The Republic of the Congo
Hand in Hand Investment Forum
17-20 October, Rome, Italy
1. Overview

2. Why invest in Congo

3. Investment and opportunities
Overview

Population:
- **5.6 million**
- **32%** live in rural areas

- **56%** of the population under 20 years old
- Economy depends on crude oil exports
  - (38.6% of GDP in 2021 and 7.5% of agricultural sector)

- Vulnerability to shocks

- **52.5%** below the poverty line
  (World Bank 2022)

- PoU **31%** and FIES **89%** (FAO 2022)

- Poverty is more acute in rural areas

- Female employment concentrated in Agriculture
  - Represents **70%** of the workforce
  - Mainly in the informal sector

- Weak Annual Agricultural sector growth
  - (1.6% between 2018 and 2020)

- Below the **5.7%** growth 2012-2014.
Food imports reached **$2.1 billion** in 2020 (**40%** of total imports)

- Dependence on food imports, representing **~25%** of merchandise imports, 2\textsuperscript{nd} largest item
- Low Food production
- **>10%** of arable land under cultivation.
- Livestock breeding is still in its infancy and cannot meet local demand
- Abundant natural pastures can house **3 to 4 million head of cattle**
- Growing domestic demand for **meat products** of **3.44 kg/capita/year**

### Main imports

<table>
<thead>
<tr>
<th>Product</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fish</td>
<td>175,317,514.73</td>
</tr>
<tr>
<td>Poultry</td>
<td>145,430,492.73</td>
</tr>
<tr>
<td>Cereals</td>
<td>95,818,181.82</td>
</tr>
<tr>
<td>Beef</td>
<td>45,361,543.61</td>
</tr>
<tr>
<td>Pork</td>
<td>34,852,189.97</td>
</tr>
<tr>
<td>Milk products</td>
<td>32,545,454.55</td>
</tr>
<tr>
<td>Vegetable oil</td>
<td>18,181,818.18</td>
</tr>
<tr>
<td>Sheep</td>
<td>593,462.57</td>
</tr>
<tr>
<td>Rabbits</td>
<td>14,229.42</td>
</tr>
</tbody>
</table>
Why invest in the Republic of Congo

The republic of Congo, a resource rich country

- **Abundant rainfall, >1,300 mm per year**
- **Climatic diversity allowing year-round operation**
- **Dense urban market and export opportunities**
- **>90% of 10 million hectares remain uncultivated. Limited to subsistence crops.**
- **Opportunities for import substitution. Food production covers 30% of country’s needs.**

- **Increase in number of paved roads**
- **Top corporate tax has been cut to 28%.**
- **Overall tax burden 8.5% of domestic income.**
- **Government spending of 21.6% of GDP over the past three years**
- **Budget surpluses ~4% of GDP**
- **Improved access to credit information**
- **1 dollar invested in VC development, reduces poverty 2-4 times more than invested in other sectors**

- **The agricultural sector is the most tax-exempt**
- **Special regime: 0% tax for agricultural companies in the first 5 years**
- **Price of renting one hectare of public land will be 500 FCA (less than 1 USD)**
- **Agricultural companies are not subject to several taxes (single tax on wages, customs duties and VAT on agricultural imports)**
Enabling policy framework

The National Development Plan (NDP) 2022-2026 to build a strong, diversified and resilient economy.

Strategic pillar on the development of agriculture in a wider spectrum.

Main objective: improve the production, productivity and competitiveness of agricultural products / increase the income of producers / improve the agricultural trade balance, by reducing imports and increasing exports

Specific objectives:

1. Satisfaction of the national demand for poultry products, other animal and fishery products.
2. Increase the production of feed inputs
3. Meeting national demand for staple food, fruit crops and agroforestry products
4. Improve conditions for agriculture, livestock, fisheries and aquaculture
5. Strengthen resources and capabilities of the Ministry

Temporary plan: The resilience plan on the food crisis 2022-2023 responds to the global food crisis and limitation in food imports.
Core target: Protected Agricultural Areas (ZAP)

Transform the agriculture with the Protected Agricultural Areas (ZAP):

- At least 100 hectares allocated to at least 10 cooperatives: equipment and irrigation system financed by the government for crop production.
- Aggregation around value chains and emergence of large business players.
- Organization of producers around large industrial operators (contractualization of commercial relations).
- Increase in agricultural production: boost producers' yields, thanks to access to resources such as water, quality seed, fertilizers, mechanization.
- Contribute to the local economic development, by the creation of formalized production units.

