

VIII. INVESTMENT

A total of 1,122 investment projects with an aggregate capital of Birr 13 billion were licensed by the Ethiopian Investment Agency and Regional Investment Offices during the fourth quarter of 2011/12. The number of approved investment projects showed a 7 percent decline over the preceding quarter and 2 percent decline compared to the same period of last fiscal year (Table 8.1).

The registered capital also exhibited a 28 percent annual and 63 percent quarterly drop.

Private sector investment projects licensed in the review quarter were 1,122 of these about 88.1 percent of the project with a 35.2 percent of investment capital were domestic.

Under the review period, 133 foreign investment projects were licensed with a registered capital of Birr 8.4 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 about 66 thousand citizens on permanent and casual basis.

Concerning sectoral distribution, real estate accounted for 53 percent followed by manufacturing (20 percent), construction contracting including water well drilling and agriculture, hunting & forestry (10 percent) and hotels including resort hotels, motels and lodges (4 percent). In terms of total investment capital, manufacturing took 54 percent, followed by real estate, machinery and equipment rental and consultancy service (17 percent) construction contracting including water well drilling (10 percent) and agriculture (6 percent) and hotels including resort hotels and restaurants (6 percent) (Table 8.2).

Investment projects in agriculture are expected to create 11 percent, construction 10 percent and manufacturing 51 percent of the total permanent employment. Regarding casual employment 57 percent will be in agriculture, 20 percent in manufacturing and 9 percent in construction.

Table 8.1. Performance of Approved Investment Projects [During the Fourth quarter of 2011/12]

Type of Projects	Items	2010/11	2011/12		% changes Q.IV	
		Q.IV	Q.III	Q.IV	C/A	C/B
		A	B	C		
1.Total Investment	Number	1,150	1,203	1,122	-2	-7
	Capital	17,934	35,434	12,976	-28	-63
	Permanent Employment	42,441	51,309	20,104	-53	-61
	Temporary Employment	94,563	108,530	45,523	-52	-58
2. Private Investment	Number	1,150	1,202	1,122	-2	-7
	Capital	17,934	35,414	12,976	-28	-63
	Permanent Employment	42,441	51,245	20,104	-53	-61
	Temporary Employment	94,563	108,402	45,523	-52	-58
2.1 Domestic Investment	Number	1,009	1,067	989	-2	-7
	Capital	6,336	20,636	4,573	-28	-78
	Permanent Employment	30,364	44,273	12,181	-60	-72
	Temporary Employment	66,103	95,316	39,259	-41	-59
2.2 Foreign Investment	Number	141	135	133	-6	-1
	Capital	11,598	14,777	8,403	-28	-43
	Permanent Employment	12,077	6,972	7,923	-34	14
	Temporary Employment	28,460	13,086	6,264	-78	-52
3. Public Investment	Number	0	1	0	-	-
	Capital	0	21	0	-	-
	Permanent Employment	0	64	0	-	-
	Temporary Employment	0	128	0	-	-

