



Food and Agriculture Organization
of the United Nations



Hand-in-Hand
Initiative

Investment Forum | Rome, Italy | 18-19 October 2022



The Republic of the Congo
for Investment Forum

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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%** from GDP in **2021** and **7.5%** of agricultural sector)
- vulnerability to shocks



- **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

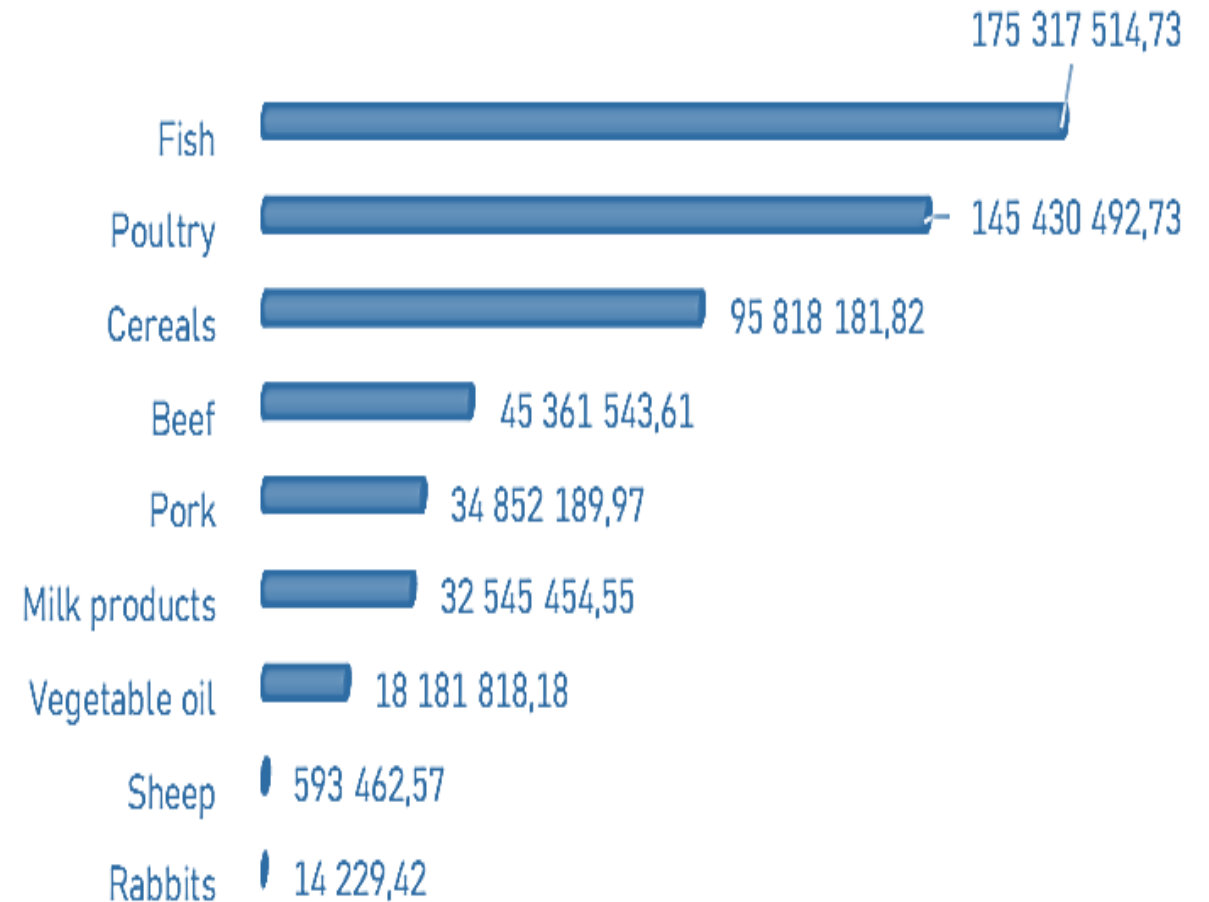


- Weak Annual Agricultural sector growth (**1.6%** between 2018 and 2020)
- below the **5.7%** growth 2012-2014.

