

Republic of Congo

www.infocusreports.com

Partner of the Future

Green initiatives, economic openness, and sub-regional development: The President of the Republic of Congo presents what is at stake.

Mr. President, how is the Congolese economy evolving with regards to the global turmoil still affecting developed countries?

The economic turmoil that has deeply affected most of the Northern and Southern economies has created financial and budgetary uncertainties. However, this belongs to the past for us.

Congo was hit badly by the rise in food prices and the price drop regarding our main export products. To rectify the situation, we undertook a series of initiatives that enabled us to reduce the consequences of the inflation. The activity increase in several sectors of our economy shows that tremendous efforts have been made. According to IMF forecasts, Congo should see a 7.5 percent growth in 2012, following an 8 percent growth in 2011. However, our own analysis of today's conjuncture points toward a 10 percent growth in GDP.

We hope our ongoing modernization and industrialization projects will, among other things, help fill the gap in terms of basic infrastructure and will contribute to supporting various crucial and growing sectors, such as the agro-industrial one.

tries (HIPC) Initiative. The consequence of this has been the cancellation of a large part of our external debt that constituted a bottleneck to the development of our economy.

However, the biggest weakness of our economy, as we know it, is the fact it relies essentially on oil. This resource represents 90 percent of the country's exports and 85 percent of the national revenues.

Prudence recommends not putting all our eggs in the same basket - in this case, oil - and diversifying our economy, particularly in the crucial sectors, such as agriculture, mining, and services, to name a few.

To support this idea, we have launched the Project to Support the Diversification of the Congolese Economy (PADE), which aims to promote private sector growth and encourage investment in the sectors not related to oil.

During the second half of 2012, we will inaugurate 16 new industries currently under construction. We plan to build cement industries in the cities of Pointe Noire, Dolisie, Madingou and Mindouli, and ceramic and aluminum industries in Makoua and Brazzaville respectively. We also plan to intensify the

economic growth. Important measures have been invested in this sector as our country enjoys enormous agropastoral potential.

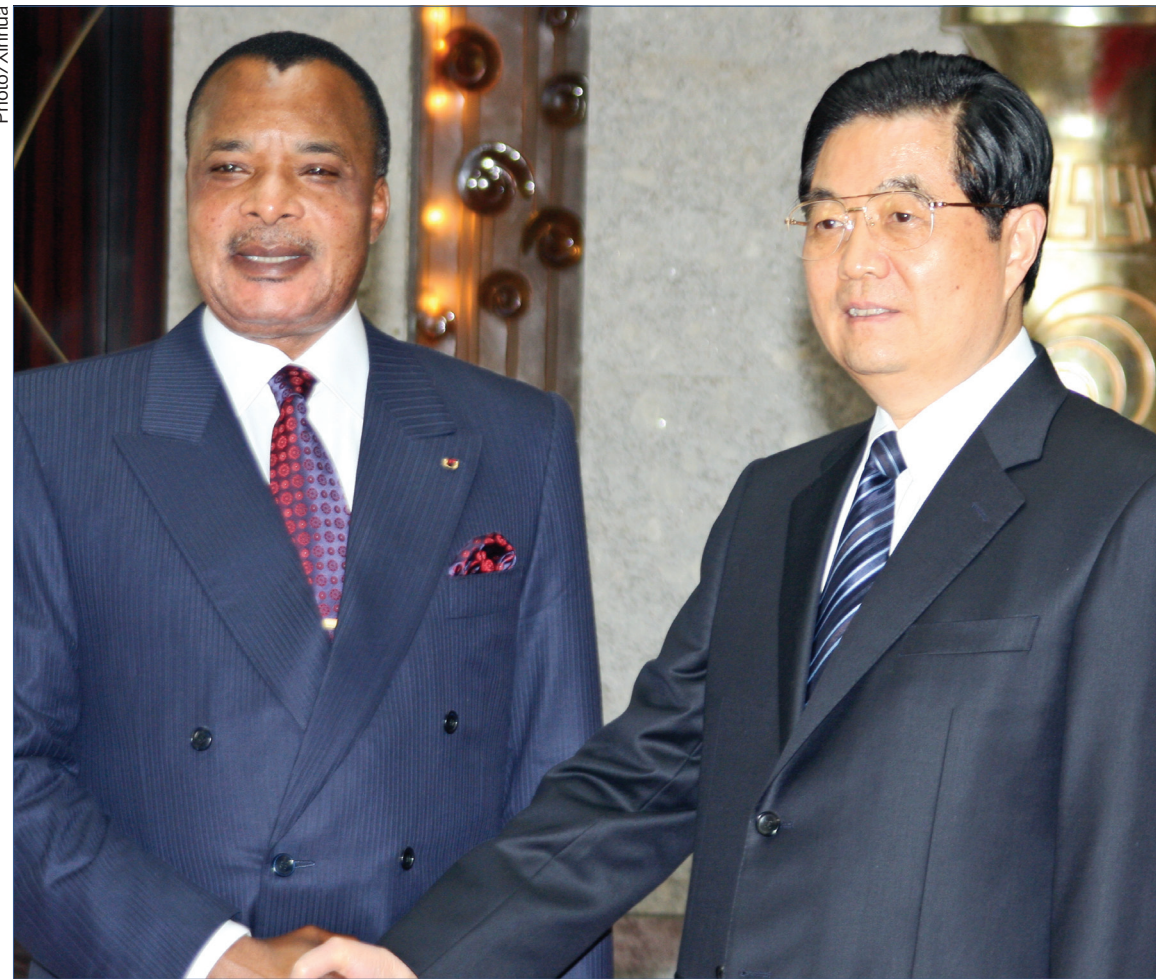
Is this the realization of your society program, Mr. President?

The "Path of the Future" program aims to improve the living conditions of our citizens who continue to trust our work and has been massively embraced by our people. With the priorities visible to all, we are committed to making this a reality.

How do you expect to realize the two main axes of this program: the modernization and industrialization of the country?

Industrialization is the cross-sectorial activity that will benefit all the domains of our economy. This is precisely why it is the first pillar of the "Path of the Future" program. It is the dawn of industrialization but it represents many hopes for sustainable growth capable of supporting the country's development.

Next to the reinforcement of existing activities, like the cement and wood industries, other major projects have been envisaged with the help of our partners. This includes



Chinese President Hu Jintao (R) & Republic of Congo President Denis Sassou N'Guesso in Shanghai, April 29, 2010.

geographic location is one of our strongest assets. It is important to underline the efforts we have made in recent years to develop the basic infrastructure that plays a crucial role in the country's development. To realize this ambition, Congo has become a giant construction site where the roads, bridges, airports, railways, waterways and electricity network are being built or renovated.

