

VII. INVESTMENT

The Ethiopian Investment Agency and Regional Investment offices licensed a total of 1,203 investment projects with an aggregate capital of Birr 35.4 billion during the third quarter of 2011/12. The number of approved investment projects was 40.5 & 13 percent higher relative to same period of last year & the preceding quarter respectively. Similarly, the total registered capital of these projects decreased by 78 percent annually while grew by 11 percent quarterly (Table 7.1).

All projects approved during the stated period except one project were private and of which 1,067 projects, having 88.8 percent share, were domestic where as the remaining 135 projects, constituting 11.2 percent share, were foreign.

Foreign investment projects, though small in number, recorded an investment capital of Birr 14.8 billion, accounting 41.7 percent of total private investment capital.

Relative to a year ago, domestic investment projects depicted 56.9 percent surge while foreign investment projects depicted 20.6 and 1 percent decline in respective annual & quarter base.

After completion, the approved investment projects are expected to generate employment opportunities for 159,839 employees (51,309 permanent and 108,530 casual/ temporary employees).

Table 7.1. Performance of Approved Investment Projects [During the Third quarter of 2011/12]

		Capital (In Million Birr)				
Type of Projects	Items	2010/11	2011/12		Percentage changes	
		Q.III	Q.II	Q.III		
		A	B	C	C/A	C/B
1. Total Investment	Number	856	1,065	1,203	40.5	13
	Capital	160,360	31,958	35,434	-77.9	11
	Permanent Employment	41,177	26,454	51,309	24.6	94
	Temporary Employment	207,645	60,388	108,530	-47.7	80
2. Private Investment	Number	850	1,065	1,202	41.4	13
	Capital	13,799	31,958	35,414	156.6	11
	Permanent Employment	26,327	26,454	51,245	94.6	94
	Temporary Employment	33,495	60,388	108,402	223.6	80
2.1 Domestic Investment	Number	680	929	1,067	56.9	15
	Capital	4,843	7,955	20,636	326.1	159
	Permanent Employment	16,053	16,349	44,273	175.8	171
	Temporary Employment	19,546	36,282	95,316	387.6	163
2.2 Foreign Investment	Number	170	136	135	-20.6	-1
	Capital	8,957	24,003	14,777	65.0	-38
	Permanent Employment	10,274	10,105	6,972	-32.1	-31
	Temporary Employment	13,949	24,106	13,086	-6.2	-46
3. Public Investment	Number	6	0	1	-83.3	-
	Capital	146,561	0	21	-100.0	-
	Permanent Employment	14,850	0	64	-99.6	-
	Temporary Employment	174,150	0	128	-99.9	-

Source: Ethiopian Investment Agency

With regard to sectoral distribution of investment projects, the lion share was

taken by real estate, renting and business activities (49 percent) followed by

manufacturing (20 percent), construction (14 percent) and agriculture, hunting and forestry (8 percent). As for investment capital, construction succeeded by real estate, renting and business activities & manufacturing accounted 33 percent, 27 and 18 percent in their respective order (Table 7.2).

In relation to new jobs, the largest permanent employment opportunity is expected to be generated from other community, social and personal service

activities (39 percent). Manufacturing (31 percent), real estate, renting and business activities (8 percent), agriculture, hunting and forestry (6 percent) and construction are projected to create 5 percent permanent employment. At the same time, other community, social and personal service activities, manufacturing, agriculture, hunting & forestry and construction are expected to employ 37, 29, 17 and 9 percent of the casual workers respectively.

