

## VII. INVESTMENT

The Federal Investment Agency and Regional Investment Offices offered investment license for 1,745 projects with a total of Birr 23 billion capital during the second quarter of 2012/13. The numbers of approved investment projects showed a 42.1 percent decline vis-à-vis the previous quarter despite a 63.8 percent increment over last year same period. However, the registered investment capital was lowered both on quarterly and annual basis by 27.9 and 28 percent, respectively (Table 7.1).

Similarly, about 99.8 percent of the approved projects during the period were private investment of which 1,587 projects (about 91 percent) were domestic where as the remaining 155

projects (8.9 percent) were foreign investment. The foreign investment projects recorded an investment capital of Birr 6.9 billion, accounting 30.7 percent of total private investment capital.

The number of approved projects during the review quarter, both domestic and foreign investment projects, depicted an annual growth of 70.8 percent and 14 percent, respectively.

Upon completion, the approved investment projects are expected to generate an employment opportunities for 68,897 employees of which 23,493 are permanent and the remaining 45,404 are casual/ temporary.

**Table 7.1: Performance of Approved Investment Projects during the Second quarter of 2012/13**

(Capital in Millions of Birr)

Type of Projects	Items	2011/12		2012/13	Percentage changes	
		QII	QI	QII	C/A	C/B
		A	B	C		
1.Total Investment	Number	1,065	3,016.0	1,745	63.8	-42.1
	Capital	31,958	31,890.1	23,007	-28.0	-27.9
	Permanent Employment	26,454	29,747.0	23,493	-11.2	-21.0
	Temporary Employment	60,388	93,760.0	45,404	-24.8	-51.6
2. Private Investment	Number	1,065	3,015.0	1,742	63.6	-42.2
	Capital	31,958	24,818.2	22,365	-30.0	-9.9
	Permanent Employment	26,454	29,747.0	23,358	-11.7	-21.5
	Temporary Employment	60,388	93,760.0	45,174	-25.2	-51.8
2.1 Domestic Investment	Number	929	2,825.0	1,587	70.8	-43.8
	Capital	7,955	8,406.9	15,496	94.8	84.3
	Permanent Employment	16,349	13,436.0	15,809	-3.3	17.7
	Temporary Employment	36,282	18,499.0	38,768	6.9	109.6
2.2 Foreign Investment	Number	136	190.0	155	14.0	-18.4
	Capital	24,003	16,411.3	6,869	-71.4	-58.1
	Permanent Employment	10,105	16,311.0	7,549	-25.3	-53.7
	Temporary Employment	24,106	75,261.0	6,406	-73.4	-91.5
3. Public Investment	Number	-	1	3.0	-	200.0
	Capital	-	7,072	641.6	-	-90.9
	Permanent Employment	-	-	135.0	-	-
	Temporary Employment	-	-	230.0	-	-

**Source:** Ethiopian Investment Agency

Regarding sector wise distribution, real estate accounted for the largest share in the number of investment projects (59.5 percent), followed by manufacturing (13.4 percent), construction (12.1 percent) and agriculture, hunting & forestry (6.5 percent). Accordingly, the investment capital in real estate renting and business activities constituted 50.3 percent, while manufacturing projects took 26.5 percent, hotels and restaurants 5.9 percent and construction and agriculture & allied activities each constituted 4.1 percent of the total investment costs during the period (Table 7.2).

With respect to employment opportunities, about 42.3 percent of the permanent job expected to be generated manufacturing projects, 16.4 percent by real estate, renting and business activities, 14.2 percent by agriculture and allied activities while construction and hotel & restaurants each constituted 10.3 percent shares.