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/inhabitant/year**

Main imports USD



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

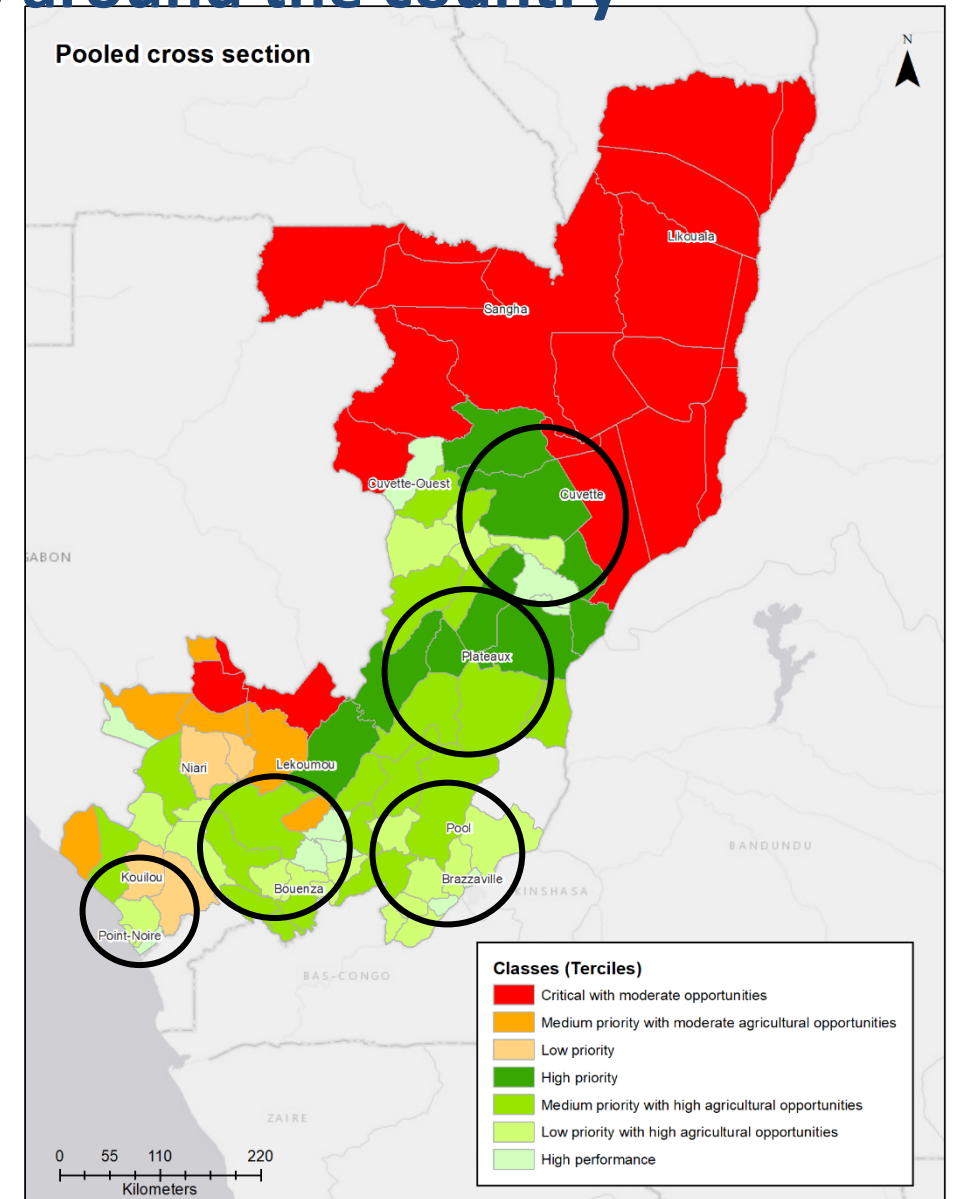