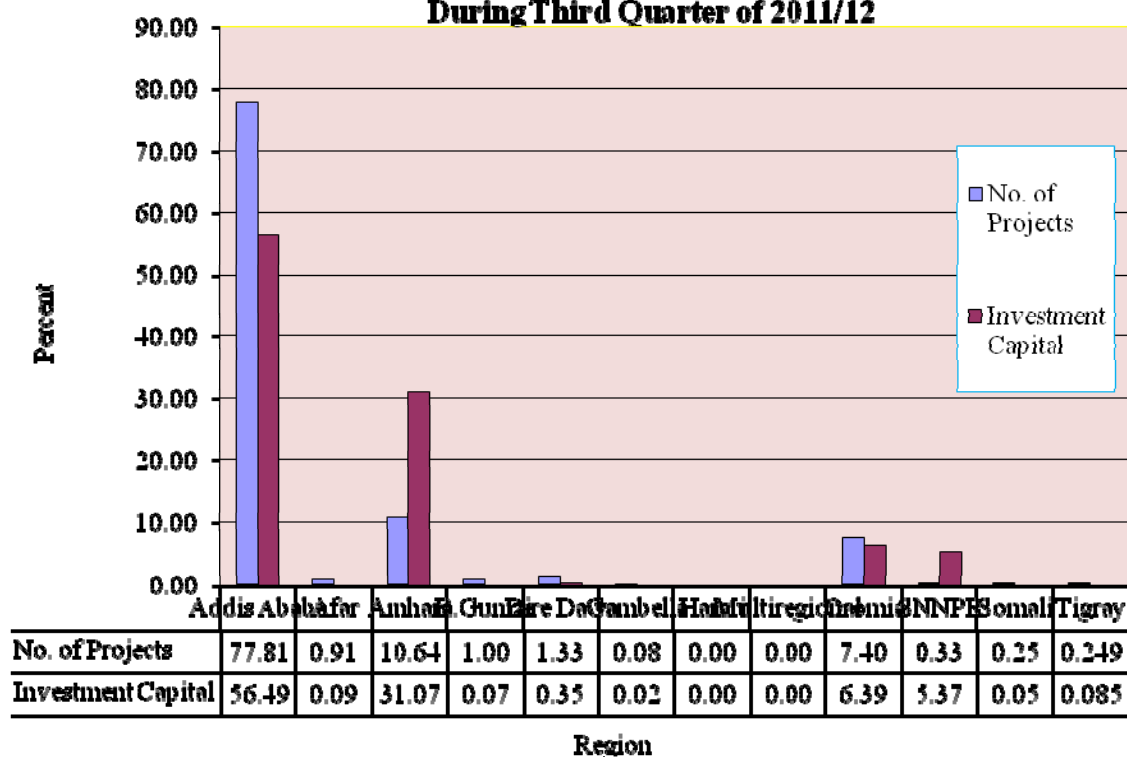
Table 7.2 Investment Distribution by Sector [During the Third quarter of 2011/12]

Sector	No. of Projects	Share [%]	Capital (in Million Birr)	Share [%]	Perm. Emp.	Share [%]	Temp. Emp.	Share [%]
Agriculture, hunting and forestry	93	8	2,951	8	3,006	6	17,965	17
Construction	169	14	11,628	33	2,789	5	10,085	9
Education	9	1	62	0	547	1	302	0
Electricity, gas, steam and water supply	0	0	0	0		0		0
Health and social work	16	1	1,938	5	1,188	2	1,593	1
Hotels and restaurants	52	4	2,385	7	2,820	5	2,294	2
Manufacturing	240	20	6,351	18	15,796	31	31,617	29
Mining and quarrying	2	0	19	0	67	0	203	0
Other community, social and personal service activities*	9	1	265	1	20,083	39	40,048	37
Real estate, renting and business activities	590	49	9,555	27	4,321	8	4,246	4
Transport, storage and communication	21	2	278	1	677	1	157	0
Wholesale, retail trade & repair service	2	0	3	0	15	0	20	0
Grand Total	1,203	100	35,434		51,309	100	108,530	100

Source: Ethiopian Investment Agency

* Gymnasium and Recreation center

Fig VII.1 Approved Investment Projects by Region of Investment During Third Quarter of 2011/12



Source: Ethiopian Investment Agency

Regarding regional distribution of investment projects, 77.8 percent of the projects with an investment capital share of 56.5 percent were in Addis Ababa, followed by Amhara with 10.6 percent and Oromia with 7.4 percent (Fig.VIII.1). Sector wise, Amhara took 49.5 percent of the investment in agriculture, hunting & forestry. Meanwhile Addis Ababa's share was 75.8 percent in manufacturing, 86.4 percent in real estate, renting and business activities and 88.8 percent in construction; Oromia received 24.7

percent in agriculture, hunting & forestry and 14.2 percent in Manufacturing (Table7.3).