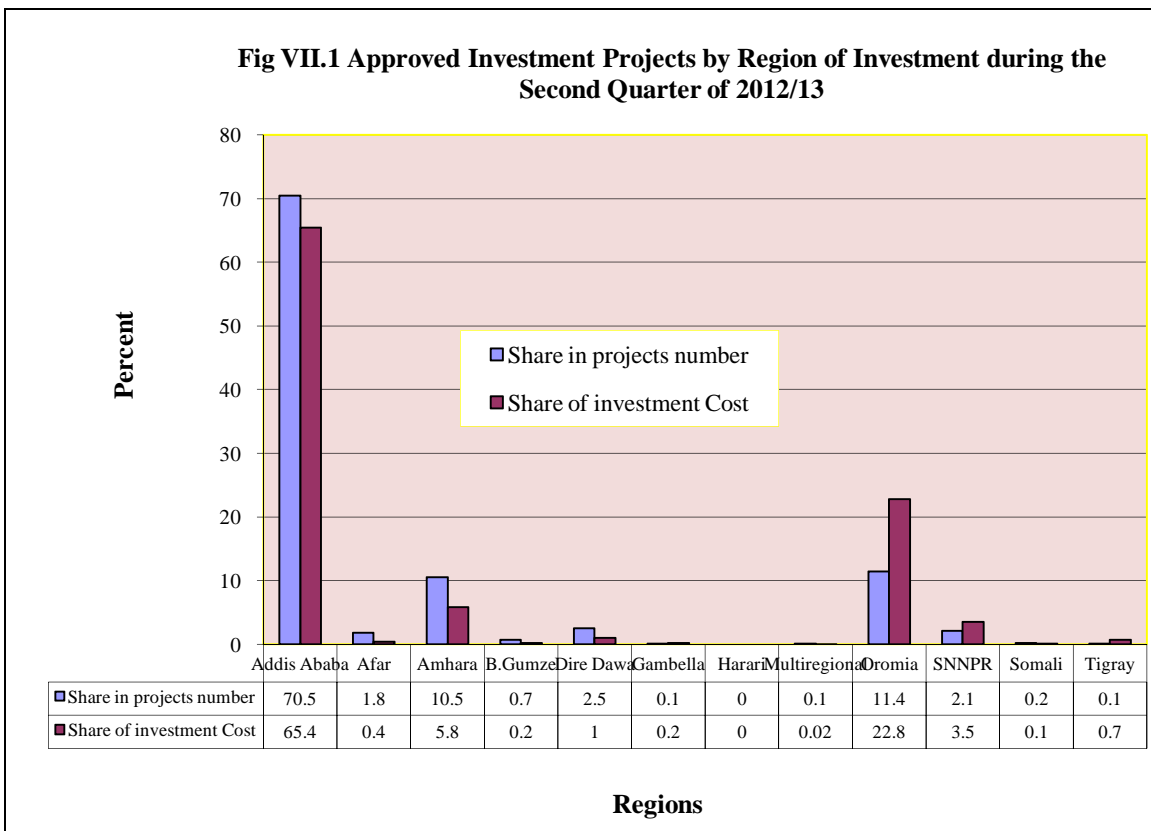
Agriculture, hunting and forestry will also expected to employ 50.2 percent, construction 19.8 percent and manufacturing sectors 14.5 percent of the total temporary employment opportunities.

**Table 7.2: Investment Distribution by Sector during the Second quarter of 2012/13**

<b>Sectors</b>	<b>No. of Projects</b>	<b>Share (In %)</b>	<b>Capital (in Millions of Birr)</b>	<b>Share (In %)</b>	<b>Perm. Emp.</b>	<b>Share (In %)</b>	<b>Temp. Emp.</b>	<b>Share (In %)</b>
Agriculture, hunting and forestry	113.0	6.5	937.2	4.1	3,328.0	14.2	22,813.0	50.2
Construction	211.0	12.1	938.0	4.1	2,417.0	10.3	8,987.0	19.8
Education	14.0	0.8	644.4	2.8	507.0	2.2	227.0	0.5
Electricity, gas, steam and water supply	1.0	0.1	580.6	2.5	-	-	-	-
Health and social work	13.0	0.7	708.6	3.1	553.0	2.4	273.0	0.6
Hotels and restaurants	63.0	3.6	1,361.1	5.9	2,412.0	10.3	1,344.0	3.0
Manufacturing	233.0	13.4	6,095.3	26.5	9,940.0	42.3	6,563.0	14.5
Mining and quarrying	1.0	0.1	50.7	0.2	18.0	0.1	2.0	0.0
Other community, social and personal service activities	13.0	0.7	32.6	0.1	199.0	0.8	44.0	0.1
Real estate, renting and business activities	1039.0	59.5	11,576.3	50.3	3,842.0	16.4	4,941.0	10.9
Transport, storage and communication	17.0	1.0	36.7	0.2	132.0	0.6	110.0	0.2
Wholesale, retail trade & repair service	27.0	1.5	45.3	0.2	145.0	0.6	100.0	0.2
<b>Grand Total</b>	<b>1,745.0</b>	<b>100.0</b>	<b>23,006.8</b>	<b>100.0</b>	<b>23,493.0</b>	<b>100.0</b>	<b>45,404.0</b>	<b>100.0</b>

Source: Ethiopian Investment Agency

**Fig VII.1 Approved Investment Projects by Region of Investment during the Second Quarter of 2012/13**



The regional distribution of approved investment projects during the second quarter of 2012/13 indicates the disproportion of the project across regions. For instance, about 70.5 percent of the total projects with 65.4 percent of the estimated total investment costs were approved to be established in Addis Ababa while the remaining 11.4 and 10.5 percent were in Amhara and Oromia regions, respectively.

Investments approved in agriculture, hunting & forestry were the highest in Amhara (39 percent) and Oromia region (23 percent). The major share of manufacturing projects (55 percent), real estate, renting & business activities (86 percent) and construction projects (69 percent) were planned to locate in Addis Ababa (Table 7.3).