More agricultural mechanization ➔ Increase production of inputs for animal feed ➔ Livestock development ➔ Reduce animal imports
High agricultural potential in different areas around the country

Source: Hand-in-Hand analysis team
FROM OCTOBER 2022 TO OCTOBER 2023

1. Preparation for the development of the national investment forum to take place in 2023, after the WFF and 3 basin summit (agenda conflict)

2. Discussion with the scientific research minister and the international cooperation minister who are willing to adhere to the HIH

3. CFIE consultant mission in brazzaville. Verify every financial analysis with simulations.

4. Discussion with national private sector stakeholders (unicongo, eni congo, ...) willing to be part of HIH

5. Discussion with donors: WB, EU, AfDB, embassies (Italy, Egypt, Algeria...)

6. Receipt by the government/MAEP of two cassava processing plants, results of sino-congolesan cooperation in two localities Kombe CDTA (capacity 4000t/year) and Loudima/Bouenza (capacity 6000t/year). Gvt commitment in investment plan n°1 USD 8 million

7. Launch of farming poultry in a zap_gvt commitment in investment plan n°3 # USD 2 million

8. Launch of the Paje project financed by IFAD, placed by the minister under HIHI, within the investment plans n°1, 2 and 3 (corn and soya), of USD 15 million
Opportunity 1: Cassava flour production

**Rationale**

- Production of semi-finished and finished products covers only 4.7% of national demand (1.079 million tonnes),
- *Vitamin* enriched to reduce malnutrition.
- Prices of wheat flour increased (~90%) due to Ukrainian war. **Cassava flour** as substitute to reduce imports (210,000 t in 2021).

**Objective and activities**

Produce high-quality cassava flour for human consumption

- **Phase 1**: Develop production of varieties suitable for flour production in 2,000 ha. Access to improved seeds of short-cycle varieties. Access to mechanization (tractors and equipment), training through Farmer Field Schools.
- **Phase 2**: Establishing of 20 small flour production units to absorb cuttings of 2,000 ha. Production of 5 MT of flour per day. Promotion of contract farming and training on good practices. Reduction of post-harvest losses, small cassava drying/pressing units at the village level with electric generators.
- **Phase 3**: Commercialization of sub products: Starches (agri-food industry, tapioca, cassava peels (animal feed)).

**Areas of intervention**

- **North of Brazzaville**, within a very large production basin.
- Loudima, in the department of Bouenza, within another cassava production area that serves Pointe Noire city.
The new Kombe and Loudima Cassava processing plants Sino-Congalese cooperation
Opportunity 1: Cassava flour production

Results

✓ 20 medium size units of cassava processing (5MT/day) (to allow more lines as demand grows)

✓ At farm/community level, Mechanized drying presses to produce semi-finished products (easy transport, and longer shelf life)

✓ Absorption of national production: at least 70,000 tonnes of fresh cassava roots.

✓ Potential of Producing 7,000 tonnes of flour/year and 9,000 tonnes starches/year

✓ 970 permanent job per unit are created.

Investment

Total investment 2022-2026

18.2 million USD

NPV $ 6.65 million USD

IRR 33.1%

Benefits

Direct Beneficiaries: 2,000 Cassava producers and 1000 on the processing side

Indirect Beneficiaries: 21,000 people

Risks

✓ Weak appropriation of the project by the beneficiaries

Mitigation strategies

✓ Contracting with each beneficiary
Opportunity 2: Soy and Maize production

Rationale

Production is not sufficient to meet food and animal feed needs. Large quantity of imports, low productivity of crops. Precipitation patterns change due to Climate Change. Margin of local production of animal feed lower than 5% (hardly competitive). Low production of animal feed is one of the main bottlenecks for livestock farming.

