

VIII. INVESTMENT

The Ethiopian Investment Agency and Regional Investment offices licensed a total of 1678 investment projects with an aggregate capital of Birr 21.2 billion during the second quarter of 2009/10. The number of approved investment projects declined by 1 and 15 percent compared to the preceding quarter and the same period of last year, respectively. Similarly, the amount of capital allocated for these projects fell by 24 percent against end September 2009 and by 26 percent against end December 2008 (Table 8.1).

All the projects approved in the review period were private and of which 1,353

projects (80.6 percent) were domestic and the remaining 325 (19.4 percent) were foreign direct investment. Domestic investment, in the stated period, depicted a 15 percent annual decline, in contrast to a 3 percent quarterly rise. However, foreign direct investment, which constituted Birr 7.5 billion or 35.3 % of the total investment capital dropped by 15 percent quarterly and 16 percent yearly.

After completion, the approved investment projects are expected to generate employment opportunities for 49,864 permanent and 120,766 casual/temporary employees.

Table 8.1. Performance of Approved Investment Projects

Type of Projects	Items	2008/09	2009/10		Percentage changes	
		Q.II	Q.I	Q.II		
		A	B	C	C/A	C/B
1.Total Investment	Number of projects	1,966	1,701	1,678	-15	-1
	Capital [in million Birr]	28,510	28,047	21,213	-26	-24
	Permanent Employment	73,702	69,136	49,864	-32	-28
	Temporary Employment	167,258	112,174	120,766	-28	8
2. Private Investment	Number of projects	1,965	1,699	1,678	-15	-1
	Capital [in million Birr]	25,592	27,995	21,213	-17	-24
	Permanent Employment	73,676	69,071	49,864	-32	-28
	Temporary Employment	166,958	112,169	120,766	-28	8
2.1 Domestic Investment	Number of projects	1,576	1,315	1,353	-14	3
	Capital [in million Birr]	10,089	9,470	13,727	36	45
	Permanent Employment	44,028	53,287	36,563	-17	-31
	Temporary Employment	122,034	82,310	88,697	-27	8
2.2 Foreign Investment	Number of projects	389	384	325	-16	-15
	Capital [in million Birr]	15,503	18,525	7,486	-52	-60
	Permanent Employment	29,648	15,784	13,301	-55	-16
	Temporary Employment	44,924	29,859	32,069	-29	7
3. Public Investment	Number of projects	1	2	0	-100	-100
	Capital [in million Birr]	2,918	52	0	-100	-100
	Permanent Employment	26	65	0	-100	-100
	Temporary Employment	300	5	0	-100	-100

