0	20.3	-36.2
		1,390.0	1,355	1,197.0	-13.9	-11.7
2. Private Investment	Number of projects	1,390.0	1,355	1,197.0	-13.9	-11.7
	Capital[in million Birr]	11,907.2	31,538	13,642.1	14.6	-56.7
	Permanent Employment	36,206.0	85,644	64,452.0	78.0	-24.7
	Temporary Employment	60,493.0	104,623	70,147.0	16.0	-33.0
		1,214.0	1277	1,117.0	-8.0	-12.5
2.1 Domestic Investment	Number of projects	1,214.0	1277	1,117.0	-8.0	-12.5
	Capital[in million Birr]	6,500.9	11725.6	7,854.9	20.8	-33.0
	Permanent Employment	17,464.0	19644	18,251.0	4.5	-7.1
	Temporary Employment	35,923.0	66990	41,378.0	15.2	-38.2
		176.0	78	80.0	-54.5	2.6
2.2 Foreign Investment	Number of projects	176.0	78	80.0	-54.5	2.6
	Capital[in million Birr]	5,406.3	19,812	5,787.2	7.0	-70.8
	Permanent Employment	18,742.0	66,000	46,201.0	146.5	-30.0
	Temporary Employment	24,570.0	37,633	28,769.0	17.1	-23.6
		11.0	4	4.0	-63.6	
3. Public Investment	Number of projects	11.0	4	4.0	-63.6	
	Capital[in million Birr]	17,402.7	8,227	494.9	-97.2	
	Permanent Employment		6,559	1,800.0		
	Temporary Employment		9,432	2,600.0		

Source: Ethiopian Investment Agency

With respect to sectoral distribution of projects, real estate, renting and business activities is the leading sector in terms of number of projects (30.6 percent) followed by manufacturing (25.7 percent), agricultural project (14.9 percent), construction (14.2 percent), hotels and restaurants (5.8 percent) and the rest is taken by other sectors.

In terms of employment opportunities, about 45.5 percent of permanent employment is envisaged to be created by manufacturing sector followed by construction (32.8 percent), agriculture (8.0 percent) and health and social work (6.7 percent). On the other hand, about 87.5 percent of casual employment would be in manufacturing and agriculture sectors (Table 7.2).

Table 7.2 Investment Distribution by Sector during the Fourth Quarter of 2013/14

Sectors	No. of Proj.	Share (in %)	Capital (in Millions of Birr)	Share (in %)	Perm. Emp.	Share (in %)	Temp. Emp.	Share (in %)
Agriculture, hunting and forestry	179	14.9	1,501.2	10.6	5,301	8.0	31,748	43.6
Construction	171	14.2	2,272.6	16.1	21,744	32.8	4,021	5.5
Education	8	0.7	88.6	0.6	343	0.5	69	0.1
Electricity, gas, steam and water supply	-	-	-	-	-	-	-	-
Health and social work	10	0.8	117.9	0.8	4,453	6.7	1,117	1.5
Hotels and restaurants	70	5.8	1,566.3	11.1	2,544	3.8	1,982	2.7
Manufacturing	309	25.7	6,701.5	47.4	30,116	45.5	31,894	43.8
Mining and quarrying	4	0.3	19.2	0.1	52	0.1	85	0.1
Other community, social and personal service activities	51	4.2	123.9	0.9	183	0.3	161	0.2
Real estate, renting and business activities	368	30.6	1,659.0	11.7	1,309	2.0	1,416	1.9
Transport, storage and communication	16	1.3	40.9	0.3	86	0.1	91	0.1
Wholesale, retail trade & repair service	15	1.2	45.9	0.3	121	0.2	163	0.2
Grand Total	1,201	100.0	14,137.0	100.0	66,252	100.0	72,747	100.0

Source: Ethiopian Investment Agency

As for regional distribution of the total approved investment projects, about 60.1 percent with 53.3 percent share in estimated total investment capital will be in Addis Ababa. Similarly, about 19.2 percent of the projects with an investment capital of 17.4 percent will go to Amhara region followed by Oromia region with 8.8 percent of the project with 14.4 percent of investment capital (Table 7.3).

Of the total permanent jobs, 59.0 percent is expected to be in Addis Ababa, Tigray region (16.9 percent), Amhara region (10.9) percent and Oromia region (8.5 percent). Of the total temporary employment, 42.6 percent will be in Amhara, 40.1 percent in Addis Ababa and 6.4 percent in Oromia regional states.

Similarly, about 84.8 percent of the approved investment projects in real estate, renting and business activities with an 80.4 percent investment capital will go to Addis Ababa. Addis Ababa will take the lion share in terms of number of projects (60.8 percent) and investment capital (45.7 percent) in manufacturing sector followed by Amhara (16.8 percent project and 16.0 percent capital) and Oromia region (11.0 percent project and 19.8 capitals).

Regarding investment projects in agriculture, Amhara took 62.6 percent with capital share of 56.7 percent followed by Oromia 17.9 percent and 26.8 percent project and capital share, respectively (Table7.3).