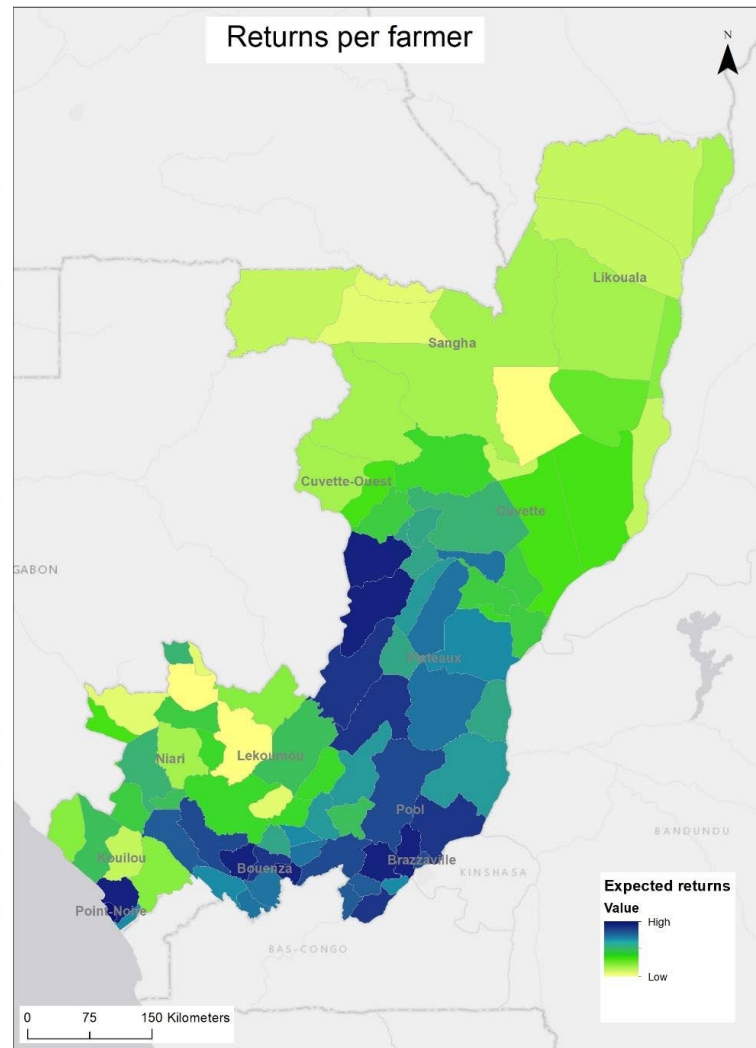
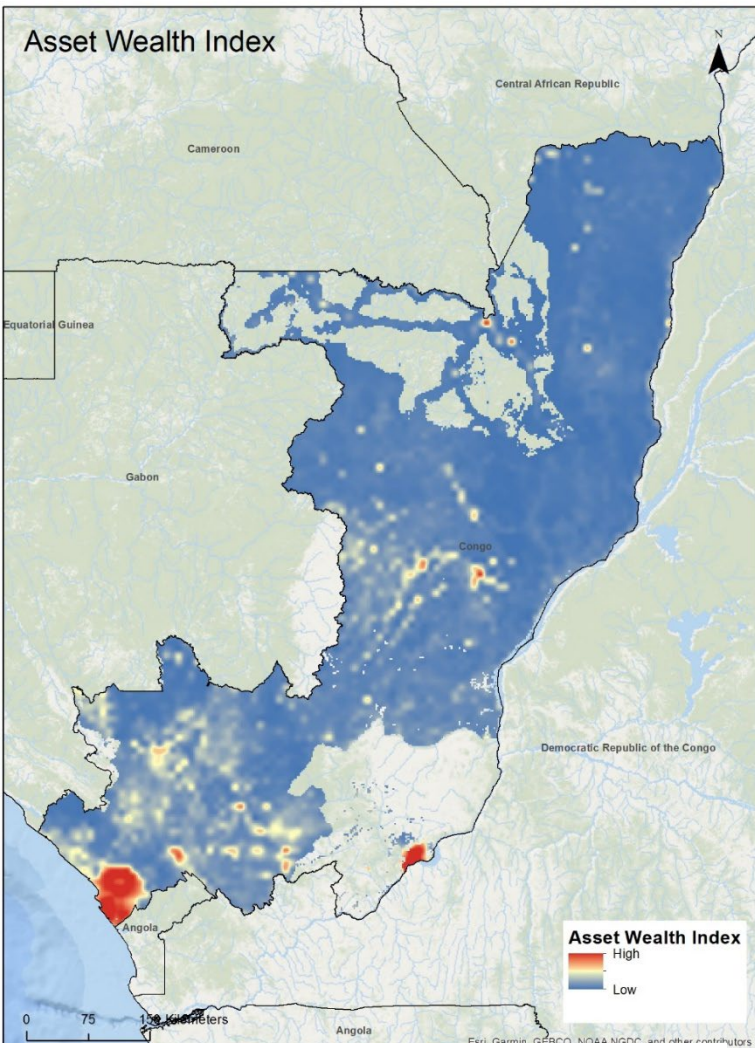
Temporary plan: The resilience plan on the food crisis 2022-2023 responds to the global food crisis and limitation in food imports.