Source: Ethiopian Investment Agency

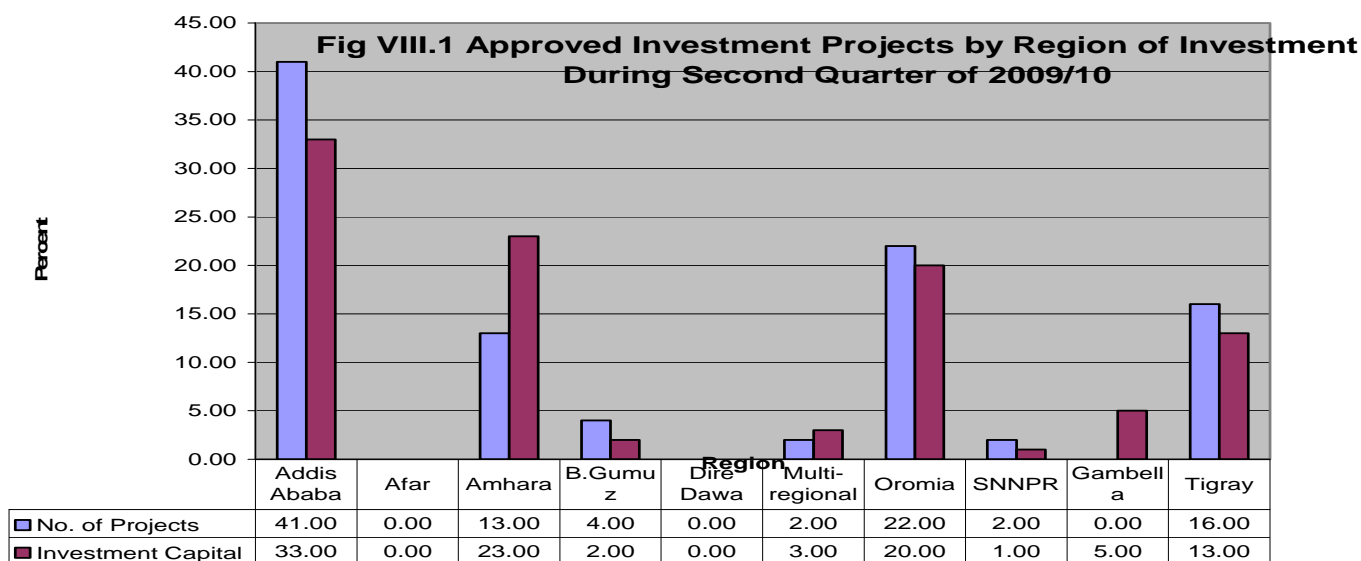
With regard to sectoral distribution of investment projects, the lion share was taken by agriculture, hunting and forestry (23%) followed by manufacturing (22%), real estate, renting & business activities (17%), and construction (15%). As for investment capital, manufacturing accounted for 31 percent; real estate, renting and business activities 20 percent; agriculture, hunting and forestry 18 percent and construction

11 percent (Table 8.2). In relation to new jobs, the largest permanent employment opportunity is expected to be generated from manufacturing projects (31 percent), agriculture, hunting and forestry (22 percent), construction (13 percent) and real estate, renting & business activities (11 percent). At the same time, agriculture, hunting & forestry are expected to employ 37 percent of the casual workers.

Table 8.2 Investment Distribution by Sector [Qrt. II, 2009/10]

	No. of Projects	Share [%]	Capital(in Million Birr)	Share [%]	Perm. Emp.	Share [%]	Temp. Emp.	Share [%]
Agriculture, hunting and forestry	381	23	3,890	18	11,001	22	44,470	37
Construction	244	15	2,232	11	6,440	13	27,812	23
Education	56	3	483	2	2,161	4	1,317	1
Health and social work	26	2	985	5	1,756	4	979	1
Hotels and restaurants	176	10	1,756	8	5,734	11	12,203	10
Manufacturing	362	22	6,617	31	15,401	31	17,463	14
Real estate, renting and business activities	291	17	4,156	20	5,346	11	14,318	12
Transport, storage and communication	91	5	900	4	915	2	745	1
Wholesale, retail trade & repair service	36	2	125	1	650	1	892	1
Others	15	1	70	0	460	1	567	0
Grand Total	1,678	100	21,213	100	49,864	100	120,766	100

Source: Ethiopian Investment Agency



Source: Ethiopian Investment Agency

Concerning regional distribution of investment projects, 41 percent are in Addis Ababa, 22 percent in Oromia, 16 percent in Tigray and 13 percent in

Amhara (Fig.8.1). Sector wise, Oromia dominates attracting 35 percent of the investment in agriculture, hunting & forestry, Addis Ababa took up 36

percent in manufacturing, 70 percent in real estate, renting and business activities and 79 percent in construction; Tigray received 34 percent in hotels and

restaurant and Amhara 42 percent in wholesale retail trade and repair services (Table 8.3).

