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2. Why invest in Congo

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

- 56% of the population under 20 years old
- 52.5% below the poverty line
- PoU 31% and FIES 89%
- Poverty is more acute in rural areas

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

- Economy depends on crude oil exports (**38.6%** from GDP in **2021** and **7.5%** of agricultural sector)
- vulnerability to shocks
- 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)

- Dependance on food imports, representing **~25%** of merchandise imports, 2\(^{nd}\) 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/inhabitant/year**

### Main imports USD

<table>
<thead>
<tr>
<th>Item</th>
<th>USD 2020</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
- Vast hydrographic network
- 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

- The agricultural sector is the most tax-exempt
- Special regime for agricultural profits. 0% tax for agricultural companies in the first 5 years
- Price of renting one hectare of public land will be of 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.
High agricultural potential in different areas around the country

Source: Hand-in-Hand analysis team
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 help reduction in malnutrition.
- Prices of wheat flour increased (~90%) due to Ukrainian war. Cassava flour as substitute to reduce imports (210,000 in 2021).

**Objective and activities**
- Produce high-quality cassava flour for human consumption
  - Phase 1: Develop production: purchase up to 70,000 tons of raw material from local producers; Increase concession area
  - Phase 2: Construction of flour production unit, area of 7,000 sqmt. Private units contracting with small producers.
  - Phase 3: Processing cassava into whole flour, 20,000 MT/y.

**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.
Opportunity 1: Cassava flour production

Results

✓ Project's annual consumption of fresh cassava ~50,000 to 70,000 tonnes.
✓ Production of flour at the end of year 6 is 20,000 tonnes
✓ Projected selling price of cassava flour at USD 341 per tonne.

Beneficiaries

Direct Beneficiaries: 2,800 Cassava producers
Indirect Beneficiaries: 8,400 people

Investment

Total investment 2022-2026
18.2 million USD
NPV $ 3.04 million USD
IRR 9%

Benefits USD

- Year 0
- Year 1
- Year 2
- Year 3
- Year 4
- Year 5
- Year 6
Opportunity 2: Soy and Maize production

Rationale
- Production is not sufficient to meet food needs.
- Large quantity of imports
- Low production of animal feed is one of the main bottlenecks for livestock farming

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.

Areas of intervention
Production basins of Loudima, igné, Ngo, and Okoyo district in the departments of Bouenza, Pool, Plateaux, and Cuvette
Opportunity 2: Soy and Maize production

Results

- Total production of maize: 1.083 million tonnes.
- Total production of soy: 45,000 tonnes.
- Current import maize price per tonne: ~700 USD
- Selling price maize with local production: 265 USD
- Demand maize per capita: 7.1 Kg
- Demand for maize in 2025: 47,000 MT
- With sufficient scale, exports to DRC and CEMAC

Beneficiaries

- Direct Beneficiaries: 43,600 producers. 21,800 of maize and 21,800 of soy
- Indirect Beneficiaries: 183,000 people

Investment

Total investment: **182.5 Million USD**

NPV ~$21.5 Million USD

Maize: 177.4 Million USD  
NPV: $ 9.1 million  
IRR: 6%

Soy: 5.1 Million USD  
NPV: $12.4 million  
IRR: 37%

Benefits USD

- Year 0: -$9,500,000
- Year 1: $500,000
- Year 2: $2,500,000
- Year 3: $4,500,000
- Year 4: $6,500,000
- Year 5: $8,500,000
- Year 6: $4,500,000

Maize: blue  
Soy: green
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 **60-70%** of production cost.

Objective and activities
Meet the national needs of poultry products of quality through to 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 1000 MT/month

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
- Mobilizing **20 poultry ZAPs** for broiler production
- **Public-private partnerships** for the supply of inputs, manufacture of feed and veterinary products;
- Product **quality certification**.
Opportunity 3: Development of poultry farming

Benefits

Direct Beneficiaries: **224** medium producers and 3,000 small producers
40 technicians with improved capacity
Indirect Beneficiaries: **9,600 people**

Production and dissemination expected to meet 100% of national demand in 2026.