When it comes to the road network, the RN1, linking Pointe Noire on the coast to Brazzaville, inland, illustrates our efforts well. It shows how determined we are to become a regional hub that will actively participate in sub-regional integration.

Massive investment has been allocated to these sub-regional roads; many are either under construction, like the one linking Gabon's border to Congo (Okoyo-Lekety road) or about to start works, like the one connecting Cameroon to Congo (the Ketta-Sangmelima road).

How will you preserve the environment while developing the economy?

It is imperative we tap our resources responsibly, just enough to answer our basic needs, to let it regenerate. For this reason, we have identified protected or controlled zones within the inhabited areas. Deposits taken must be supported by economic ini-

tiatives that benefit the population.

We have also launched a reforestation program that will replant trees on one million hectare over the next ten years. Congo hosts 23 million hectares of primary forests.

The goal is to add value to 10 million hectares of savannah through reforestation and thus spread our national forestry area, and contribute to the international efforts to fight against global warming.

I would like to convey my utmost gratitude to all for the wonderful surge of solidarity."

DENIS SASSOU N'GUESSO
PRESIDENT OF CONGO

Do you think China brings real value to Congo's development?

Congo and China have maintained a historical friendship for more than 50 years now. It is a friendly, supportive, cooperative relationship with mutual benefits. China's presence here can be seen

through its many constructions and achievements. It is an exemplary partnership, fruitful and dynamic.

Beyond all these efforts, are there reasons to believe in the country's emergence when it has shown some weaknesses related to the drama of the 4th of March?

Before I answer your question, I would like to convey my utmost gratitude on my behalf and on behalf of the Congolese people, to all the governments and people around the world, to all the charities, associations, sub-regional, regional and international institutions, as well as all the women and men for the wonderful surge of solidarity shown during and after this drama.

As for your question, history teaches us that turmoil, dramas, and disasters often herald the gestation of human genius. Indeed, the days following these most painful and tragic moments often inspire more fervor, more awareness, a more fertile imagination, and as a consequence paves the way to progress.

I can assure you the Congolese people will be no exception. They will find the resources needed for this inevitable new start. We are standing and ready to face the future.

China's presence here can be seen through its many constructions and achievements. It is an exemplary partnership, fruitful and dynamic."

DENIS SASSOU N'GUESSO
PRESIDENT OF CONGO

Can we glean from this that Congo's economic outlook is good?

Absolutely. The markers are extremely positive. The Republic of Congo has shown very promising macroeconomic perspectives for the past two years and even for 2012. The growth rate should naturally reach the 10 percent mark, thanks to the start of production of new industries in the industrial zone of Brazzaville, the increasing FDI and the growth in domestic demand.

This is the result of many years of effort. We have launched structural reforms at all levels and proceeded to streamline our public finances. Efforts have also been made by our people. This synergy has made possible the country's access, in 2010, to the Heavily Indebted Poor Coun-

massive construction works related to the exploitation of iron ore deposits in Zanaga.

Several years ago, Congo adopted a mining code that favors foreign and national investors. Prospects are very promising in that sector.

How will the creation of special economic zones create additional value to these efforts?

We want to encourage sustainable growth. This is the reason behind the installation of four special economic zones: in Pointe Noire, Brazzaville, Ollombo-Oyo and Ouesso. Things are moving steadily with regards to these sites.

The creation of agricultural villages is another initiative that, once started, will reinforce Congo's eco-

promotion of fishing industrial products from the lower zone of Alima; the development of palm oil and rubber industries in Sangha, la Cuvette, the western Cuvette, Lekoumou and Kouilou; the implementation of an agro-industrial complex of 12,000 hectares dedicated to cassava production and the construction of a flour processing factory, with a total production capacity of 33 tons of fermented and bread-making flours; and the implementation of an industrial complex on the shore of the Congo River, at Makoulou Trevot, that will specialize in the production of building materials, such as galvanized sheet metal, orange tubes, PVC pipes and other products.

Our ambition is to make Congo a transit hub for the sub-region as our

Congo launches major reforestation program

Rural communities encouraged in sustainable development with small-scale industry.

With more than two-thirds of Congo's landmass taken up by forest, lumber (timber) and plywood are Congo's biggest foreign exchange earners after oil. However, years of deforestation have taken their toll.

In November 2011, President Denis Sassou N'Guesso launched a major reforestation program, known as PRONAR, in a concerted effort to improve Congo's forest environment and soil quality. Financed by both the government and the private sector, the program will see the resurrection of more than a million hectares of forest over the next decade.

As well as contributing to the country's industrialization, the scheme will create more than

50,000 rural jobs.

Congo's woodlands account for a tenth of the forests in the Congo Basin, an area that has been described by the World Wildlife Fund as one of the most important wilderness areas left on Earth. Spanning 500 million acres of land and six countries, the Basin is larger than Alaska and houses one quarter of the world's tropical forests and the largest rainforest after the Amazon.

President N'Guesso, a passionate environmentalist, is delighted to have been selected by his African peers to represent the continent at the Rio +20 United Nations conference on sustainable development in June. During an interview last year, he said:

"Africa has always lived in harmony with nature and protecting the environment is at the very heart of our concerns. Congo is a member of the African Committee for Climate Change, which is represented by chiefs of state under the Ethiopian patronage.

"The African Union summit [held in January 2012 in Addis Ababa] has given me the chance to harmonize the different positions expressed by the African states and ensure a fair and efficient participation to all the negotiations about the green economy and the international measures for the environment.

"I am confident our voice will be heard by the greatest amount of people at the Rio Summit."

The launch of the PRONAR program is essential for the country's sustainable development, the President later stated.

"We want to increase our national forest territory, while also valuing the 10 million hectares of savannah. This initiative is part of our plan to develop carbon sequestration [the removal of carbon from the atmosphere.] The sustainable management of our forests and this reforestation program represent a significant contribution from our country to the global warming issue.

"More than a billion people depend on the forest to live," he added. "It is an impressive figure and it is an important one to remember. Our mission is to help those people in the protected zones use the natural resources in a sustainable and respectful way. We also have to develop breeding, agriculture, education and health services next to the safeguarding of the forest resources."

Around 1.2 billion XAF (Central African Francs), equivalent to \$2.4 million, has been committed to the program and the President has called upon the financial support of public or private partners to help implement large-scale industrial plantations, as well as banks and sleeping partners, such as the World Bank, the Food and Agriculture Organization, the Central

large scale industrial companies is also being sought. One of PRONAR's main objectives is to help small companies participate to a sustainable and responsible forest industry while providing for their village. As the President said: "We are calling on the communities affected, through NGOs, religious groups

It is a unique situation here in the heart of the Congo Basin. We have extraordinary flora, fauna and biodiversity."