Areas of intervention

Production basins of Loudima, Igne, Ngo, and Okoyo district in the departments of Bouenza, Pool, Plateaux, and Cuvette.

Objective and activities

✓ Support the large-scale production for livestock feed. Import substitution of animal products.
✓ Since the establishment of protected agricultural zones (ZAP), maize areas on average per group are of 10 hectares.
✓ Adoption of improved seeds.
✓ Target ~166,000 ha: Produce irrigated maize and soy with sprinkler irrigation by mobilizing surface water using solar energy.
✓ Small processing units for soy processing (oil and soybean cake for animal feed).
Opportunity 2: Soy and Maize production

Results
- Maize production: 1.36 million t/year
- Soy production: 333,000 t/year
- Demand maize per capita: 7.1 Kg
- Provide inputs to animal feed industries
- 36,740 jobs created over 166,667 ha
- Stable production of maize and soy
- Reduction of post-harvest losses (actual: 20%)
- Possibility of exports to DRC and CEMAC

Beneficiaries
- Direct Beneficiaries: 101,400
- Indirect Beneficiaries: 709,800

Investment
- Total investment: 183.5 Million USD
- NPV ~$414.96 Million USD
- IRR 11.7%

Risks
- Negative effects of climate change
- Breaks in funding as amounts are significant.

Mitigation strategies
- Establishment of irrigation systems
- Use budgetary & tax measures to encourage private investment
Opportunity 3: Development of poultry farming

Rationale
Food imports are 70% animal-based
Supply of inputs is the main problem in the poultry sector:
• One day chicks and high feed costs.
• No import quality control and costs of feed of are at least 70% of production cost.

Objective and activities
Meet the national needs of poultry products of quality through the installation of modern production infrastructures for import substitution
✓ Build and equip:
  ✓ parental farm: 11,000 head of breeding chickens
  ✓ hatchery: 70,000 eggs
  ✓ feed manufacturing plant: at least 1,000 MT/month
✓ Mobilizing 20 poultry ZAPs for broiler production
✓ Public-private partnerships for the supply of inputs, manufacture of feed and veterinary products;
✓ Product quality certification.

Areas of intervention
ZAPs installments around 12 major cities:
Brazzaville, Pointe-Noire, Dolisie, Kayes, Mossendjo, Ouesso, Oswando, Sibiti, Ewo, Madingou, Impfondo, Kinkala, Djambala

Small producers sell directly to consumers or serve as suppliers
Opportunity 3: Development of poultry farming

Results
✓ Annual production of eggs: 96 million
✓ Annual production of 20 units of broiler chickens 2,000 heads. Assuming imported feed prices from the Ministry of Agriculture, allowing for import reduction of chicken meat
✓ Production of maize and soya will gradually reduce the imports bill for feed, ensuring a build-up of capacities of feed and chicken producers.

Investment

<table>
<thead>
<tr>
<th>Eggs</th>
<th>Broiler</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost: ~15 million USD</td>
<td>Cost: ~1.6 million USD</td>
</tr>
<tr>
<td>NPV ~8.59 million USD</td>
<td>NPV ~27 thousand USD</td>
</tr>
<tr>
<td>IRR 20.4%</td>
<td>IRR 11%</td>
</tr>
</tbody>
</table>

Beneficiaries
✓ Direct Beneficiaries: 4,325
✓ Indirect Beneficiaries: 30,275

Risks
✓ Shortage of ingredients to the manufacture of livestock feed

Mitigation strategies
✓ Development of maize and soy value chain. Investments in technology (improved seeds, R&D) to lower production costs
✓ Public private partnerships for input supply
Opportunity 4: Climate-smart irrigation development

**Areas of intervention**


**Rationale**

- Agriculture is rain-fed based on slash and burn cultivation.
- Producers use few resources on their farms subject to the effects of climate change (flooding, strong insolation, etc).