**Table 7.3: Regional-Sector Nexus in the Number, Capital and Employment Creation Capacity of Licensed Projects for the Second 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.	2	15	44	7	4	1	26	10	2	1		1	113
	Capital.	1,570.0	43,900	134,797.4	26,886.3	7,129.2	5,004	374,376.6	119,105.2	40,200.0	18,000.0		166,200.0	937,169
	Perm.emp.	10	75	700	390	59	100	1,016	578	100	240		60	3,328
	Temp.emp.	10	560	13,975	836	72		1,073	4,882	1,400	5			22,813
Construction	No of Proj.	146	10	15		6		26	8					211
	Capital.	705,988	23,500.0	58,800.0		23,945		102,799	22,947.2					937,979
	Perm.emp.	1,379	33	184		132		520	169					2,417
	Temp.emp.	4,782	99	1,358		178		2,207	363					8,987
Education	No of Proj.	8		3				2	2					15
	Capital.	613,130.0		6,019.3				21,300.0	8,000.0					648,449
	Perm.emp.	300		74				113	40					527
	Temp.emp.	86		95				41	10					232
Electricity, gas, steam and water supply	No of Proj.								1					1
	Capital.								580,643.2					580,643
	Perm.emp.								0					0
	Temp.emp.								0					0
Fishing	No of Proj.													0
	Capital.													0
	Perm.emp.													0
	Temp.emp.													0
Health and social work	No of Proj.	7		5				1						13
	Capital.	655,412		50,671.7				2,500.0						708,583
	Perm.emp.	402		150				1						553

Investment Region														
Sector	Indicators	Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multi-regional	Oromia	SNNPR	Gambella	Somali	Harari	Tigray	Grand Total
	Temp.emp.	146		126				1						273
Hotels and restaurants	No of Proj.	25		23	5	1		8	1					63
	Capital.	939,282.4		270,254.3	11,127.7	3,000		122,686.0	14,751.2					1,361,101
	Perm.emp.	1,154		826	55	13		322	42					2,412
	Temp.emp.	550		472	99			213	10					1,344
Manufacturing	No of Proj.	129	1	19		11		69	4					233
	Capital.	952,845.5	4,343	633,993.5		72,194.3		4,405,239.7	26,644.0					6,095,260
	Perm.emp.	2,905	8	934		252		5,759	82					9,940
	Temp.emp.	2,189	20	687		166		3,440	61					6,563
Mining and quarry	No of Proj.	1												1
	Capital.	50,657.6												50,658
	Perm.emp.	18												18
	Temp.emp.	2												2
Real estate, renting and business activities	No of Proj.	893	5	48	1	17		65	8		1			1,038
	Capital.	11,089,528.5	15,500.0	127,484.3	1,950.0	114,963		196,400.0	26,318.1		2,000.0			11,574,144
	Perm.emp.	2,827	16	374	2	248		318	50		3			3,838
	Temp.emp.	2,432	53	1,452	2	98		842	52		10			4,941
Tour operation, eco-tourism, cold storage service, etc.	No of Proj.	12		2		1		1			1			17
	Capital.	29,460.0		1,800.0		905.5		3,000.0			1,500.0			36,666
	Perm.emp.	85		9		17		15			6			132
	Temp.emp.	71		14				25						110
Wholesale, retail trade & repair	No of Proj.	1		24		2								27
	Capital.	2,000.0		40,280.2		3,035.5								45,316



Investment Region														
Sector	Indicators	Addis Ababa	Afar	Amhara	B.Gumuz	Dire Dawa	Multi-regional	Oromia	SNNPR	Gambella	Somali	Harari	Tigray	Grand Total
service	Perm.emp.	20		75		50								145
	Temp.emp.	30		65		5								100
Others	No of Proj.	7	1	1		1		1	2					13
	Capital.	17,039.0	1,000.0	1,500.0		2,500.0		8,251.0	2,315.1					32,605
	Perm.emp.	104	3	4		20		42	26					199
	Temp.emp.	24	10	0		10		0	0					44
<b>Total No of Proj.</b>		1,231	32	184	13	43	1	199	36	2	3	0	1	1,745
<b>Total Capital.</b>		15,056,913	88,243	1,325,601	39,964	227,672	5,004	5,236,552	800,724	40,200	21,500	0	166,200	23,008,573
<b>Total Perm.emp.</b>		9,204	135	3,330	447	791	100	8,106	987	100	249	0	60	23,509
<b>Total Temp.emp.</b>		10,322	742	18,244	937	529	0	7,842	5,378	1,400	15	0	0	45,409
<b>Percentage share</b>			0									0		
<b>No of Proj.</b>		70.5	0	10.5	1	2	0	11.4	2	0	0	0	0	100
<b>Capital.</b>		65.4	0	0	0	1	0	23	3	0	0	0	1	100
<b>Perm.emp.</b>		39	0	1	2	3	0	34	4	0	1	0	0	100
<b>Temp.emp.</b>		23	0	0	2	1	0	17	12	3	0	0	0	100

**Source:** Ethiopian Investment Agency