DENIS SASSOU N'GUESSO
PRESIDENT OF CONGO

African Development Bank and the African Development Bank, to finance feasibility studies and projects submitted by government; and donations from bilateral or multilateral agreements.

Technical support from various organizations, research centers and

and associations, as well as local government officials, to organize the programs falling under their jurisdiction."

He concludes: "It is unique situation here in the heart of the Congo Basin. We have extraordinary flora, fauna and biodiversity."



The SNPC office in Brazzaville.



Port at Pointe Noire: One of the exit points for Congo's oil and gas exports.

SNPC plans more exploration campaigns



Congo's state energy company seeks partners in expansion and diversification drive.

Congo's industrial production grew by some 12 percent last year. For a country preparing for exponential growth across the board, and looking to become ever more competitive on a regional and global level, it is the energy sector that offers the largest opportunities—and the greatest need—for investment.

Partners are certainly needed to help grow the oil and gas sector, and there are also opportunities in terms of building the energy infrastructure that will help connect industries, homes and public structures to an affordable and reliable electricity supply.

Oil has taken over forestry as the driver of the Congolese economy, providing a major share of government revenues and exports.

In the early 1980s, the exponential growth in oil revenues allowed the government to finance large-scale development projects with gross domestic product (GDP) growth averaging 5 percent per year, one of



Jérôme Koko, DG, SNPC

percent of Congo's GDP and most of the country's exports—it sends out the equivalent of 211,800 bbl/day and consumes the rest.

President N'Guesso is keen to harness this wealth to grow and diversify the economy and make Congo self-sufficient in energy.

The fifth-largest oil producer in sub-Saharan Africa, Congo produced an average of 302,200 barrels of oil per day in 2010, an increase of 8.1 percent from its 2009 yield. In 2011, production grew by a further 7.4 percent.

According to the 2011 BP Statistical Energy Survey, the country had proven reserves of 1.94 billion barrels at the end of 2010, equivalent to 18.2 years at current production rates, and 0.14 percent of the world's reserves. It also has the fourth-largest proven natural gas reserves in sub-Saharan Africa.

Latest industry figures from African Economic Outlook—an organization which combines the expertise of the African Development Bank, the OECD Development Center, the United Nations Economic Commission for Africa, the United Nations Development Program and a network of African think tanks and research centers—predict the country will supply 2.57 percent of the oil the region by 2015.

Although dwarfed by Nigeria and Angola in production terms, there is

no doubt oil will be driving Congo's medium-term growth.

In recent years, China has become Congo's biggest customer, importing huge amounts of its Djéno Blend quality crude a year. There are a host of exploration companies, including Italy's national oil group ENI, making indents into the tar sands of the Tchikatanga and Tchikatanga-Makola areas situated 70 km from the deep seaport city of Pointe Noire in the search for more.

On the home front, things have been moving more slowly.

The state-owned Congolaise de Raffinage (Coraf) refinery, which produces the lighter Nkossa oil, recorded a drop in production of 16.4 percent, due to the low impact of crude oil prices on a global scale to prices at the pump.

Sales rose by 6.5 percent last year, however, and Coraf is expected to extend its coverage on the domestic market where it currently meets 70 percent of demand.

Universal access

In an industrialized world that is placing ever greater demands on the remaining oil and gas products, and where prices continue to rise, Congo's energy officials are in no doubt that greater accessibility to energy resources will generate more political and strategic competition for the country.

The energy sector will bring growth and reduce poverty and for this reason the government is working hard to develop its domestic market.

Created in 1998, state oil company Société Nationale des Pétroles du Congo (SNPC) was tasked with managing the state's assets within the oil sector and the commercialization of Congo's crude.

It has since grown to become an oil company in its own right, due to its participation in exploration and production projects.

Jérôme Koko, director-general of the SNPC, explained the company's

priorities for 2012.

"Since 1998, we have achieved many things. In terms of the commercialization of crude oil, our expertise has improved enormously," he said.

"Our main challenges now are to have better control of the exploration and exploitation operations, to implement new management tools and to set up a true corporate culture through competence and performance and team spirit.

"In the short and medium, we are looking at making the exploitation

knowledge that the SNPC can get from experts within the industry, and secondly, there is the sharing of financial risks.

"We currently produce about 30,000 barrels per month and most of this is made through these partnerships. We collaborate with Chinese companies for oil trading, the upstream oil sector (crude oil) and real estate.

"On the exploration and production side, we have a partnership with the China National Offshore Oil Corporation (CNOOC Group)

onstrate that security and environmental issues are taken very seriously.

"We created a special Hygiene Safety Environment Division, which works specifically to prevent any human and environmental risks that the country could directly or indirectly encounter," he said.

"One of our main objectives is to set up a proper corporate culture through competence and performance. We need to train our employees properly, as they will be the key to our success.



SNPC is a young company, and the petroleum industry is a very specific sector. Our partnerships with international companies based here are very helpful to us."

JÉRÔME KOKO

DIRECTOR-GENERAL, SOCIÉTÉ NATIONALE DES PÉTROLES DU CONGO (SNPC)

Our expertise has improved enormously in terms of the commercialization of crude oil."

JÉRÔME KOKO,
DIRECTOR-GENERAL
SNPC

the highest rates in Africa.

Nowadays, with average growth at 9 percent, the government is concerned with stimulating recovery and reducing poverty. A drop in oil prices during the global crisis reduced oil revenue by around 30 percent, but a subsequent recovery of oil prices has boosted the economy's GDP and medium-term prospects.

The black stuff accounts for 70

and development of the Kundji field effective. We are also planning an exploration campaign for the Mengo and Mayomb permits.

"Downstream, in order to revitalize our distribution network, we are aiming to move the finished oil products closer to the Congolese consumers wherever they are on the national territory."

Congo's strategic location at the heart of Africa makes it attractive to many offshore territories, and the SNPC is making every effort to capitalize on these opportunities.

"We are looking at the lubricants segment, gas distribution and an asphalt project, in order to expand our business," he said. "SNPC is a young company and the petroleum industry is a very specific sector. Our partnerships with the international companies based here are very helpful to us."

Developing partnerships

The SNPC has developed a number of partnerships with both public and private companies, not only to help it develop its own activities, but also to help it develop the oil sector itself.

As Koko explained: "The partnerships have two main benefits for us: first there is the transfer of

for an open sea permit, which is currently at the exploration stage. We are working with the Hong Kong-based Wing Wah Oil Company with regards to the Kayo field.

