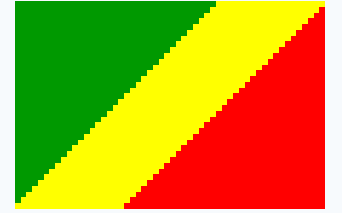


The Republic of the Congo

Hand in Hand Investment Forum

17-20 October, Rome, Italy





Content

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- 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)

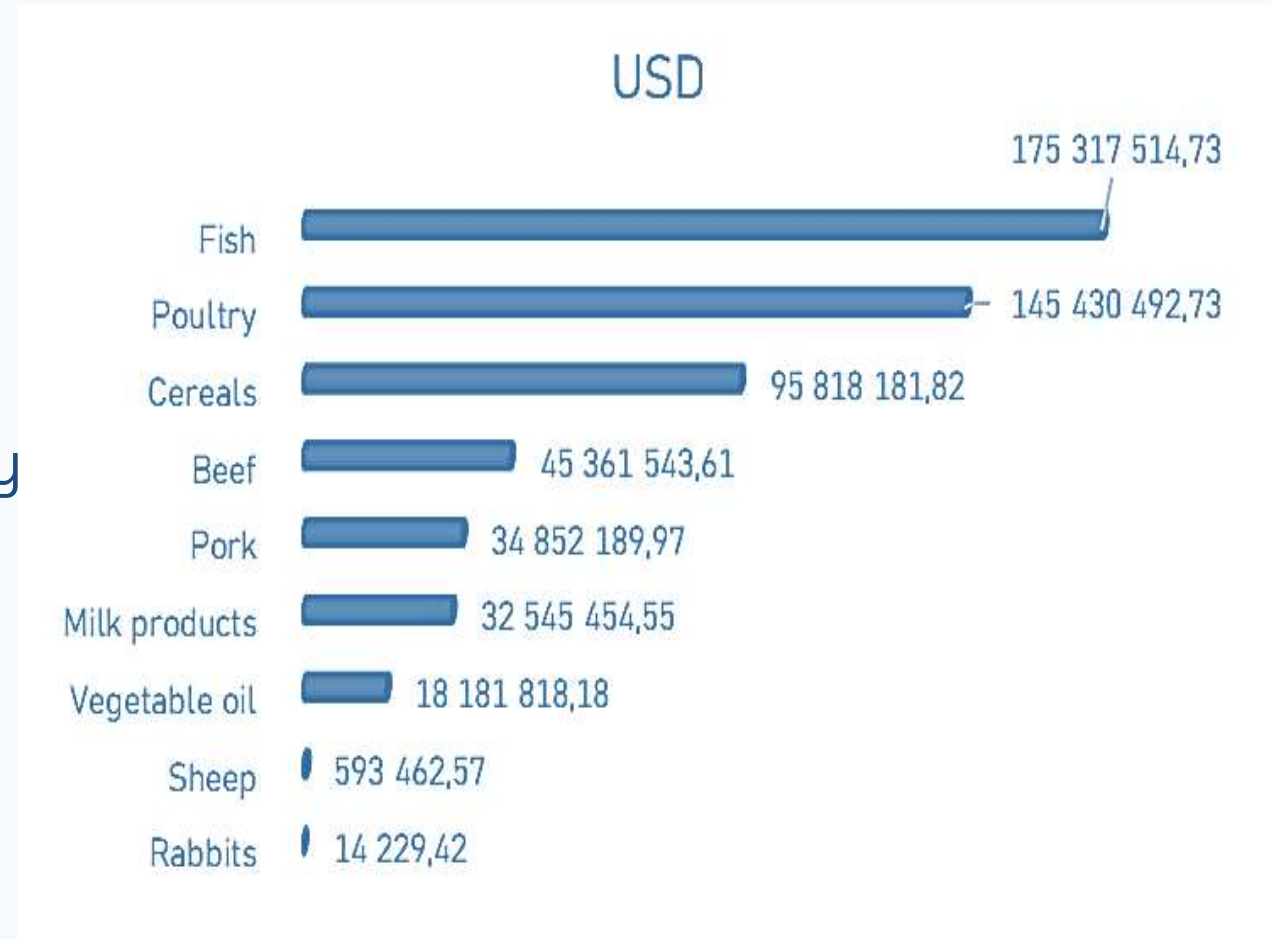
below the **5.7%** growth 2012-2014.

Food imports reached **\$2.1 billion** in 2020 (**40%** of total imports)



- Dependence on food imports, representing **~25%** of merchandise imports, 2nd 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



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.

