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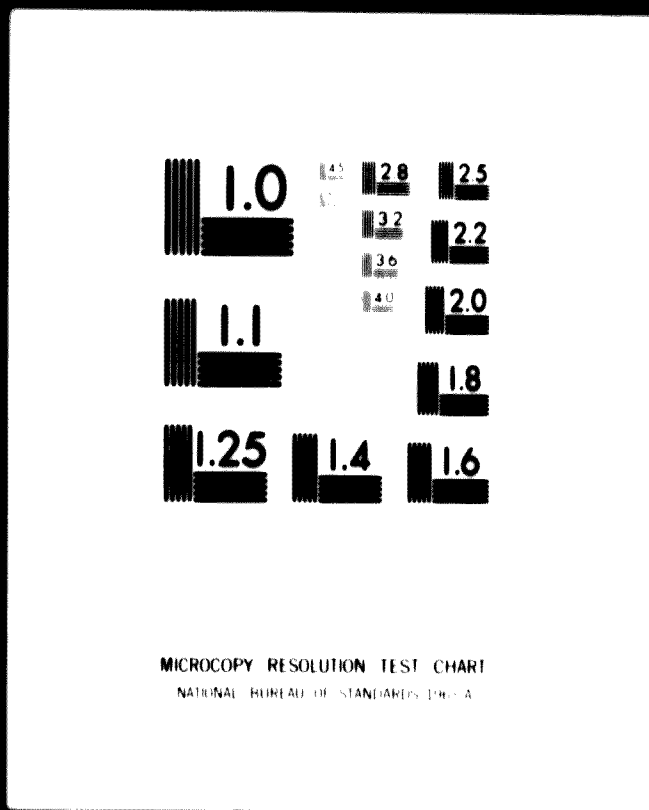
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United Nations Industrial Development Organization

PROJECT INFORMATION
SHEET

BDI-01-71

THIRD AFRICAN MEETING TO PROMOTE INDUSTRIAL PROJECTS ^{1/}

ABIDJAN, IVORY COAST, 24 NOVEMBER - 1 DECEMBER 1971

POLYPROPYLENE BAGS

COUNTRY: Republic of Burundi
PROJECT: Polypropylene bags
Annual capacity: 400,000 bags
Investment: US\$185,000
FOREIGN CONTRIBUTION REQUIRED: Equity
Loan



^{1/} Sponsored by: The African Development Bank (ADB)
The Economic Commission for Africa (ECA)
The United Nations Industrial Development Organisation (UNIDO)

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IMPORTANT NOTICE

The basic purpose of this meeting is to provide an Exchange or Market Place for the initiation of contacts on specific industrial projects between their proponents from the African countries and potential suppliers of capital, finance, equipment or know-how, as the case may be, from the industrialized countries.

This Project Information Sheet has been prepared as a basis for such contacts. Its purpose is not to present detailed information about the project but to provide the recipient with an outline sufficient to determine tentative interest in principle. Any further available information on the project will be furnished on request to interested parties at the Meeting.

Experience has shown that industrialists frequently prefer to carry out their own further investigations in detail into projects in which they are interested, but assistance from UNIDO in these matters can be rendered to the African country concerned on request.

This Information Sheet contains only the information supplied to UNIDO by the proponent of the Project. UNIDO can therefore take no responsibility for its accuracy.

POLYPROPYLENE BAGS

I. THE PROJECT

The project relates to the manufacture of polyethylene or polypropylene bags for the packing of green coffee and other agricultural products. The planned capacity of the plant is 400,000 bags/year. The total investment is estimated at US\$185,000, including US\$15,000 as working capital.

The project fits in with the State's goal of developing projects on both the input and output sides of agriculture and promoting industrialization in general. Since it is regarded as a priority enterprise, the plant will enjoy the incentives provided for in the Investment Code, e.g. tax exemption and exemption from customs duties for equipment and raw materials during a period of five years.

II. COMMERCIAL ASPECTS

The planned production is intended to replace annual imports of approximately 350,000 jute bags, used primarily for packing green coffee for export. The cultivation and export of coffee guarantee a market for the local manufacture of bags.

The proposed price is US\$0.36 per bag, or slightly less than the current price for the imported jute bags (US\$0.38).

Negotiations have begun between Burundi, Rwanda and Zaire (formerly the Democratic Republic of the Congo), and it is possible that production will be able to increase and that part of the production will be exported to Rwanda and the eastern region of the Congo.

III. PHYSICAL ASPECTS

Capacity:	400,000 bags/year
Location:	Bujumbura
Infrastructure:	Port of Bujumbura, dense network of roads. Possibility for the evacuation of waste water.
Electricity:	Available at 3.6 Burundi francs (4.1 cents) per kWh for an estimated annual consumption of 100,000 kWh.
Water:	9 cents/m ³
Labour:	1 foreign technician: US\$17,000/year 1 office employee of Burundi nationality: US\$1,100/year 17 manual workers of Burundi nationality: US\$10,000/year
Raw materials:	Polypropylene for the manufacture of synthetic raffia strips. 100,000 kg, with a value of US\$55,000, per year (c.i.f. Bujumbura, including statistical tax (<u>taxe statistique</u>)).