"Furthermore, a Chinese company built our new headquarters in Brazzaville, and two of our office buildings in Pointe Noire."

Koko is mindful of the need for the sector's sustainable development for future security.

"We are a public company with specific aims. We know diversifying the economy is an important project for the Congolese government and can see the need for the participation of the public authorities into the development of the agricultural sector with the creation of agricultural villages. The government has empowered the industrialization of the agricultural sector, which is a major step forward.

"The President's vision is concerned with preparation of the "after-petroleum" period and in accordance with the eagerness of diversifying the economy. The SNPC, being an economic tool of the government, is naturally in harmony with the government's policy."

Safety and training are key

The energy chief is keen to dem-

increased our training budget for 2012 and beyond, and recently opened a training center in Pointe Noire where we launched our first round of operator training."

The company has also created the SNPC Foundation, which aims to carry out works of general and public interest in the following critical areas:

Health, through the financing or the participation in the financing of public health operations: rehabilitation of the health infrastructure, endowment in materials and medicines in favor of care centers, a prevention campaign against diseases, and medical research.

Education, through the rehabilitation of infrastructure and investment in equipment and stationery, as well as scholarships.

Culture, within the framework of the promotion of sociocultural and sports activities.

Poverty reduction, through the improvement of the living conditions of the population by the participation in humanitarian aids.

Entrepreneurship, through the support of the creation in the development of economic micro-projects and vocational training.

Full steam ahead for Congo's premier trade connection

Handling 90 percent of foreign trade, Port of Pointe Noire is a vital part of Congo's economy.

With a history that dates back to 1939, the autonomous deepwater Port of Pointe Noire is a vital part of Congo's economy, with more than 90 percent of the country's foreign trade passing through it.

Situated 150 km from the mouth of the River Congo in a natural harbour off the Gulf of Guinea, the port is currently undergoing a full renovation of its infrastructure at a cost of a \$1 billion, as part of the government's priority investment program. Funding has been secured from the French Development Agency, the European Invest-

ment Bank, and the Development Bank of Central African States. The French group Bolloré pledged to invest €570 million over 27 years from 2009 becoming the concessionaire of the Congo container terminal.

The funding has been committed so that the Port can become the benchmark deepwater port for Central Africa, acting as both as a major transshipment hub, and as the main port for import and export traffic along the Congo Basin.

It will also open up the principal corridors of the sub region, serving

the Democratic Republic of Congo, the Republic of Central Africa and the north of Angola. Organized into three sites, Pointe Noire's docking infrastructure consists of a commercial port, with among others, the Dock G of 15 meters depth and that should spread on 800 meters long at the end of 2013. This dock will be able to host the biggest ship in the world. The docks can handle traffic of up to 6,8 million tons a year in parallel of the Djéno Oil Port, for crude oil loading.

It also boasts open storage capacity of 66 hectares for the commer-

cial port, among which 22 hectares are dedicated to containers. This capacity should rise to 32 hectares in two years. There is also a cement silo, a wheat silo, wine facilities, storage tanks for hydrocarbons and related products and storage tanks for vegetable oil. As well as piloting and towage, the port offers ship maintenance services.

Private and public partners continue to invest modernization and expansion projects.

The port management is eager for Congo to become a platform for moving goods around the region. In 2011, they welcomed 450,000 containers, they expect 500,000 in 2012 and the objective for 2020 is to receive 1 million containers that will use the road and train network to reach countries like Gabon, Cameroon, DRC, Angola and the

Republic of Central Africa. At the moment, the port has 350 employees, and a further 6,000 working in port-related activities. With the traffic expected to double over the next few years, these numbers will grow.

The aim is to participate in the creation of a dispatching port within the region. Ideally, huge ships from all over the world will arrive in Pointe Noire and the containers will be loaded onto smaller ships to supply other ports, such as Douala or Libreville, ports that don't have the same infrastructural capacity. We are working very hard to make the Port more competitive and efficient," claims the administration.

High Security Measures

The port takes security extremely seriously and works with its part-

ners to improve security measures. Since 2009, the Conseil Congolais des Convoyeurs has implemented the GUMAR: a single maritime counter. The GUMAR system simplifies the administrative process and allows officials to identify goods passing through the port quickly and efficiently, thanks to a sophisticated scanning device.

The computerized system presents many excellent advantages, both for the users and the government: the transit in Pointe Noire becomes more attractive because it takes less time to check goods, costs are lower and there is much less chance of theft.

The system promotes and secures the customs takings, to lay the foundation of e-business and to lift the physical and non-physical barriers to the promotion of trade.

International partnerships building confidence

Congo and its investment partners are making exciting inroads in infrastructure development.

Structurally speaking, Congo has seen many long-envisioned projects become world-class realities, thanks to a willing and cohesive government and the careful management of the General Delegation of Grands Travaux (Grands Travaux)—an entity made up of the boards of the National Congo-Ocean Railway (CFCO), the Autonomous Port of Brazzaville and the Autonomous Port of Pointe Noire.

Headed by Jean Jacques Bouya, Grands Travaux collaborates with international players through bilateral and multilateral partnerships in order to transform the country.

China, France, South Africa, Brazil, The African Development Bank, the Arab Bank for Economic Development in Africa and the World Bank have all contributed to Congo's modernization.

As one of the most dynamic non-oil sectors, the construction sector offers huge potential. Representing around 4 percent of GDP, the sector has been liberalized in response to a very strong demand and is set to take off in the near future.

A growing population, coupled with a shortage of homes, schools, hospitals, and transport links has left the government calling for foreign investment to help rebuild the country.

Last year, an ambitious road-building program began in the capital, Brazzaville, in honor of the country's 50th anniversary of independence, and other major works are coming to fruition.

A gas-fired power station at Djéno has been built at a cost of \$398.4 million, homes are being built on oil industry sites and the railways, a key transport option for this vast country, are being modernized.

Cooperation from the international business community is of the utmost importance for Congo, and the President is keen to open the country to the rest of the world.

China is already one of the country's most hands-on partners, having signed many contracts with Congo in various infrastructural sectors.

Enjoying a relationship based on solidarity and mutual benefits, the partnership between the two countries has seen more than 10 major projects completed in recent years.

These include the highway between Pointe Noire and Brazzaville—a gigantic project that has required tremendous technical prowess and financing—the construction of new terminals at Maya-Maya and Ollombo airports, a hospital in Oyo offering primary and secondary health care, modern housing initiatives, the Imboulou Hydroelectric Power Station and its electrical distribution network, a sophisticated fiber-optic network and water treatment stations.

