

REPUBLIC OF BURUNDI



**MINISTRY OF COMMERCE, INDUSTRY
AND TOURISM**

**PROJECT PROPOSAL
FOR**

**DEVELOPMENT OF 50 HA SPECIAL ECONOMIC ZONE
IN CAPITAL CITY OF BUJUMBURA**

PROJECT COST – US\$ 106 M

SEPTEMBER 2015

Project Title: Development of special economic and technology zone in capital Bujumbura covering area of 50 hectares

Completion Time: 5 years

Estimated budget: 106 million US dollars

1. Context and Justification

Burundi's economy is dominated by the primary sector composed mainly by agriculture, which contributes about 40% of the GDP and provides about 80% of export earnings. The secondary sector is characterized by a very weak industrial base. Industrial products are uncompetitive due to multiple factors.

This current production structure dominated by agriculture makes economy very vulnerable and fragile because of dependence on weather conditions. Exports consisting mainly of coffee and tea are dependent on world prices but also on fluctuating harvests. It is to meet these challenges Vision 2025 stipulates in pillar number three an accelerated economic growth and fight against poverty.

The Second Generation Strategic Framework for Growth and Combating Poverty "PRSP II" in its number 2 Axis considers the promotion of industry and crafts by strengthening industrial activities.

Indeed, the industrial fabric of Burundi includes import substitution industries, mining and agro-industries. Overall, the industrial sector's contribution to GDP is around 10% and is facing several constraints, including: obsolescence/disrepair of equipment, use of obsolete technologies, under-utilization of installed capacity, low competitiveness and insufficient power. The combination of these factors explains the poor performance of the industry. Because of these reasons the special economic and technology zones are needed.

Special Economic and technological Zones consist of developed sites and plots equipped with all the necessary infrastructure (water and electricity supply, telecommunications services, sheds, industrial manufacturing and maintenance workshops, etc.) and offer incentives to investors in the production of goods and services, including tax benefits. The mode of management of these special areas is also designed to best facilitate the installation and operation of installed enterprises (commercial or production)

These areas would be managed within the framework of the policy of attracting foreign direct investors and to allow an increase and diversification of exports. They also constitute a collective for an industrial area (industrial park). They favor the installation of businesses using advanced technologies.

2.Objective

Encourage the installation of industries (industrial park) using advanced technologies in the special economic zone of 50 hectares proposed in the capital city of Bujumbura.

3. Main Result

Acceleration of the country's industrial development to enhance the competitiveness of the Burundian industry in the main city of Bujumbura.

4. Performance indicators

- Number and types of industries located in economic zone of Bujumbura (50 Ha).
- Number of jobs created;
- Contribution level to tax revenue and the Gross Domestic Product Training "GDP".

5. Estimated cost: US Dollars 106 million