Table 7.3: Regional-Sector Nexus in the Number, Capital (in thousands of Birr) and Employment Creation Capacity of Licensed Projects for the Fourth Quarter of 2013/14

Sector/Regions	Indicators	Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Oromia	SNN PR	Gambella	Somali	Harari	Tigray	Multi-regional*	Grand Total
Agriculture, hunting and forestry	No of Proj.	5.0	5.0	112.0		2.0	32.0	8.0		11.0		4.0		179.0
	Capital	36,202.0	42,000.0	851,750.6		9,400.0	402,108.1	32,500.0		111,056.4		16,150.0		1,501,176.0
	Perm. emp.	87.0	56.0	2,488.0		39.0	1,791.0	138.0		661.0		41.0		5,301.0
	Temp. emp.	14.0	268.0	27,001.0		10.0	919.0	905.0		2,588.0		43.0		31,748.0
Construction	No of Proj.	121.0	9.0	11.0		2.0	14.0			10.0	2	2.0		171.0
	Capital	2,125,600.0	37,100.0	28,570.0		8,910.0	45,500.0			15,900.0	5,000	6,000.0		2,272,600.0
	Perm. emp.	21,298.0	63.0	67.0		39.0	127.0			99.0	16	35.0		21,744.0
	Temp. emp.	2,672.0	160.0	356.0		10.0	575.0			76.0	15	157.0		4,021.0
Education	No of Proj.	6.0		1.0		1.0								8.0
	Capital	84,506.0		2,000.0		2,134.0								88,641.0
	Perm. emp.	299.0		20.0		24.0								343.0
	Temp. emp.	29.0		40.0										69.0
Electricity, gas, steam and water	No of Proj.													-
	Capital													-
	Perm. emp.													-
Fishing	Temp. emp.													-
	No of Proj.													-
	Capital													-
Health and social work	Perm. emp.													-
	No of Proj.	8.0					2.0							10.0
	Capital	63,834.0					54,092.0							117,926.0
	Temp. emp.	1,067.0					50.0							1,117.0
Hotels	No of Proj.	20	5.0	18.0	1.0		12.0	4.0		4.0		6.0		70.0

Sector/Regions	Indicators	Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Oromia	SNN PR	Gambella	Somali	Harari	Tigray	Multi-regional*	Grand Total
Hotels and Restaurants	Capital	677,985	106.0	360,71	5,000.		174,62	77,14		48,36		116,4		1,566,2
	Perm. emp.	967	77.0	494.0			546.0	162.0		140.0		158.0		2,544.0
	Temp. emp.	367	270.0	498.0	30.0		341.0	42.0		255.0		179.0		1,982.0
Manufacturing	No of Proj.	188.0	2.0	52.0		15.0	34.0	12.0		2.0		4.0		309.0
	Capital	3,065,449.1	4,000.0	1,072,032.9		368,688.3	1,329,682.8	57,807.4		1,300.0		802,504		6,701,464.4
	Perm. emp.	11,118.0	26.0	3,841.0		821.0	3,011.0	312.0		30.0		10,957.0		30,116.0
	Temp. emp.	24,254.	103.0	2,720.0		158.0	2,677.0	375.0		70.0		1,537.		31,894.
Mining and quarry	No of Proj.	1.0		1.0		1.0						1.0		4.0
	Capital	12,000.0		1,700.0		1,500.0						4,000.0		19,200.0
	Perm. emp.	15.0		2.0		30.0						5.0		52.0
	Temp. emp.	30.0		30.0		20.0						5.0		85.0
Real estate, renting and business activities	No of Proj.	312.0	2.0	21.0		9.0	12.0	2.0		3.0	2	5.0		368.0
	Capital	1,334,5	3,000.	93,831.		59,48	31,100.	7,500		100,5	18,421	10,63		1,659,0
	Perm. emp.	760.0	6.0	209.0		95.0	37.0	31.0		115.0	40	16.0		1,309.0
	Temp. emp.	555.0	20.0	271.0		132.0	94.0	-		302.0	13	29.0		1,416.0
Tour operation, ecotourism, cold storage service, etc	No of Proj.	14.0		1.0						1.0				16.0
	Capital	37,610.		1,300.0						2,000.				40,910.
	Perm. emp.	73.0		3.0						10.0				86.0
	Temp. emp.	74.0		2.0						15.0				91.0
Wholesale, retail trade & repair service	No of Proj.	1.0		11.0				1.0		2.0				15.0
	Capital	1,600.0		34,250.				2,000		8,000.				45,850.
	Perm. emp.	1.0		33.0				50.0		37.0				121.0
	Temp. emp.	1.0		40.0				100.0		22.0				163.0
Others	No of Proj.	46.0	2.0	3.0										51.0
	Capital	102,23	3,000.	18,650.										123,883
	Perm. emp.	142.0	9.0	32.0										183.0

Sector/Regions	Indicators	Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Oromia	SNN PR	Gambella	Somali	Harari	Tigray	Multi-regional*	Grand Total
	Temp. emp.	97.0	30.0	34.0										161.0
Total No of Proj.		722	25	231	1	30	106	27	0	33	4	22	0	1,201.0
Total Capital.		7,541,600	195,100	2,464,805	5,000	450,120	2,037,109	176,957	0	287,138	23,421	955,702	0	14,136,953.6
Total Perm.em		39,081	237	7,189	0	1,048	5,644	693	0	1,092	56	11,212	0	66,252.0
Total Temp.em		29,160	851	30,992	30	330	4,656	1,422	0	3,328	28	1,950	0	72,747.0
Percentage shares														
No of Proj.		60.1	2.1	19.2	0.1	2.5	8.8	2.2	0.0	2.7	0.3	1.8	0.0	100.0
Capital.		53.3	1.4	17.4	0.0	3.2	14.4	1.3	0.0	2.0	0.2	6.8	0.0	100.0
Perm.em p.		59.0	0.4	10.9	0.0	1.6	8.5	1.0	0.0	1.6	0.1	16.9	0.0	100.0
Temp.em p.		40.1	1.2	42.6	0.0	0.5	6.4	2.0	0.0	4.6	0.0	2.7	0.0	100.0

Source: Ethiopian Investment Agency

*are projects having one license but invested in more than one region