Two French companies are also playing their part in the country's development through an agreement with CFCO. The deal includes the repair and maintenance of 15 locomotives, 25 wagons and 21 meters of container ship, as well as the construction.

The project is being backed by Korean company Sung Shin Rolling Stock Technology, which is providing 23 new wagons with air-conditioning, and the delivery of a back-up generator of 1200KVA for the CFCO's workshops in Pointe Noire.

Andrade Gutierrez, one of three major Brazilian construction companies, is building two national



Jean Jacques Bouya, Grand Travaux

Grindrod and Sibanye Trade and Services to acquire four new locomotives, two second-hand locomotives and the renovation and maintenance of six more.

All these initiatives are aimed at strengthening the present dilapidated railwork, and will raise the traction power which was previously limited to 2,400 CV.

As well as making traveling more comfortable for passengers, it will also allow goods to be transported far more freely.

Improving regional links

Regional links are also being set up to improve trade and accessibility between the countries in Central Africa.

The African Development Bank, part of the art of the infrastructure network within the region supported by the New Economic Partnership for Africa's Development, has launched a number of regional integration projects with financial contributions of the states involved.

These include the link road between Congo and Cameroon (Ketta-Djoum), the road connecting Congo to Gabon (Dolisie-Doussala) and the bridge road and railtrack between Brazzaville and Kinshasa with the train from Pointe Noire continuing to Kinshasa-Ilebo.

In the meantime, a rail connection will join Franceville, in the east of Gabon, the country's second largest city to Lekety, a small city situated a few hundred kilometers north of Brazzaville. There will also be a link joining Libreville, the capital of Gabon, to Djibouti on the Horn of Africa.



The Dolisie road, part of the RN1 linking Pointe Noire to Brazzaville.

The RN1 highway, which links the port town of Pointe Noire to the bustling capital has breathed new life into the country. The construction of main roads and secondary offshoots has in turn, created direct jobs for hundreds of Congolese workers.

RN1 also plays an important regional role by linking Congo to its neighbor, the Democratic Republic of Congo (DRC). The financing of the road and railway bridge has seen a whole new economic opportunity open, particularly with the DRC's lack of a seaport.

Now the DRC, a country with a population of more than 71 million people, will be able to reap the advantages of being able to pass its imports and exports through Congo's Port of Pointe Noire.

Other new roads include the RN3, linking Gabon to Congo, which will enable the cities of Ndendé and Mouila to receive their goods faster.

The Central African Republic, a landlocked nation, will also benefit from these transport links. Small business links between South Cameroon and Congo have also benefited from a new connection between Brazzaville – Ouesso – Douala.

Entry points revamped

The Autonomous Port of Pointe Noire is another key factor in Congo's economy. Last year, revenues

were higher than previous years and benefited from a \$60.6 million budget allocation for growth and modernization.

The Autonomous Port of Brazzaville is still struggling to perform well, however, and is considered a thorn in the side of a transport network that is, on the whole, moving quickly in the right direction. The government hopes to find a solution soon.

As most travelers know, the true nature of a country can be gleaned

world. The country is proud to stand as one of the only countries in Central Africa not on the EU blacklist.

Built by Weihai International Economic Technical Cooperative Co., Ltd (WIETC), a Chinese development company, the airport in Maya Maya is the latest entry point to be given a makeover.

With two landing strips and two terminals, renovation should be completed by the end of this year.

The runway can accommodate the world's largest aircraft, while the

President Denis Sassou N'Guesso's decision to upgrade the airports shows Congo's willingness to open up to the outside world. The country stands proud as one of the only nations in the region not on the E.U. blacklist."

as soon as the plane touches down in a new destination. Airports are not just entry points, but also the first impression a new visitor gets of the country he or she is about to stay or do business in.

President Denis Sassou N'Guesso's administration's decision to upgrade the country's airports shows Congo's willingness to open up to the outside

new airport will feature a basement entirely covered with glass and seven air passenger bridges, two of which will be able to fit the largest planes. Officials hope to welcome 2 million passengers a year.

The airport has parking capacity for up to 800 cars and a world-class hotel is being built in close proximity.

Imboulou powers a new era of energy production

Widespread electrification and green energy development will greatly impact growth.

Grands Travaux is also involved with energy infrastructure. Until fairly recently, Congo needed to import 50 percent of its energy from its neighbor the Democratic Republic of Congo, but it will soon enjoy increased output through its own power stations.

The Imboulou Hydroelectric Power Station pumped out its first unit last May and is expected to pump out 876 million KW per hour, resulting in 120 MW a year.

The station benefits from the latest management and information technology and is being financed through the state budget.

Around 600 Chinese technicians and engineers have been involved in the \$341 million project, which includes a city for employees, with 45 modern buildings, a hotel, a restaurant, a free health center, a school, resting areas and many other social facilities.

At the Imboulou inauguration, President Denis Sassou N'Guesso also opened a new high voltage transformer station in a mountain village nearby.

Thanks to this development, Brazzaville and other major cities are already being powered and the energy is injected within the national grid through two parallel lines of 220 KV, each of them linking the power station to the redistribution center.

This system will play a crucial role within the Congolese power network as it is the link between Imboulou power station, the one already existing in the south of the country and a third network which is being built in the north.

Neighborhood Grids

Last autumn, the government also signed a memorandum of agreement with Cameroon for the construction of a 600 megawatt

Projects in the field of green business will depend on the ability of the respective states to adapt to new challenges."

HENRI DJOMBO
MINISTER OF SUSTAINABLE DEV., FORESTRY ECONOMY & ENVIRONMENT

hydropower plant, allowing both countries to expand their grids.

A dam will be built on the River Tcha in Cameroon, which lies 70 kilometers from the town of Ngouala, in Congo's Sangha province.

The project is an important development for other countries in the Central African region, who will receive a much-needed energy supply and thus be able to develop themselves.

Among other projects coming to fruition are the seven high-voltage

power stations of 220 KV and 110 KV in Djiri, Ngo, Gamboma, Oyo, Boundji, Owando and Djambala, as well as an underground line of 220 KV in Tsiélampo and nine aerial lines of 30 KV, spanning 242 kilometers in length.

More lines will link the cities to the main network. Four underground lines of 20KV each, spanning 50 kilometers in total, will be constructed to inject the power from Imboulou into Brazzaville.

Nine other high voltage lines of 220 KV and 110 KV, covering a length of 841 kilometers will complete the project, making a total length of 1,588 kilometers for the national electricity transformation network.

These undertakings, costing more than \$602 million, represent more than double the total works done in recent years.

