

VII. INVESTMENT

The Ethiopian Investment Agency and Regional Investment Offices issued investment licenses for about 647 projects with a total capital of Birr 26.1 billion during the third quarter of 2012/13. The number of approved investment projects declined by 62.9 as compared to the same period last year while, the registered investment capital showed a 13.3 percent growth.

About 86.6 percent of the approved projects during the period were private investment of which 444 projects (68.7%) were domestic. The number of foreign investment projects was 202 with a registered capital of birr 20.2 million which accounted for 30 percent growth compared to preceding quarter.

Up on completion, these approved projects are expected to generate employment opportunities for 76,801 persons. (33,192 are permanent and 43,609 are casual/temporary). (Table 7.1)

Table 7.1. Performance of Approved Investment Projects

Type of Projects	Items	2011/12		2012/13	Percentage changes	
		Q.III	Q.II	Q.III	C/A	C/B
		A	B	C		
1. Total Investment	Number of projects	1,203.0	1,746.0	647.0	-46	-62.9
	Capital (in millions of Birr)	35,434.3	23,007.4	26,064.9	-26	13.3
	Permanent Employment	51,309.0	23,494.0	33,192.0	-35	41.3
	Temporary Employment	108,530.0	45,407.0	43,609.0	-60	-4.0
2. Private Investment	Number of projects	1,202.0	1,743.0	646.0	-46	-62.9
	(in millions of Birr)	35,413.7	22,365.7	23,417.9	-34	4.7
	Permanent Employment	51,245.0	23,359.0	33,192.0	-35	42.1
	Temporary Employment	108,402.0	45,177.0	43,609.0	-60	-3.5
2.1 Domestic Investment	Number of projects	1,067.0	1,588.0	444.0	-58	-72.0
	(in millions of Birr)	20,636.3	15,496.7	3,128.6	-85	-79.8
	Permanent Employment	44,273.0	15,810.0	9,682.0	-78	-38.8
	Temporary Employment	95,316.0	38,771.0	20,089.0	-79	-48.2
2.2 Foreign Investment	Number of projects	135.0	155.0	202.0	50	30.3
	(in millions of Birr)	14,777.5	6,869.0	20,289.3	37	-99.7
	Permanent Employment	6,972.0	7,549.0	23,510.0	237	211.4
	Temporary Employment	13,086.0	6,406.0	23,520.0	80	267.2
3. Public Investment	Number of projects	1.0	3.0	1.0	0	-66.7
	(in millions of Birr)	20.6	641.6	2,647.0	12,762	312.5
	Permanent Employment	64.0	135.0	-	-	-
	Temporary Employment	128.0	230.0	-	-	-

Source: Ethiopian Investment Agency

Regarding to sectoral distribution, manufacturing accounted for the largest share of the number of investment projects (32 percent); followed by real estate (27 percent), agriculture (17 percent), construction (11 percent) and hotels & restaurants (5.6 percent). Accordingly, the investment capital in manufacturing sector constituted 55 percent, while agricultural and forestry projects took 12.3 percent, electricity and water supply (10.2 percent) and the remaining activities constituted (22.7 percent).

Regarding to employment opportunities, about 53.4 percent of the permanent jobs expected to be created by manufacturing projects, 16.1 percent by agriculture and forestry and 8.8 percent by hotel & restaurants.

For temporary employment, agriculture, hunting and forestry are expected to employ 33.4 percent, manufacturing 32.8 percent and construction sector 11.2 percent. (Table 7.2)

Table 7.2: Investment Distribution by Sector during the Third Quarter of 2012/13

	No. of Proj.	Share [in %]	Capital (In Millions of Birr)	Share [in %]	Perm. Emp.	Share [in %]	Temp. Emp.	Share [in %]
Agriculture, hunting and forestry	110	17	3,207	12	5,356	16	14,549	33
Construction	74	11	1,880	7	1,531	5	4,889	11
Education	8	1	62	-	648	2	135	-
Electricity, gas, steam and water supply	3	-	2,651	10	10	-	30	-
Health and social work	9	1	2,074	8	2,293	7	2,637	6
Hotels and restaurants	36	6	711	3	2,926	9	3,431	8
Manufacturing	208	32.15	14,324	55	17,730	53	14,287	33
Mining and quarrying	1	-	21	-	100	-	50	-
Other community, social and personal service activities**	4	1	11	-	143	-	130	-
Real estate, renting and business activities	174	27	1,050	4	2,189	7	3,218	7
Transport, storage and communication	16	2	30	-	89	-	89	-
Wholesale, retail trade & repair service	4	1	45	-	177	1	164	-
Grand Total	647	100	26,065	100	33,192	100	43,609	100

Source: Ethiopian Investment Agency

The regional distribution of approved investment projects is highly skewed. For instance, about 33 percent of the total projects with 28 percent of the estimated total investment capital were destined for Addis Ababa and 30 percent of the projects with 51 percent of the capital go to Oromia Regional state.