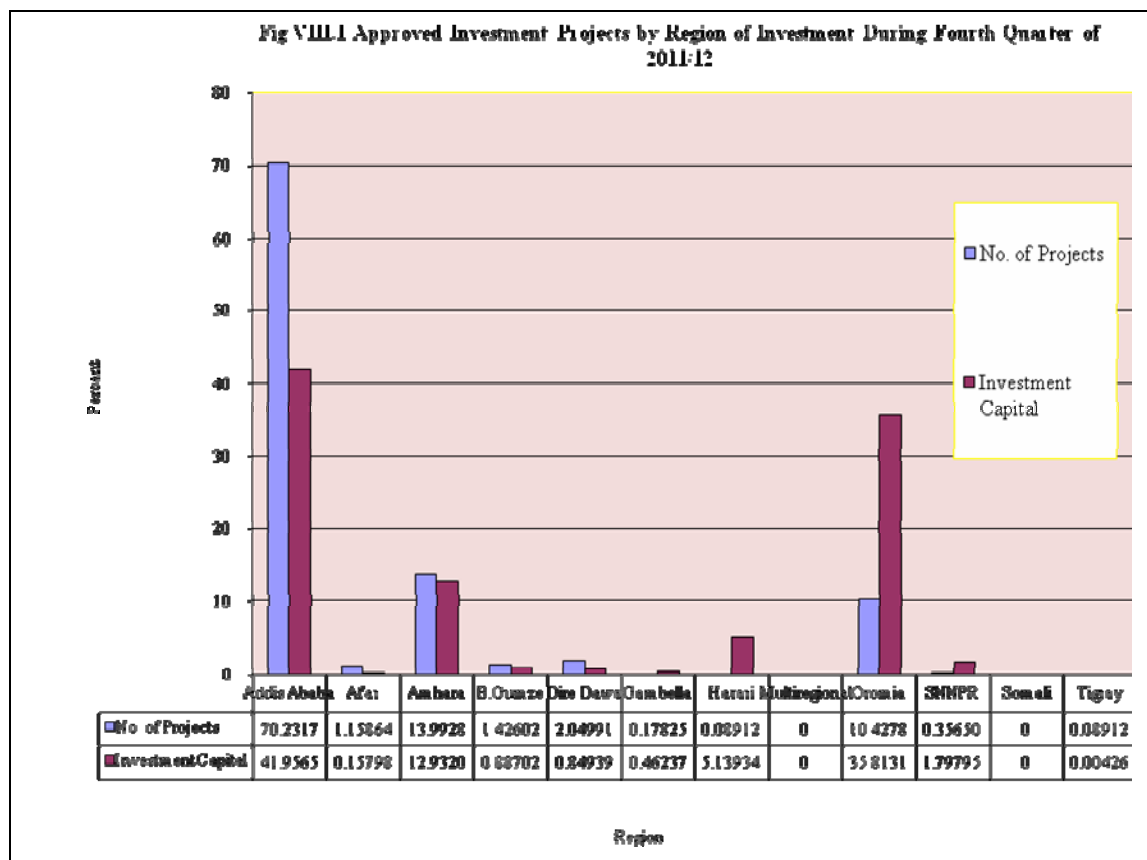
Source: Ethiopian Investment Agency

Table 8.2 Investment Distribution by Sector [During the Fourth quarter of 2011/12]

Sector	No. of Projects	Share [%]	Capital(in Million Birr)	Share [%]	Perm. Emp.	Share [%]	Temp. Emp.	Share [%]
Agriculture, hunting & forestry	109	10	795	6	2,225	11	25,803	57
Mining and quarrying	1	0	40	0	40	0	60	0
Manufacturing	219	20	6,980	54	10,326	51	8,877	20
Education	12	1	62	0	354	2	138	0
Health	6	1	574	4	448	2	85	0
Hotels (Including Resort Hotels, Motels and Lodges) & Restaurants	41	4	822	6	1,343	7	1,039	2
Tour Operation, Transport and Communication	21	2	64	0	225	1	328	1
Real Estate, Machinery and Equipment Rental and Consultancy Service	592	53	2,218	17	2,886	14	2,901	6
Construction Contracting Including Water Well Drilling	114	10	1,241	10	2,095	10	4,260	9
Wholesale, retail trade & repair service	1	0	9	0	12	0	22	0
Other*	6	1	171	1	150	1	2,010	4
Grand Total	1,122	100	12,976	100	20,104	100	45,523	100

Source: Ethiopian Investment Agency

* Gymnasium and Recreation center



Source: Ethiopian Investment Agency

In the review quarter 70.2 percent of the total approved investment projects went to Addis Ababa distantly followed by Amhara (14 percent), Oromia (10.4 percent), Dire Dawa (2 percent), Benishangul Gumze (1.4 percent) and Afar (1.2 percent) (Fig.VIII.1). Sector wise, Amhara took 55 percent of the investment in agriculture, hunting & forestry.

Meanwhile Addis Ababa's share was 63 percent in manufacturing, 84 percent in real estate, renting and business activities and 78.1 percent in construction; Mara received 55 percent in agriculture, hunting & forestry and 8.7 percent in manufacturing (Table 8.3).