Other complementary initiatives have been launched, including a factory to build concrete poles to



Imboulou Hydroelectric Power Plant.

reinforce the existing ones, as well as a fiber optic cable integrated to the electricity lines which will improve the communication system between the high-voltage stations and the hydropower station.

Street lighting has also received significant attention, with the government installing 4,522 streetlights across the major cities in the last year alone.

Reducing Carbon

The forward thinking, environmentally friendly Congo government has now launched the "Congo Carbon" initiative, with a view to establishing a renewable energy sector. Congo Carbon will involve making industrial carbon from forest residues.

At a continental level, Congo plays a key role in promoting green

economies, and the Congo Carbon project, of which 10 percent is being financed by the African Biofuels and Renewable Energy Company (Faber), will see 2.7 million tonnes of carbon sequestered over 21 years. Other partners are being sought to help finance the \$6 million plan.

Faber's aim is to increase investment flows toward projects on biofuels and renewable energy to Africa, in order to promote sustainable development and reduce greenhouse gas emissions.

The Congo Carbon project will be completed in two phases, to produce carbon from waste products, and to plant forests where there are currently none.

At the fourth annual joint meeting of the African Union and the Economic Commission for Africa, held in Addis Ababa a year ago,

Henri Djombo, the Congolese Minister in charge of the sustainable development, forestry economy and environment, encouraged the rest of Africa to develop green policies.

"Projects in the field of green business will depend on the ability of the respective states to adapt to new challenges," he said.

"The advent of the "Green Fund for Africa", launched by the African Development Bank in Cancun in December 2010, will serve as a trigger for the emerging economy."

He added that opportunities offered by the development of the green economy are numerous in Africa and may concern several sectors, among which are the production of biofuels, ecotourism, renewable energy, the sustainable management of forests, and organic or ecologically sustainable agriculture.



Grand Travaux Headquarters.



Maya Maya Airport.

The industrialization of a developing nation

Sectors across the board are given funding and incentives to add value to their products.

As part of his "Path of the Future" program President Denis Sassou N'Guesso has expressed the will to focus strongly on the industrialization of some key sectors to build a solid economy and to provide better living environment for the populace.

Priority has been given to three strategic domains:

- The food industry, to counteract food shortages;
- Living conditions and housing related industries
- Any initiatives that will participate in the creation of other industries, thereby creating jobs and wealth.

The program, launched in 2011, and which is expected to be fully operational by 2016, gives priority to the so-called "structuring industries"; those industries that will both serve the immediate needs of the populations and the development of related industries.

The state allocated a budget of \$51.7 million for last year to directly contribute financially to some of these industries, as well as putting in place the legal and administrative framework that will support and supervise the creation of industries related to these.

Thus, \$36.2 million will be used to develop directly these industries, \$10.2 million will be dedicated to encourage the private sector to develop production activities and \$5.2 million will be used to reorganize and reinforce the capacities of the Ministry of Industrialization.

The PNRI (Programme National de Redeploiement Industriel - National Program of Industrial Redeployment) will, therefore, reinforce the institutional and legal framework, to develop the industrial infrastructure and to improve the business climate.

The financial and technical partners involved as part of a parallel development program called the PADE (Programme d'Appui à la

Diversification de l'Economie - Project to support the Diversification of the Congolese Economy) include international institutions such as the World Bank, the European Union and the African Bank for Development. In order to get this financial and technical contribution, Congo factored \$2.5 million in its 2011 budget.

Improving business climate
The PNRI is aimed principally at improving the business climate, which is a hindrance to investment, and so very welcome for the country's development.

Foreign investment remains low compared to other countries in the area, but the government is determined to change this.

Discussions between both private and public entities are being organized to share the expertise and recommendations, and simpler financial

Discussions between private and public entities are being organized to share expertise and recommendations."

cal measures are being modified to support the industrial sector's growth.

Investment Agency

An Investment Agency will be created, not only to convey the opportunities and efforts made regarding the industrial sector, but also to assist and inform investors coming to Congo.

It will be the first Congolese agency to analyze international trends in

terms of investments, identify the profitable projects for investors and to constitute and manage a portfolio of unitholders and shareholders.

This year, the development plan of industrial zones should accelerate the process and the creation of other agencies will be also under study to further help some specific industries, such as the ones exporting.

A training center that will stimulate the entrepreneurship spirit and a specific agency that will help the small and medium enterprises and industries to understand the needs and work closer with the big industries should also be created.

The government will also help the development of the industrialization sector by providing financial help to existing industries to help them increase production.

More than \$2.6 million out of the 2011 budget has been allocated for this purpose.

Helping industries grow

In another exciting move, the government has pledged financial support for existing industries to get the technical support needed to improve production.

Some \$30 million has been earmarked by the government in shares within structuring industries that will participate to the creation of other industries adding value to the economy.

When it comes to Chinese partners, two companies operating in clay construction materials and palm oil will receive just under \$4,000 from the state.

A total of six industries will receive the financial support to develop their activities including \$20,000 to develop the cliner industry in partnership with a Spanish company.

The government also intends to develop other key industries related to wood treatment, papaya industries and biodegradable packaging.

Some big private investors from

Singapore are expected to participate to this program particularly within the agro-business and the construction materials.

To carry the development of the industrial sector and reduce the production costs, an effective energy network is crucial.

Year of health and electricity

Africa still has one of the lowest electricity rates of the developing

business in everyone's interest are unlimited."

For each sector, the need for investment, and therefore the potential on returns, is tremendous. The agro business and agro-industries are, however, the most pressing.

Only two percent of the country's exploitable lands are used for agricultural development, despite the low demographics (about four

sector and is beginning to rebuild key market places. Dolisie, in Brazzaville, opened by the Congo's First Lady Antoinette Sassou N'Guesso, is a prime example: the biggest market in Congo, it spans a surface area of 7961 m³.

With more than 1,000 tables and 82 boutiques, the modern market, set against a stunning backdrop of neo-classic architecture, adds an exciting buzz to the city. The mar-



Development is not a matter of charity, but an understanding of both parties's interests. The opportunities to do good business in everyone's interests are unlimited."

RODOLPHE ADADA

MINISTER OF INDUSTRIAL DEVELOPMENT AND THE PROMOTION OF THE PRIVATE SECTOR

regions despite its tremendous natural resources. The continent has to rely on a 35 percent electrification rate while South America competes with 89.2 percent rate and Eastern Asia 88.1 percent.

For this reason, all sectors, including the industrial sector, will be expected to contribute to the year of Health and Electricity, which aims to raise access to energy by up to 90 percent in urban zones and up to 50 percent in rural zones by 2015.