IV. FINANCIAL ASPECTS

(a) Breakdown of investment (approximate estimate, in US\$):

	<u>Local cost</u>	<u>Proportion in foreign exchange</u>	<u>Total</u>
Pre-investment costs	19,248.57	-	19,248.57
Assets			
Land, building	40,800.00	17,485.71	59,285.71
Equipment	-	70,000.00	70,000.00
Estimated working capital	6,980.37	27,948.94	34,929.31
	<u>67,025.94</u>	<u>115,434.65</u>	<u>182,463.59</u>

(b) Proposed plan of financing

Equity	67,028.00	1,149.00	68,177.00
Loans	14,286.00	100,000.00	114,286.00
Supplier credits	-	-	-
Total	<u>81,314.00</u>	<u>101,149.00</u>	<u>182,463.00</u>

(c) Financing

It is proposed that approximately 45 per cent of the fixed investment should be covered by the capital of the private enterprise to be established; the remainder should be financed by a loan and credits.

V. FOREIGN CONTRIBUTION REQUIRED

Participation in the equity capital of the company to be established and a medium-term or long-term loan are sought.

VI. ADDITIONAL INFORMATION

(a) Local promoter

The project is submitted by:

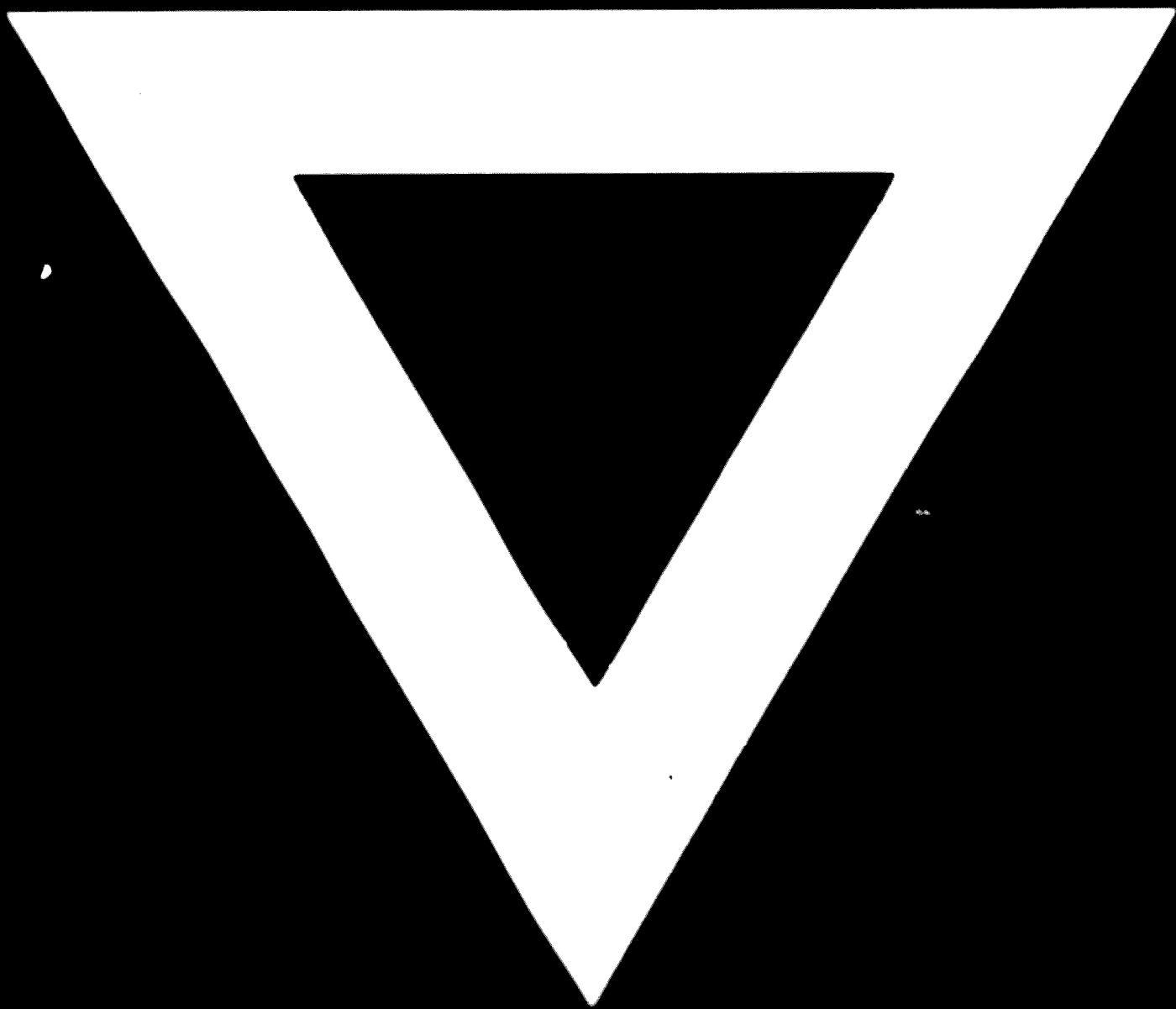
The Industry Department (Service de l'industrie)
Ministry of Economic Affairs
P.O. Box 492
Bujumbura, Republic of Burundi

(b) Documentation available

A feasibility study prepared by UNIDO and the evaluation made by the Industry Department of the Ministry of Economic Affairs can be made available to interested parties at the Meeting.



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