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nesting chicks</td>
<td>272,160</td>
<td>1,088,640</td>
</tr>
<tr>
<td>Broiler chicks</td>
<td>544,320</td>
<td>2,177,280</td>
</tr>
<tr>
<td>Clutch eggs of laying strain</td>
<td>1,242,000</td>
<td>4,968,000</td>
</tr>
<tr>
<td>Broiler eggs of flesh strain</td>
<td>2,484,000</td>
<td>9,936,000</td>
</tr>
</tbody>
</table>

Results

Total cost: 15.14 million USD 2022-2026
NPV ~7.9 million USD
IRR 18%

Benefits USD

Year 0: (20,000,000)
Year 1: (10,000,000)
Year 2: (5,000,000)
Year 3: (10,000,000)
Year 4: (10,000,000)
Year 5: (15,000,000)
Opportunity 4: Hydro agricultural development


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).

Irrigable potential of the basins: 870,198 ha

Interventions

- Irrigation schemes on 2,942 ha in all basins
- Exploitation in food crop perimeters, food polyculture, seed production, fruit tree growing.
- Infrastructure, equipment and inputs
- Training of farmers in improved farming techniques
Opportunity 4: Hydro agricultural development

Results

• Development of **13 agropoles** for food polyculture, seed multiplication, market gardening, orchards, nursery
• **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: **185,373 hbts**
- Direct and indirect permanent jobs: ~**5,740**
- Producers trained: **2,927**

Investment

**42 million USD** for first 5-year phase
Investment gap: **34 million USD**
NPV: ~ **21.5 million USD**
IRR: **14%**
<table>
<thead>
<tr>
<th>Risks</th>
<th>Mitigation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Negative effects of climate change</td>
<td>• Establishment of irrigation systems</td>
</tr>
<tr>
<td>• Weak internal financing.</td>
<td>• Public private partnerships for input supply</td>
</tr>
<tr>
<td>• Breaks in funding as amounts are significant.</td>
<td>• Investments in technology (improved seeds, R&amp;D) to lower production costs</td>
</tr>
<tr>
<td>• Shortage of ingredients to the manufacture of livestock feed</td>
<td>• Contracting with each beneficiary</td>
</tr>
<tr>
<td>• Non-compliance with commitments made by stakeholders</td>
<td>• Use budgetary &amp; tax measures to encourage private investment</td>
</tr>
<tr>
<td>• Weak appropriation of the project by the beneficiaries</td>
<td>• Leaning on the HiH dashboard to design robust monitoring systems</td>
</tr>
</tbody>
</table>
# Congo Investment Plan

## Key Investments

<table>
<thead>
<tr>
<th>Intervention</th>
<th>Cost (USD)</th>
<th>IRR (%)</th>
<th>VPN</th>
<th>Direct beneficiaries</th>
<th>Indirect beneficiaries</th>
<th>Income increase per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bread-making Cassava flour</td>
<td>US$18.2M</td>
<td>9%</td>
<td>$3,044,542</td>
<td>2,800</td>
<td>8,400</td>
<td>1,087 USD</td>
</tr>
<tr>
<td>2. Soy and Maize production</td>
<td>US$183.5M</td>
<td>7%</td>
<td>$21,523,199</td>
<td>43,600</td>
<td>184,000</td>
<td>493 USD</td>
</tr>
<tr>
<td>3. Development of poultry farming</td>
<td>US$15.1M</td>
<td>18%</td>
<td>$7,852,115</td>
<td>3,224</td>
<td>9,600</td>
<td>2,435 USD</td>
</tr>
<tr>
<td>4. Hydro Agricultural Development</td>
<td>US$44M</td>
<td>14%</td>
<td>$21,505,532</td>
<td>8,151</td>
<td>185,373</td>
<td>2,638 USD</td>
</tr>
</tbody>
</table>

## Summary

- **Total Investment**: US$260.8M
- **Investment Gap**: US$245.8M
- **Overall Average IRR**: 10%
- **Beneficiaries**: 57,775
- **Indirect beneficiaries**: 387,373
- **Income Increase Per Capita**: $933 USD