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.

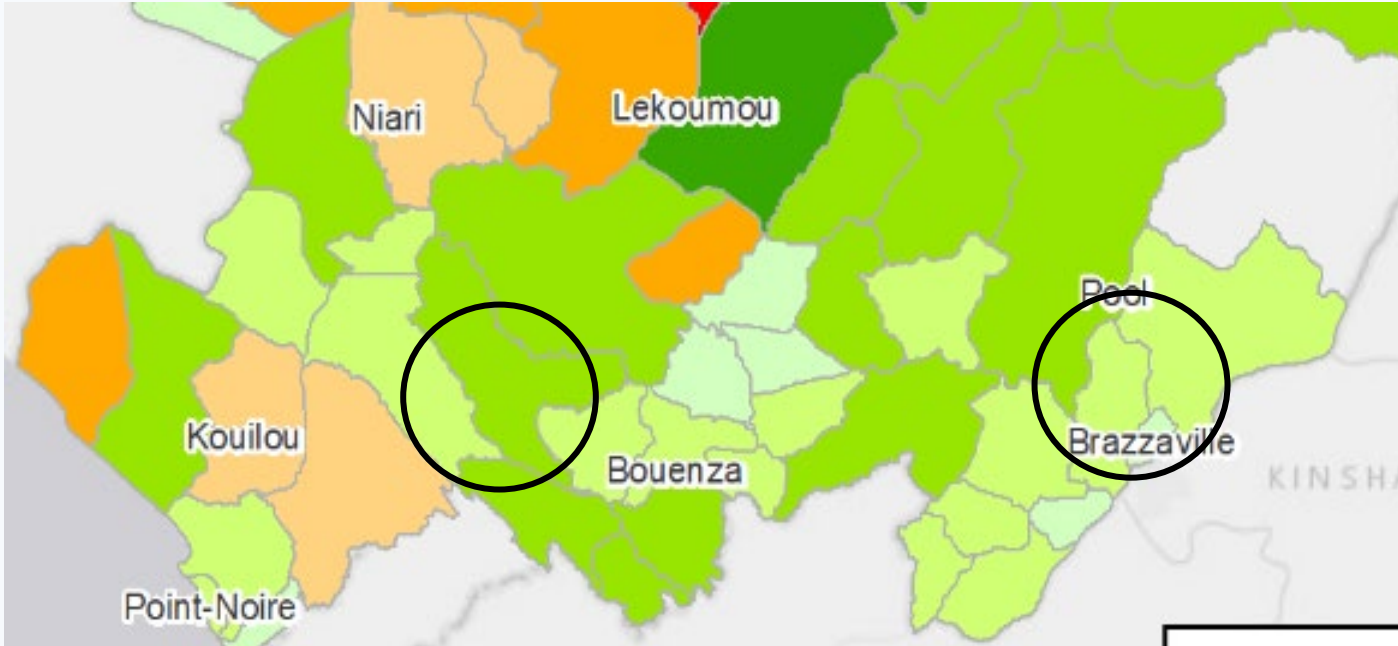
High agricultural potential in different areas around the country



Source: Hand-in-Hand analysis team

Source: USGS MCD12Q1

Opportunity 1: Cassava flour production



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.