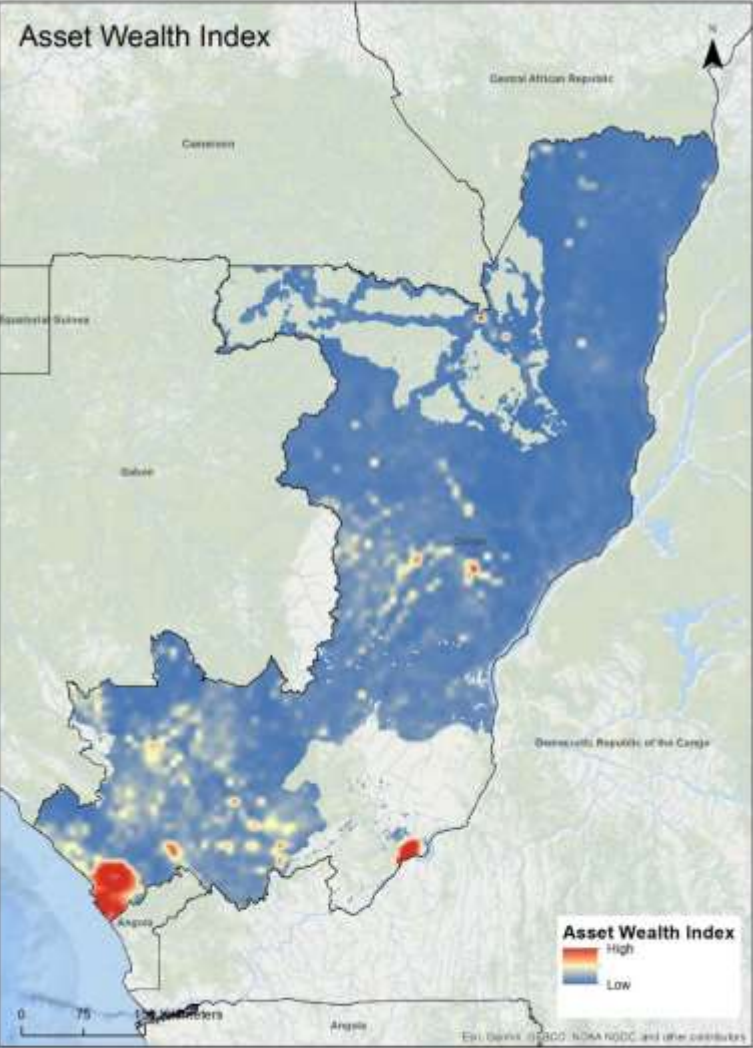
Aggregation around **value chains** and emergence of large business players.

Organization of producers around large industrial operators (contractualization of commercial relations).

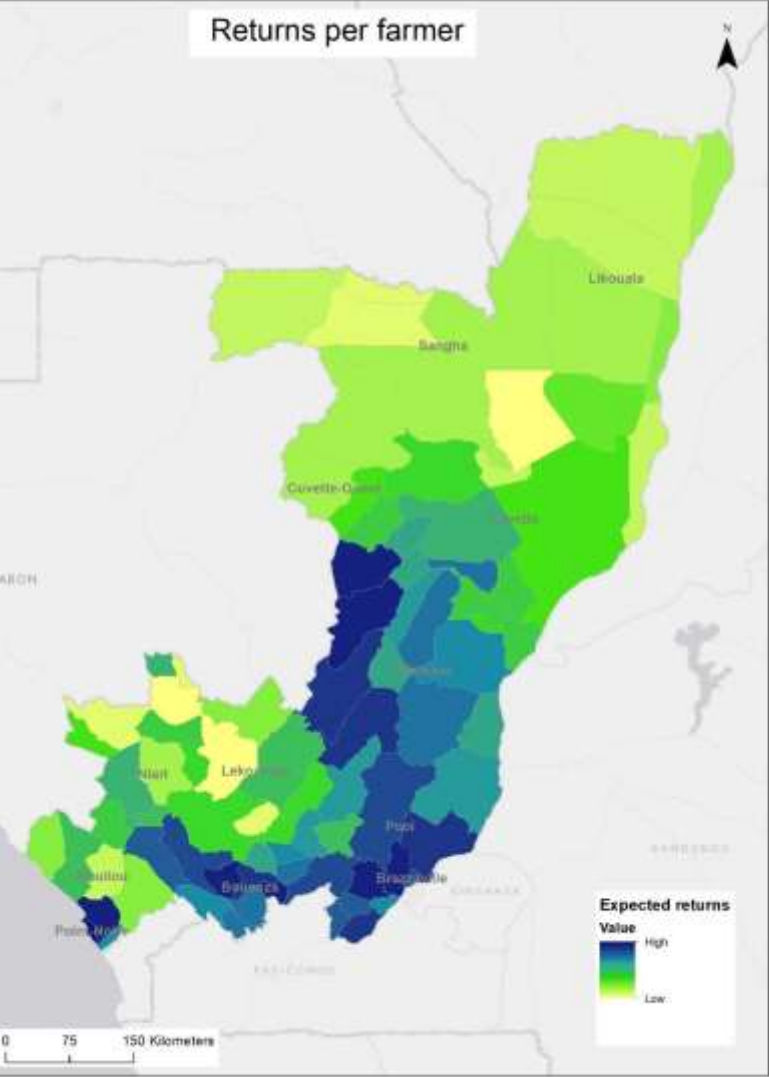
Increase in **agricultural production**: boost producers' yields, thanks to access to resources such as water, quality seed, fertilizers, mechanization