Table 7.3 Regional-Sector Nexus in the Number, Capital (in thousands of Birr) and Employment Creation Capacity of Licensed Projects [Qrt.III 2011/12]

Sector	Indicators	Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multi-regional	Oromia	SNNPR	Gambella	Somali	Harari	Tigray	Grand Total
Agriculture, hunting and forestry	No of Proj.	6	6	46	9		0	23	2		1			93
	Capital.	61,391.1	21,300	159,738.6	22,477		0	787,519.5	1,891,341.1		7,500.0			2,951,267.3
	Perm.emp.	111	220	785	110		0	1,435	270		75			3,006
	Temp.emp.	270	363	9,802	515		0	5,725	1,100		190			17,965
Construction	No of Proj.	150	2	6	0	1	0	7	2		1			169
	Capital.	10,346,944	6,000.0	1,208,230.3	0	2,123	0	44,402	12,450.0		8,000.0			11,628,149.2
	Perm.emp.	2,305	14	97	0	19	0	125	29		200			2,789
	Temp.emp.	8,933	22	478	0	60	0	456	36		100			10,085
Education	No of Proj.	8			0		0	1						9
	Capital.	57,074.5			0		0	4,655.0						61,729.5
	Perm.emp.	493			0		0	54						547
	Temp.emp.	282			0		0	20						302
Electricity, gas, steam and water supply	No of Proj.				0									
	Capital.				0									
	Perm.emp.				0									
	Temp.emp.				0									
fishing	No of Proj.				0		0							
	Capital.				0.0		0							
	Perm.emp.				0		0							

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	Temp.emp.				0		0						
Health and social work	No of Proj.	13			0	1	0	1		1			16
	Capital.	1,919,114			0.0	417.7	0	10,000.0		8,200.0			1,937,731.7
	Perm.emp.	1,154			0	8	0	6		20			1,188
	Temp.emp.	1,570			0	0	0	3		20			1,593
Hotels and restaurants	No of Proj.	38		10	2	1	0					1	52
	Capital.	2,289,601.4		78,198.9	2,000.0	7,507	0					7,504.0	2,384,811.0
	Perm.emp.	2,409		309	10	34	0					58	2,820
	Temp.emp.	1,885		315	36	0	0					58	2,294
Manufacturing	No of Proj.	182		12		11	0	34				1	240
	Capital.	3,182,368.7		1,736,349.4		105,092.2	0	1,322,172.6				4,642.3	6,350,625.3
	Perm.emp.	10,833		2,620		244	0	1,939				160	15,796
	Temp.emp.	26,437		4,043		223	0	914				0	31,617
Mining and quarry	No of Proj.	1					0					1	2
	Capital.	1,000.0					0					18,000.0	19,000.0
	Perm.emp.	2					0					65	67
	Temp.emp.	3					0					200	203
Real estate, renting and business activities	No of Proj.	510	2	54		2	0	22					590
	Capital	1,621,515.1	4,000.0	7,827,584.1		9,445	0	92,500.0					9,555,044.7

	Perm.emp.	2,929	3	712		31	0	646						4,321
	Temp.emp.	2,653	10	1,129		3	0	451						4,246
Tour operation, eco-tourism, cold storage service, etc.	No of Proj.	19						1			1			21
	Capital.	274,400.6						1,800.0			1,900.0			278,100.6
	Perm.emp.	654						10			13			677
	Temp.emp.	153					0	2			2			157
Wholesale, retail trade & repair service	No of Proj.		1				0							2
	Capital.		2,000.0				0							3,036.7
	Perm.emp.		5				0							15
	Temp.emp.		20				0							20
Others	No of Proj.	9			1		0							9
	Capital.	264,833.0			1,037		0							264,833.0
	Perm.emp.	20,083			10.0		0							20,083
	Temp.emp.	40,048			0		0							40,048
Total No of Proj.		936	11	128	12	16	0	89	4	1	3	0	3	1,203

Total Capital		20,018,242	33,300	11,010,101	25,514	124,585	0	2,263,049	1,903,791	8,200	17,400	0	30,146	35,434,329
Total Perm.emp.		40,973	242	4,523	130	336	0	4,215	299	20	288	0	283	51,309
Total Temp.emp.		82,234	415	15,767	551	286	0	7,571	1,136	20	292	0	258	108,530
Percentage share														
No of Proj.		78	1	11	1	1	0	7	0	0	0	0	0	100
Capital		56	0	31	0	0	0	6	5	0	0	0	0	100
Perm.emp.		80	0	9	0	1	0	8	1	0	1	0	1	100
Temp.emp.		76	0	15	1	0	0	7	1	0	0	0	0	100

Source: Ethiopian Investment Agency