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.

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

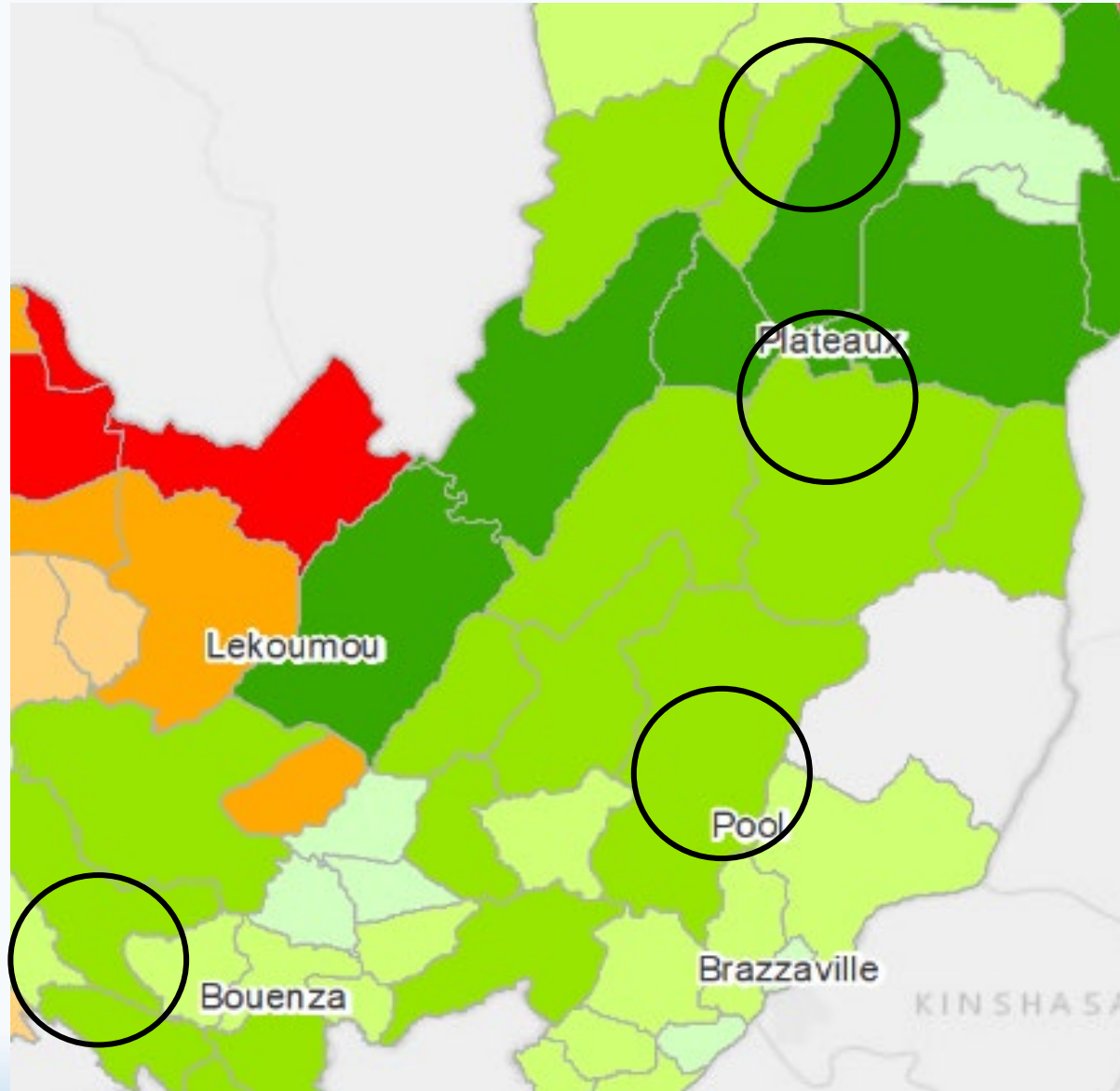
NPV \$ 3.04 million USD

IRR 9%

Benefits USD



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

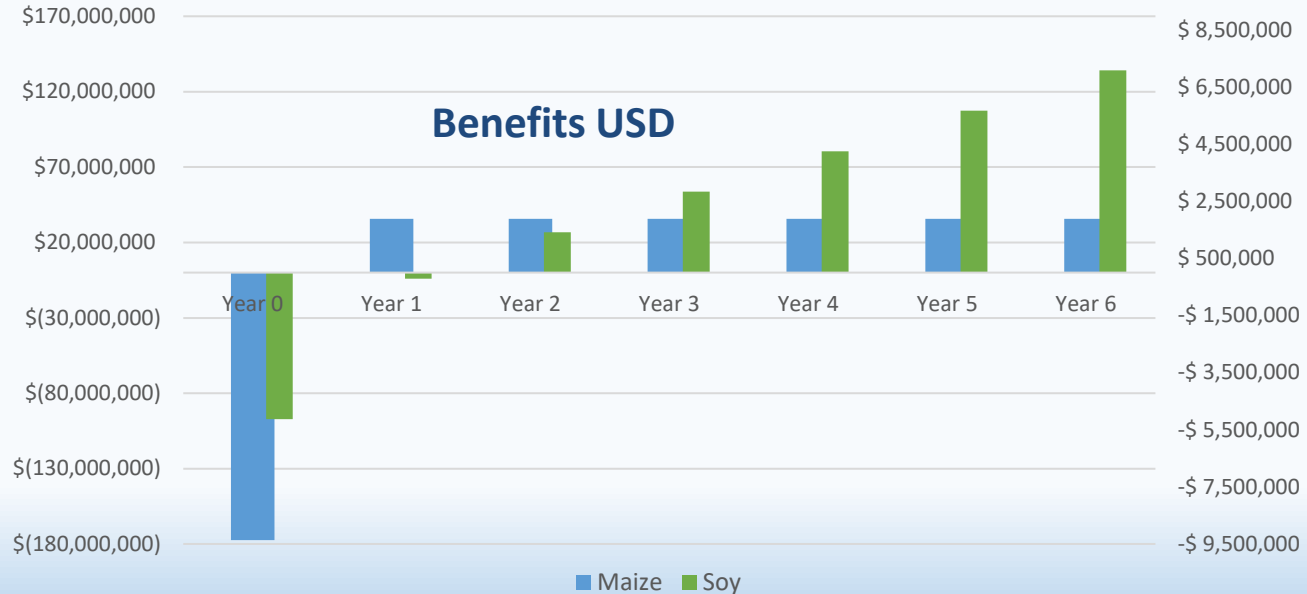
Total investment: **182.5 Million USD**

NPV ~\$21.5 Million USD

IRR 7%

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

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



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.

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 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**
- ✓ 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

Beneficiaries

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

Results

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

	2023	2026
Nesting chicks	272,160	1,088,640
Broiler chicks	544,320	2,177,280
Clutch eggs of laying strain	1,242,000	4,968,000
Broiler eggs of flesh strain	2,484,000	9,936,000