Table 8.3 Regional-Sector Nexus in Number, Capital (in million Birr) and Job Opportunities of Licensed Projects in Second Quarter of 2009/10

Sector	Indicators	Investment by Region											
		Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multi-regional	Oromia	SNNPR	Gambella	Somali	Tigray	Grand Total
Agriculture, hunting and forestry	No of Proj.	7	3	79	61	2	18	134	8	2		67	381
	Capital.	42	33	441	441	13	338	1,267	92	960	0	264	3,890
	Perm.emp.	280	78	2,893	1,445	47	667	3,982	410	300		899	11,001
	Temp.emp.	1,095	200	11,008	10,669	25	1,301	9,436	4,395	3,800		2,541	44,470
Construction	No of Proj.	193		2			1	17	2			29	244
	Capital.	1,711	0	3	0	0	5	267	4	0	0	242	2,232
	Perm.emp.	4,893		13		1,000	1	658	21			854	7,440
	Temp.emp.	25,584		40			5	691	30			1,462	27,812
Education	No of Proj.	15		10	2			12	1			16	56
	Capital.	186	0	44	3	0	0	60	6	0	0	185	483
	Perm.emp.	756		327	80			664	16			318	2,161
	Temp.emp.	332		216	32			198	10			529	1,317
Health and social work	No of Proj.	16		2	1			1	2			4	26
	Capital.	911	0	4	3	0	0	25	8	0	0	34	985
	Perm.emp.	1,471		8	15			36	91			135	1,756
	Temp.emp.	843		29	10			44	0			53	979
Hotels and restaurants	No of Proj.	31		39			1	39	6			60	176
	Capital.	375	0	201	0	0	125	277	22	0	0	757	1,756
	Perm.emp.	1,488		772			20	1,186	168			2,100	5,734

		Investment by Region											
Sector	Indicators	Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multi-regional	Oromia	SNNPR	Gambella	Somali	Tigray	Grand Total
	Temp.emp.	1,415		1,619			42	611	23			8,493	12,203
Manufacturing	No of Proj.	132	1	29	1	1	13	117	4			64	362
	Capital.	1,254	20	1,887	7	1	192	2,152	37	0	0	1,067	6,617
	Perm.emp.	4,448		2,119	16	4	472	6,388	321			1,633	15,401
	Temp.emp.	4,858		1,044	75	3	424	7,879	0			3,180	17,463
Real estate, renting and business activities	No of Proj.	203		34			1	23	6			24	291
	Capital.	1,682	0	2,112	0	0	3	132	11	0	0	216	4,156
	Perm.emp.	3,138		506			4	855	107			736	5,346
	Temp.emp.	11,579		1,107			10	477	123			1,022	14,318
Transport, storage and communication	No of Proj.	81	1	1				2	1			5	91
	Capital.	864	1	10	0	0	0	6	6	0	0	13	900
	Perm.emp.	760	20	17				20	20			78	915
	Temp.emp.	626	15	5				14	5			80	745
Wholesale, retail trade & repair service	No of Proj.	5		15				14	1			1	36
	Capital.	16	0	54	0	0	0	49	2	0	0	4	125
	Perm.emp.	72		376				167	30			5	650
	Temp.emp.	28		664				190	0			10	892
Others	No of Proj.	4	0	3	0	0	0	6	1	0		1	
	Capital.	41	0	6	0	0	0	19	3	0	0	1	0
	Perm.emp.	144	0	171	0	0	0	143	0	0		2	
	Temp.emp.	277	0	160	0	0	0	80	0	0		50	

		Investment by Region											
Sector	Indicators	Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multi-regional	Oromia	SNNPR	Gambella	Somali	Tigray	Grand Total
Total No of Proj.		687	5	214	65	3	34	365	32	2	0	271	1,663
Total Capital.		7,083	54	4,760	454	14	663	4,255	188	960	0	2,783	21,144
Total Perm. emp.		17,450	98	7,202	1,556	1,051	1,164	14,099	1,184	300	0	6,760	50,404
Total Temp. emp.		46,637	215	15,892	10,786	28	1,782	19,620	4,586	3,800	0	17,420	120,199
Percentage share													
No of Proj.		41	0	13	4	0	2	22	2	0		16	101
Capital.		33	0	23	2	0	3	20	1	5		13	100
Perm. emp.		35	0	14	3	2	2	28	2	1		13	101
Temp. emp.		39	0	13	9	0	1	16	4	3		14	100

Source: Ethiopian Investment Agency

Note: Unfilled Spaces Show that the values are null