During the period, the number of approved investment in agriculture, hunting & forestry were the highest in Oromia (47 percent) and Amhara (30 percent). The major share of manufacturing projects was in Oromia (39 percent); followed by Addis Ababa (25 percent) and Amhara (20 percent). (Table 7.3)

Table 7.3: Regional-Sector Nexus in the Number, Capital and Employment Creation Capacity of Licensed Projects for the Third Quarter of 2012/13 F.Y (Capital in Thousands of Birr)

Investment Region														
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.		12	33	2	5		52	5				1	110
	Capital.		18,511	179,976.3	13,800	21,855.2		2,569,650.9	399,850				3,000.0	3,206,644
	Perm.emp.		68	734	22	184		3,939	399				10	5,356
	Temp.emp.		423	7,725	120	46		2,343	3,872				20	14,549
Construction	No of Proj.	28	10	7		9		14	6					74
	Capital.	1,148,284.3	22,000.0	16,085.3		41,880.4		614,498.3	37,041.4					1,879,790
	Perm.emp.	889	53	70		170		293	56					1,531
	Temp.emp.	3,225	151	198		212		1,069	34					4,889
Education	No of Proj.	4		1		1		1					1	8
	Capital.	35,150.0		1,500.0		400.0		10,000.0					15,000.0	62,050
	Perm.emp.	110		6		432		20					80	648
	Temp.emp.	5		10				20					100	135
Electricity, gas, steam and water supply	No of Proj.	1		1					1					3
	Capital.	2,647,021.4		1,202.0					3,190.0					2,651,413
	Perm.emp.								10					10
	Temp.emp.								30					30
Fishing	No of Proj.												1	1
	Capital.												3,800.0	3,800
	Perm.emp.												26	26
	Temp.emp.												20	20
Health and social work	No of Proj.	5		2				1	1					9
	Capital.	1,985,254.0		16,273.4				3,000.0	69,931.9					2,074,459
	Perm.emp.	1,800		63				80	350					2,293
	Temp.emp.	2,543		50				20	24					2,637

Investment Region														
Sector	Indicators	Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multi-regional	Oromia	SNNPR	Gambella	Somali	Harari	Tigray	Grand Total
Hotels and restaurants	No of Proj.	9	2	12		2		9	2					36
	Capital.	211,953.2	60,000.0	245,518.3		100,000.0		76,300.0	16,790.6					710,562
	Perm.emp.	1,558	44	976		14		312	22					2,926
	Temp.emp.	1,050	160	1,991		100		84	46					3,431
Manufacturing	No of Proj.	53	1	42		17		82	11				2	208
	Capital.	548,875.9	1,200	2,903,655.6		572,900.5		9,782,348.0	486,214.7				28,346.0	14,323,541
	Perm.emp.	1,801	3	2,094		1,420		8,082	4,213				117	17,730
	Temp.emp.	802	8	2,786		647		5,561	4,422				61	14,287
Mining and quarry	No of Proj.	1												1
	Capital.	21,000.0												21,000
	Perm.emp.	100												100
	Temp.emp.	50												50
Real estate, renting and business activities	No of Proj.	96	4	19		12		33	10					174
	Capital	631,167.3	5,900.0	59,052.6		175,242.8		134,300.0	44,084.6					1,049,747
	Perm.emp.	836	16	150		302		799	86					2,189
	Temp.emp.	1,403	44	199		155		1,388	29					3,218
Tour operation, eco-tourism, cold storage service, etc.	No of Proj.	13		1							1		1	16
	Capital	21,268.0		5,097.0							2,000.0		1,250.0	29,615
	Perm.emp.	64		7							15		3	89
	Temp.emp.	78		6									5	89
Wholesale, retail trade & repair service	No of Proj.			1				1	1				1	4
	Capital			2,000.0				3,800.0	23,000.0				16,000.0	44,800
	Perm.emp.			3				28	76				70	177

Investment Region														
Sector	Indicators	Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multi-regional	Oromia	SNNPR	Gambella	Somali	Harari	Tigray	Grand Total
	Temp.emp.			4				40	100				20	164
Others	No of Proj.	1				1			1					3
	Capital	5,000.0				500.0			2,000.0					7,500
	Perm.emp.	106				5			6					117
	Temp.emp.	100				10								110
														0
Total No of Proj.		211	29	119	2	47		193	38		1		7	647
Total Capital.		7,254,974	107,611	3,430,361	13,800	912,779		13,193,897	1,082,103		2,000		67,396	26,064,921
Total Perm.emp.		7,264	184	4,103	22	2,527		13,553	5,218		15		306	33,192
Total Temp.emp.		9,256	786	12,969	120	1,170		10,525	8,557				226	43,609
Percentage shares														
No of Proj.		33	4	18		7		30	6				1	100
Capital.		28		13		4		51	4					100
Perm.emp.		22	1	12		8		41	16				1	100
Temp.emp.		21	2	30		3		24	20				1	100

Source: Ethiopian Investment Agency