Contribute to the **local economic development**, by the creation of formalized production units.

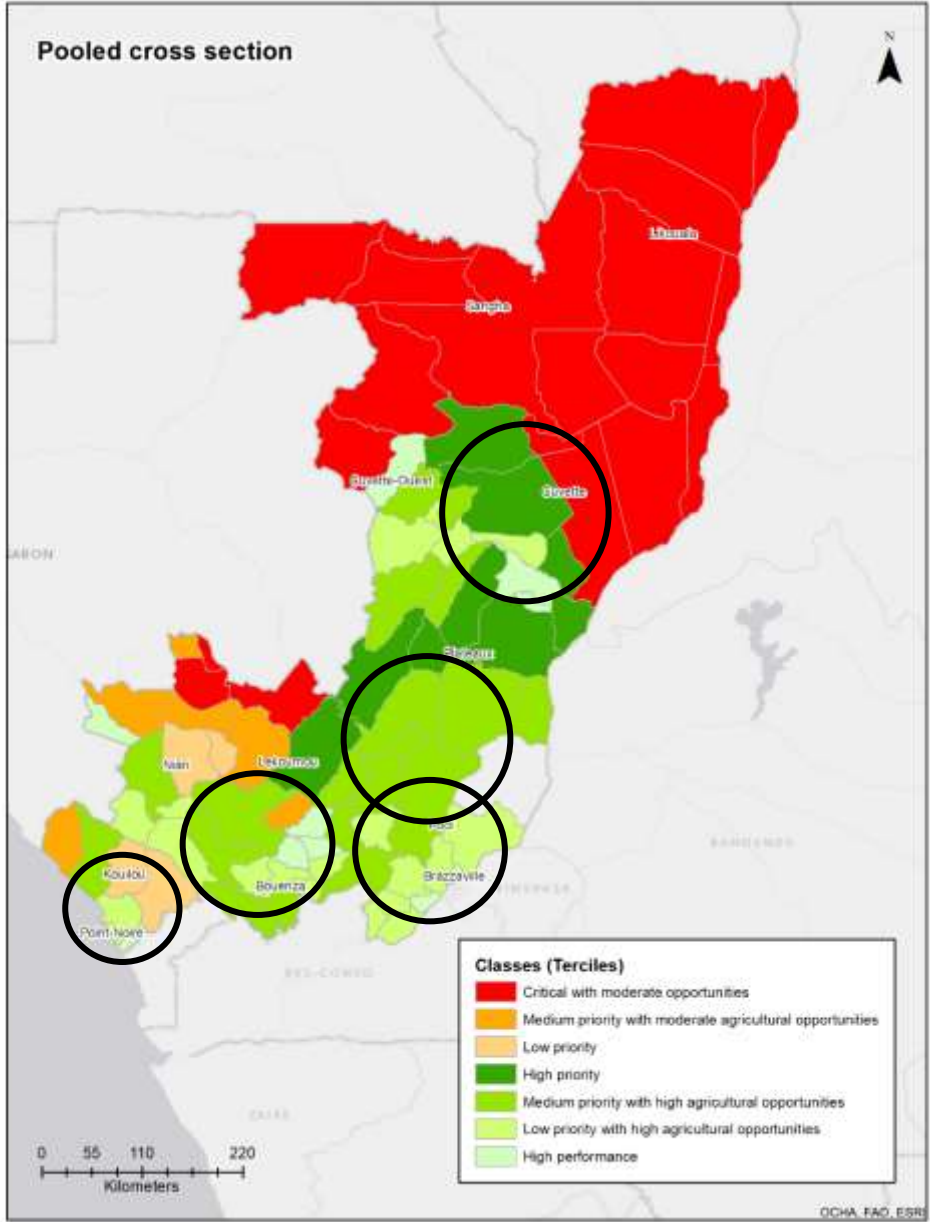
High agricultural potential in different areas around the country