Table 8.3 Regional-Sector Nexus in the Number, Capital (in thousands Birr) and Employment Creation Capacity of Licensed Projects [Qrt.IV 2011/12]

Sector	Indicators	Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multi-regional	Oromia	SNNPR	Gambella	Somali	Harari	Tigray	Grand Total
Agriculture	No of Proj.	5	4	60	11	2		24	1	2				109
	Capital.	14,200	10,000	187,736.7	75,333.5	4,366		232,948.1	210,408.9	60,000				794,993.6
	Perm.emp.	45	25	728	113	49		765	300	200				2,225
	Temp.emp.	32	286	20,413	1,376	11		1,675	10	2,000				25,803
Mining and quarrying	No of Proj.	1												1
	Capital.	40,000												40,000.0
	Perm.emp.	40												40
	Temp.emp.	60												60
Manufacturing	No of Proj.	138		19	1	8		49	3					219
	Capital.	897,494.2		1,283,134.8	1,740	54,998		4,052,906.6	22,900			1		6,980,073.6
	Perm.emp.	3,797		926	3	204		5,256	120			666,900		10,326
	Temp.emp.	2,652		3,625	15	178		2,347	50			20		8,877
Education	No of Proj.	6		2	1	1		2				10		12
	Capital.	26,590		24,099	2,230	3,500		5,592						62,011
	Perm.emp.	205		90	5	30		24						354
	Temp.emp.	58		50	8			22						138
Health	No of Proj.	6		8										6
	Capital.	574,222		58,554										574,222
	Perm.emp.	448		284										448
	Temp.emp.	85		316										85

Sector	Indicators	Addis	Afar	Amhara	B.Gumuz	Dire	Multi-	Oromia	SNNPR	Gambella	Somali	Harari	Tigray	Grand
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		Ababa				Dawa	regional							Total
Hotels (Including Resort Hotels, Motels & Lodges) & Restaurants	No of Proj.	23			3	1		6						41
	Capital.	535,009.8			35,800	5,000		187,516.0						821,880.3
	Perm.emp.	879			68			112						1,343
	Temp.emp.	477			70			176						1,039
Tour Operation, Transport & Communication	No of Proj.	20				1								21
	Capital.	49,896.6				14,425								64,321.2
	Perm.emp.	225												225
	Temp.emp.	328												328
Real estate, Machinery and Equipment Rental and Consultancy Service	No of Proj.	497	1	59		4		30					1	592
	Capital.	1,968,574.1	2,500	100,337		18,307		127,280.0					553	2,217,550.3
	Perm.emp.	2,294	2	310		84		195					1	2,886
	Temp.emp.	1,868	6	461		138		425					3	2,901
Construction Contracting Including Water Well Drilling	No of Proj.	89	8	6		5		6						114
	Capital.	1,173,633.1	8,000	12,359		6,246		41,000						1,241,238.8
	Perm.emp.	1,741	16	52		97		189						2,095
	Temp.emp.	3,273	43	332		250		362						4,260
Electricity (Generation, Transmission & Distribution)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	No of Proj.	3		2		1								
	Capital.	164,811		2,884		3,379								
	Perm.emp.	118		23		9								
	Temp.emp.	2,010		0										
Sector	Indicators	Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multi-regional	Oromia	SNNPR	Gambella	Somali	Harari	Tigray	Grand Total
Wholesale, retail trade & repair	No of Proj.		1	1			0							

service														
	Capital.		2,000.0	9,000.0			0							
	Perm.emp.		5	12			0							
	Temp.emp.		20	22			0							
Total No of Proj.		788	14	157	16	23	0	117	4	2	0			
Total Capital.		5,444,430	22,500	1,678,105	115,104	110,221	0	4,647,243	233,309	60,000	0			
Total Perm.emp.		9,792	48	2,425	189	473	0	6,541	420	200	0			
Total Temp.emp.		10,843	355	25,219	1,469	577	0	5,007	60	2,000	0			
Percentage share														
No of Proj.		70	1	14	1	2	0	10	0	0	0			
Capital.		42	0	13	1	1	0	36	2	0	0			
Perm.emp.		49	0	12	1	2	0	33	2	1	0			
Temp.emp.		24	1	55	3	1	0	11	0	4	0			

Source: Ethiopian Investment Agency