**Congo’s Irrigable potential of the basins: 870,198 ha**

**Interventions**

- Irrigation schemes on 2,942 ha in Cuvette department
- Exploitation in food crop perimeters, food polyculture, seed production, fruit tree growing:
  - Two types of irrigation: Sprinkler and drip irrigation systems
  - Pumping of surface water using solar energy
- Infrastructure, equipment and inputs
- Training of farmers in improved farming techniques (FFS)
Opportunity 4: Climate-smart irrigation development

**Results**

- Contribute to Development of 13 agropoles for food polyculture, seed multiplication, horticulture, orchards, nursery
- Avoiding flower fall thanks to water availability during critical flowering period (300% increase in yields compared to actual yields (without project))
- 3,200 tons of cassava, 1,600 tons of yam tubers, 3,000 tons of cereals, 1,240 tons of oilseeds, 330 tons of vegetables, 600 tons of paddy, 22,000 tons of fruits, 1,860 tons of plantains, 240 tons of legumes
- 1,488 tons of improved seeds produced and delivered
- >12,000 fruit plants delivered
- Capacity development in production, implementation, processing and marketing activities: 29 producer groups, 98 STDs, 13 NGOs

**Beneficiaries**

Direct beneficiaries: 12,411 farmers
Indirect beneficiaries:
- Population: 86,877 inhabitants
- Direct and indirect permanent jobs: ~5,740
- Producers trained: 2,927

**Investment**

- 44 million USD for first 5-year phase
- Investment gap: 34 million USD
- NPV: ~ 7.76 million USD
- IRR: 13.7%
## Congo Investment Plan

### Summary

<table>
<thead>
<tr>
<th>Component</th>
<th>Cost (USD)</th>
<th>IRR (%)</th>
<th>NPV</th>
<th>Sustainability Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Investment</td>
<td>262.4M</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Gap</td>
<td>217.4M</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall Average IRR</td>
<td>20.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Beneficiaries</td>
<td>121,136</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Indirect Beneficiaries</td>
<td>847,952</td>
<td></td>
<td></td>
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<tr>
<td>Income Increase Per Capita</td>
<td>$ 499.25 USD</td>
<td></td>
<td></td>
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<tr>
<td>CO2eq-emission</td>
<td>418,848 MT</td>
<td></td>
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</tr>
</tbody>
</table>

### Key Investments

1. **Intervention**
   - Bread-making Cassava flour production
   - Cost (USD): $18.2M
   - IRR (%): 33.1%
   - NPV: $6.65 million
   - Direct beneficiaries: 3,000
   - Indirect Beneficiaries: 21,000
   - Income increase per capita: 200 USD
   - CO2eq-emission: 9,664 t

2. **Intervention**
   - Soy and Maize production
   - Cost (USD): $16.6M
   - IRR (%): 20.4%
   - NPV: $8.59 million
   - Direct beneficiaries: 4,325
   - Indirect Beneficiaries: 30,275
   - Income increase per capita: 208 USD
   - CO2eq-emission: 18,738 t

3. **Intervention**
   - Development of poultry farming
   - Cost (USD): $183.5M
   - Eggs IRR (%): 11.7%
   - Broilers IRR (%): 11.1%
   - NPV Eggs: $8.59 million
   - NPV Broilers: $26,750
   - Direct beneficiaries: 101,400
   - Indirect beneficiaries: 709,800
   - Income increase per capita: 637 USD
   - CO2eq-emission: 389,953 t

4. **Intervention**
   - Climate smart irrigation Development
   - Cost (USD): $44M
   - IRR (%): 13.7%
   - NPV: $7.76 million
   - Direct beneficiaries: 12,411
   - Indirect Beneficiaries: 86,877
   - Income increase per capita: 952 USD
   - CO2eq-emission: 494 t

### Additional Information

- **CO2eq-emission**: Indicates the equivalent amount of CO2 emissions that an activity produces.