Sources: Atlas AI 2020



Source: UEGS MCD(201)



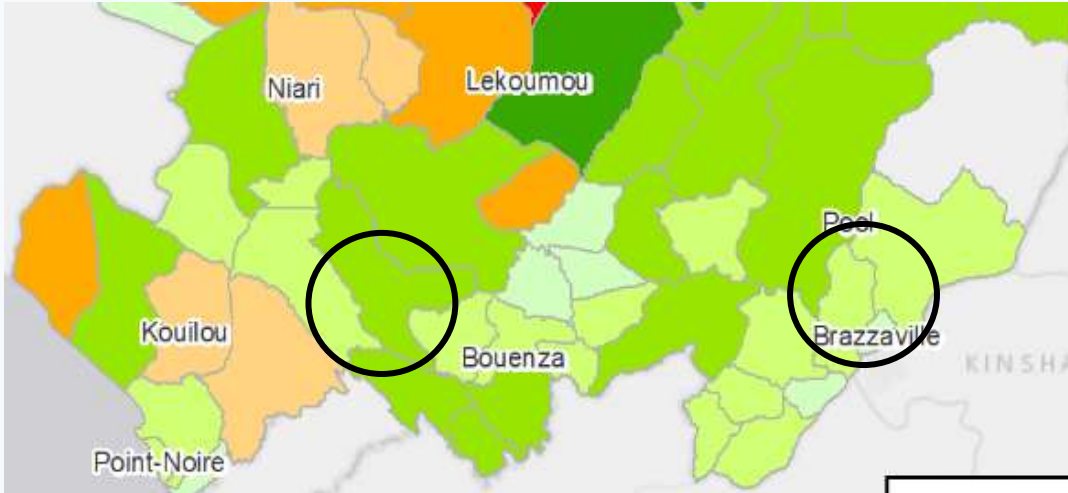
OCHA, FAO, ESRI

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 hihi
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-congolese 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).

Areas of intervention

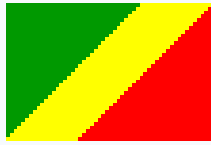
North of Brazzaville, within a very large production basin.

Loudima, in the department of Bouenza, within another cassava production area that serves Pointe Noire city.

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).



The new Kombe and Loudima Cassava processing plants Sino-Congolese 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.

Beneficiaries

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

Indirect Beneficiaries: **21,000** people

Investment

Total investment 2022-2026

18.2 million USD

NPV \$ 6.65 million USD

IRR 33.1%

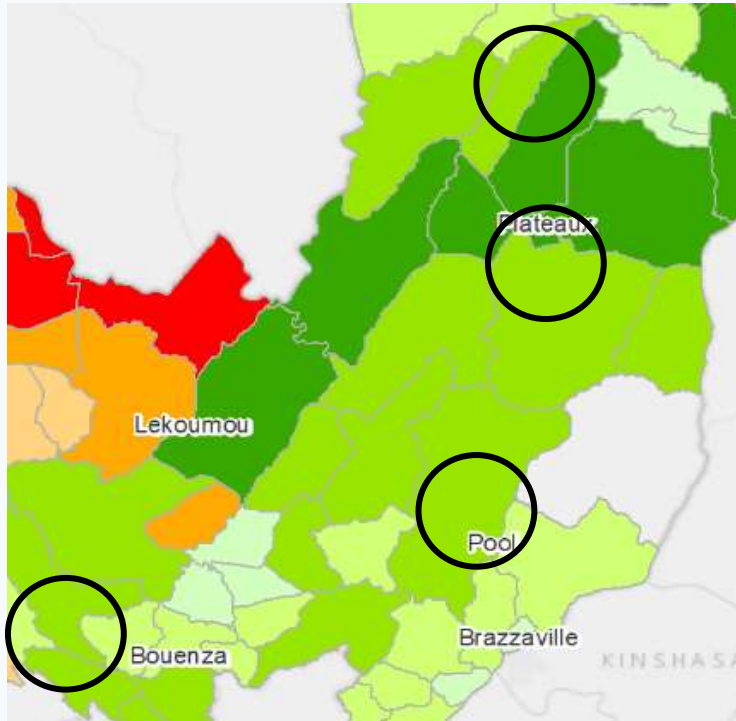
Risks

- ✓ 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, Igné, 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.