All the elements should combine to make Congo a more competitive country in the region and to rapidly be able to activate and increase the production in order to export further other goods and lessen its dependence on fossil energies.

Win-win investments

The other major concern of the government is to quickly improve the living standards and to lower the prices of the basic products such as food, while creating more wealth for the country. Investments now will result in a win-win situation for all.

As Congo's Minister of Industrial Development and the Promotion of the Private Sector, Rodolphe Adada said: "Development is not a matter of charity, but a good understanding of both parties' interests."

"The opportunities to do good

million inhabitants), the rich soil composition, the climate and the water resources.

Growing Local Commerce

Local production is done by small-scale farmers who can't provide enough food for a population that is now considered "urban".

The country's food needs are covered by imported foodstuffs at an estimated cost of \$260 million. Imports comprise 60 percent of cereal and meat needs, and 50 percent of the fish and seafood consumed.

Cassava production has remained steady in recent years at 1.27 million tons, while plantain volumes increased by 13.6 percent to 96,800 tons. The production of ground nuts rose by 4 percent.

With widescale investment in farming practices and technology, the sector could take off on an enormous scale.

The government is also committed to raising commercial standards. As one would expect in a developing country, farmers sell their products on the ground in a haphazard, and often unhygienic way.

While acknowledging their significant contribution to the economy, the government is encouraging a safe, clean and organized retail

ket, which costs around \$9 million provides all the convenience of a first-world mall: it is safe and clean, with an administrative desk and a police station.

Next to fishing and farming, there are also important possibilities for local agro-industries, from the initial product to its commercialization: including the processing and the refrigerated transportation of food.

The manufacturing industry has registered high growth thanks to the production of wheat-based foods, engineering and woodworking.

Wood also provides important opportunities. Measures have been taken to follow the examples of northern countries, such as Sweden, in terms of the sustainable exploitation of the resources.

This in turn represents many opportunities for responsible companies willing to develop manufactured wood products in the country.

Thanks to its unique climatic conditions, Congo offers some of the strongest and most durable types of wood in the world.

Sanitation and waste management are sectors with a very high potential as much as to be done still. On top of that, many jobs linked to the President's strategy in terms of green energies are likely to prosper rapidly.



Mambili Bridge



Sports Stadium at Pointe Noire

Becoming an ICT hub for Central Africa

With strong technologies, including broadband and 3G, Congo shows off its good connections.

Congo has made great strides in the area of Information and Communications Technology (ICT) since the armed conflict in the country ended in 1997.

It enjoys a relatively sophisticated and well-regulated telecommunications network, with strong and legitimate competition in place between the four main operators: Airtel, MTN, Warid and Azur, which has seen prices more than halve since 2008.

Mobile phone penetration is now at 90 percent and the ICT sector is modernizing at a rapid pace.

President Denis Sassou N'Guesso's administration is keen for the country to become an ICT hub for the region, and as such, has implemented far-reaching changes to bring the country up to world-class standards.

To improve connectivity, the World Bank has assured the financing and interconnection of fiber optic cables regionally and inter-regionally to connect Congo to its

"The urban networks in Brazzaville and Pointe Noire are already 70 percent connected," says Minister of Post, Telecommunications and Technologies, Thierry Moun-galla.

"We hope to commercialize the network by the end of 2012 and provide it to the whole population by 2015."

Innovation nation

Congo is something of an ICT pioneer. As Minister Moun-galla pointed out, it was the first country in Central Africa to implement the 3rd-Generation (3G) network.

"By 2015, every service provider will give up the second generation to switch entirely to 3G, which will become the basic standard," Moun-galla said.

"There is an urgent need now to develop 3G-related technologies and other services. Azur, for example, is offering a Triple Play service that combines the Internet, TV and mobile phone."

in the country, it can require a few days of travel to get a birth certificate or any official document from the civil state," Moun-galla said.

"Another positive impact to this will be the safety of the national archives, which are currently still kept on hard copies and thus subject to deterioration."

The Minister is overseeing a strategy to encourage the digital economy, in the provision of e-government, e-commerce, e-learning and e-health. "To ensure a safe and reliable system, we are working with international partners Microsoft for the software and Ericsson for the training," Moun-galla said.

"The sector is booming and offering many investment opportunities. Return on investments for incoming telecommunications service providers are guaranteed in Congo."

Ericsson partners Congo

Present in 52 African countries, ICT giant Ericsson started its oper-



Computer class: teaching the next generation.

our business partners happy and expanding in terms of network capacity and coverage within the region. Current network expansion and improving capacity are our priorities.

"The training initiative that we proposed to the government in the technology sector is to help establish technical training facilities. The idea is to support the government in the training of students in this field. We cannot deny the fact it has been quite difficult to find trained people here, especially technicians in the telecoms industry.

"Even though people have basic schooling there is a huge skills gap to address. Congolese people are generally literate and fast learners, but we need to establish the infrastructure that will allow them to learn. There is a huge need for technical training, especially within our operations."

Being an English-speaking company in a Francophone country also presents its challenges.

"It becomes more difficult outside the main city and we are trying to appoint French employees to make it easier," Van Niekerk said.

"Language can be a barrier, but there are always ways around it."

A hub for the region

With its unique geographical location and the current Inter cabling to Pointe Noire through the Central African Backbone, the telecoms chief believes Congo is on the right track in its mission to become a regional hub.

"Communications have improved significantly over the last five years; the quality is better and the general environment has improved. I have had a very positive experience working here," Van Niekerk said. "I am South African, so I appreciate the safety aspect, and I can wholeheartedly invite anyone interested in joining us; it is a very pleasant experience.

"I am sure that by 2015, there will be a big difference in the level of technology and skilled people. It will obviously continue beyond that."

Postal services

The government has also been busy setting up a state postal network. A new postal distribution

center was opened in October 2011, which marked a real step forward for a country where private carriers have been the preferred—and in some cases, the only option.

"This inauguration was a major event and is very symbolic," Minister Moun-galla said.

Companies and individuals can benefit from postal boxes now that mail is distributed. Furthermore, the Postal Bank, another of the Ministry's priorities, will be service imminently. The government is keen to facilitate credit access and a partnership with the Central Bank has been finalized in order to offer secured financial transactions.

"In fact, the postal system is rising from the ashes. The PIDEF (Programme d'Intégration et de Développement du Peuple Pygmée) program, which encourages the integration of pygmies into the community, in partnership with the UN, will bring financial commitments in order to develop post offices across the country, especially in rural zones.

"The government is keen to rebuild a social link with its people through the postal service."

"We are working with international partners Microsoft and Ericsson to ensure safety and reliability. The telecommunications sector is booming and offering many investment opportunities. Return on investments for incoming telecommunications service providers are guaranteed in Congo."