Investment

Total cost: 15.14 million USD 2022-2026

NPV ~7.9 million USD

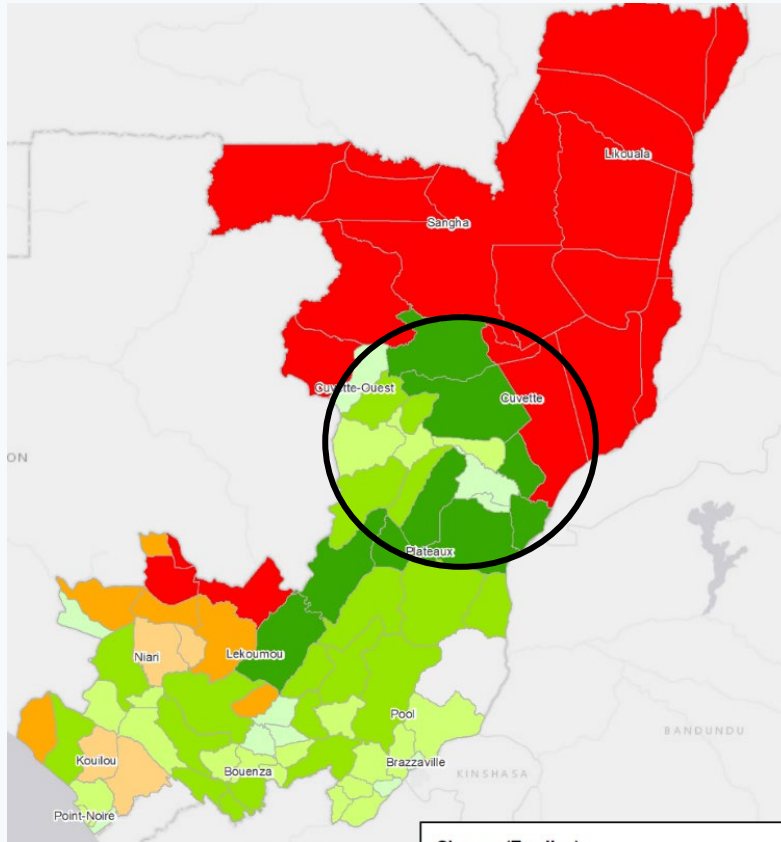
IRR 18%

Benefits USD



Opportunity 4: Hydro agricultural 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).

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%

Risks and mitigation strategies

Risks

- Negative effects of climate change
- Weak internal financing.
- Breaks in funding as amounts are significant.
- Shortage of ingredients to the manufacture of livestock feed
- Non-compliance with commitments made by stakeholders
- Weak appropriation of the project by the beneficiaries

Mitigation measures

- Establishment of irrigation systems
- Public private partnerships for input supply
- Investments in technology (improved seeds, R&D) to lower production costs
- Contracting with each beneficiary
- Use budgetary & tax measures to encourage private investment
- Leaning on the HiH dashboard to design robust monitoring systems



CONGO INVESTMENT PLAN



Food and Agriculture Organization
of the United Nations

SUMMARY

260.8M
Total Investment

245.8M
Investment Gap

10%
Overall Average IRR

57,775
Beneficiaries

387,373
Indirect beneficiaries

\$ 933 USD
Income Increase
Per Capita

KEY INVESTMENTS

1

Intervention

Bread-making Cassava flour production

Cost (USD)
US\$18.2M

IRR (%)
9%

VPN
\$ 3,044,542

Sustainability Benefits

Direct beneficiaries: 2,800

Indirect Beneficiaries:
8,400

Income increase per
capita: 1,087 USD

2

Intervention

Soy and Maize production

Cost (USD)
US\$183.5M

IRR (%)
7%

VPN
\$ 21,523,199

Sustainability Benefits

Direct beneficiaries: 43,600

Indirect beneficiaries:
184,000

Income increase per capita:
493 USD

3

Intervention

Development of poultry farming

Cost (USD)
US\$15.1M

IRR (%)
18%

VPN
\$ 7,852,115

Sustainability Benefits

Direct beneficiaries: 3,224

Indirect beneficiaries: 9,600

Income increase per capita:
2,435 USD

4

Intervention

Hydro Agricultural Development

Cost (USD)
US\$44M

IRR (%)
14%

VPN
\$ 21,505,532

Sustainability Benefits

Direct beneficiaries: 8,151

Indirect Beneficiaries: 185,373

Income increase per capita:
2,638 USD