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

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**.

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.

Beneficiaries

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

Investment

Eggs

Cost: ~ 15 million USD

NPV ~ 8.59 million USD

IRR 20.4%

Broiler

Cost: ~1.6 million USD

NPV ~27 thousand USD

IRR 11%

Risks

- ✓ Shortage of ingredients to the manufacture of livestock feed

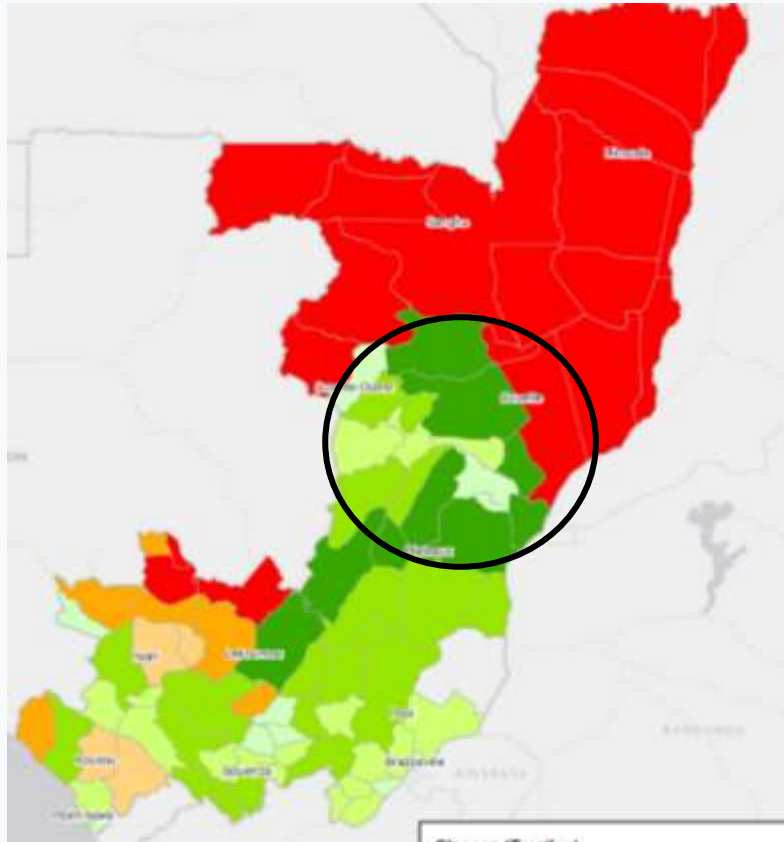
Mitigation strategies

- ✓ 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



Cuvette department: Alima Basin, Likouala-Mossaka Basin, Congo River Basin, Kouyou Basin, Mambili Basin, Ngolo Basin.

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%



SUMMARY

262.4M
Total Investment

217.4M
Investment Gap

20.4%
Overall Average IRR

121,136
Beneficiaries

847,952
Indirect
beneficiaries

\$ 499.25 USD
Income Increase
Per Capita

418,848MT
CO₂e

KEY INVESTMENTS

1

Intervention

Bread-making Cassava flour production

Cost (USD)
US\$18.2M

IRR (%)
33.1%

NPV
\$ 6.65 million

Sustainability Benefits

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)
US\$183.5M

IRR (%)
11.7%

NPV
\$ 414.9 million

Sustainability Benefits

Direct beneficiaries: 101,400
Indirect beneficiaries: 709,800
Income increase per capita: 637 USD
CO₂eq-emission: 389,953 t

3

Intervention

Development of poultry farming

Cost (USD)
US\$16.6M

Eggs	Broilers
IRR (%)	IRR (%)
20.4%	11.1%

NPV	NPV
\$ 8.59 million	\$ 26,750

Sustainability Benefits

Direct beneficiaries: 4,325
Indirect beneficiaries: 30,275
Income increase per capita: 208 USD
CO₂eq-emission: 18,738 t

4

Intervention

Climate smart irrigation Development

Cost (USD)
US\$44M

IRR (%)
13.7%

NPV
\$ 7.76 million

Sustainability Benefits

Direct beneficiaries: 12,411
Indirect Beneficiaries: 86,877
Income increase per capita: 952 USD
CO₂eq-emission: 494 t