THIERRY MOUNGALLA
MINISTER OF POST, TELECOMMUNICATIONS AND TECHNOLOGIES

neighbors. This, the administration's largest project to date, has been made possible thanks to the technological back up of the Chinese Huawei Technologies and Alcatel Shanghai Bell.

Working jointly with the World Bank, the republic has invested heavily in the Central Africa Backbone, which, at a cost of \$55 million, will link up every part of the country, and ultimately connect Congo to its border neighbors, and the rest of the continent.

Moun-galla is determined to secure Congo's smooth entrance into the Information Society, and has earmarked the installment of a fast, reliable and cost-effective Internet connection as an immediate priority. This will eventually lead to universal access for the existing online administration system/e-government project.

"A reliable Internet connection will provide a faster and more efficient service for citizens, as for someone living in an isolated zone

ations in Congo in 2006 through a partnership with South Africa's MTN.

At the time, MTN set up the Ericsson Network, installing the Swedish company's equipment within its own system.

Neels Van Niekerk, Program and Country Manager, who has been overseeing operations at Ericsson Congo since that time, said:

"Our main activity is serving our current customers: MTN, Airtel and Azur. Our priority is keeping

Upgrading Lifestyles

Home-building, water and electricity schemes are rolled out in both cities and rural areas.

All around Congo's cities there are signs of upgrading and construction work, but social housing is arguably the government's most pressing concern.

The cities of Pointe Noire, Oyo and Baongo are already benefiting from good quality new homes, and works in Brazzaville, inhabited by 70 percent of Congo's 4.2 million people, are taking place at a steady rate.

Two districts have been earmarked for social housing initiatives — Mpila and Camp 15 août —and will enjoy one-level independent homes with all modern facilities to mark a raise the country's living standards.

China's Weihai International Economic and Technical Cooperative Co., Ltd. (WIETC), an integrated corporation authorized by the Ministry of Commerce of China to engage in foreign-oriented business, was awarded the contract to carry out the Camp 15 août construction work, where 15 homes have been built.

In Mpila, after the explosions of March 4th, the area is being renovated including the reconstruction of a new high school and many buildings should be finalised in a close future.

Meanwhile, the French Development Agency (FDA) is funding the extension of the road along the Congo River, the urban renovation of the Brazzaville districts Makélékélé and Baongo, and the water evacuation system of Brazzaville.

The Arab Bank for Economic Development in Africa will be in charge of financing the renovation and equipment of one of the main hospitals in Brazzaville.

The country has also launched

an ambitious water, electricity and urban development project in partnership with the World Bank.

The World Bank disbursed a loan of \$125.5 million to Congo for the financing of a water, electricity and urban development project, known as Peedu.

The project is funded through the International Development Association (IDA), for \$25.5 million and by Congo to the tune of \$100 million. The government has already earmarked funds in the region of \$14 million.

When complete, the project will enable the people of Brazzaville and Pointe Noire to receive a regular distribution of drinking water and electricity. In total, more than a million people will benefit.

"We will do everything to ensure that throughout the country, people have access to energy and water."

JEAN-FÉLIX ISSANGA
PROGRAM OFFICER
ENVIRONMENT (UNDP)

One of the project's major challenges concerns reforms in the water and electricity utilities. It will, however, fund urban infrastructure and help strengthen the capacities of the ministries in charge of those services, to better plan, coordinate and manage investments in order to optimize the use of national resources.

Rural development is also underway. Three Israeli companies, Ocomod Ltd., AB Construction and Era Optima, are involved in important projects, including the building of new agricultural villages, 1,000 accommodations in Kintélé and the national land registration.

The country is also working at a local level to set up micro-hydroelectric plants that ensure an electricity supply to the rural areas of Congo.

The micro-hydro plants project specifically targets the use of water for electricity production including, among other sources, streams and waterfalls with a capacity of less than one megawatt.

Jean-Félix Issanga of the Energy Program Office Environment United Nations Development Program (UNDP) said "We will do everything to ensure that, throughout the country, the Congolese people have energy and water," he said.

The project will be developed with the support of the UNDP and the Global Environmental Facility (GEF).

An independent financial organization, the GEF provides grants to developing countries and countries with economies in transition for projects that benefit the global environment, linking local, national, and global environmental challenges and promoting sustainable livelihoods.

Since approving the Congo's micro-plant project, the GEF has obtained \$2 million approved by the Board of Trustees.

Further investment to the tune of around \$18 million is also currently being negotiated with relevant departments of the African Development Bank.



Social initiatives include the building of new one-level homes in major cities.

Special Economic Zones set up

Recent figures have shown that Congo's exports to China increased by 380.6 percent in the first decade of this century, demonstrating the importance of Congo's vast reserves of raw materials to the Asian powerhouse.

In turn, Congo imports rice, tobacco, cement and construction materials from China. Now, it is looking to attract Chinese businesses who can exploit its strategic location at the heart of Central Africa to set up bases within the country, and export from there to other parts of Africa.

In its bid to improve trade and investment within the region and industrialize the country, the government set up a Ministry of Special Economic Zones (SEZ) in 2009.

The Ministry was tasked with identifying and selecting potential sites, promoting and supporting SEZ activities, defining the main legislative needs, coordinating with other ministries in regards to planning and regulation, and contributing to the SEZ's development.

Attracting foreign investors, especially those from China who are experienced in implementing SEZs, and advising them of the many opportunities has been a major part

of the Ministry's remit.

In four years, land has been bought for one special economic zone at Pointe Noire, and feasibility studies are under way to identify sites for three more by the end of this year, at Brazzaville, Oyo-Ollombo, situated 400 kilometers north of Brazzaville and Ouesso in the north west.

In December 2011, the Minister of the SEZ, Alain Akouala Atipault, said: "We are at a turning point in the creation of these zones: the international experts are coming to start the feasibility studies.

"We will have the results within six months and then we will know what can be done to structure our economy and industrialize the country.

"By 2016, the feasibility studies will be over, the local populations will be relocated in order to free up the areas, the four zones will be fully equipped in terms of infrastructure, all the legal texts will be elaborated and adopted, we will have increased awareness toward small and medium enterprises to help them develop their businesses and will gather and compile data for each SEZ."

The project is expected to cost around \$6 billion per year. There is an overall shortfall of \$6.6 million,

which the government is looking to find.

The project will require technology, mapping, SEZ equipment and the construction of access roads, and there is already interest from an Indian company.

A triangular agreement has been signed between Congo, Mauritius and Singapore.

International expertise has been sought from China, ONUDI's delegation and the World Bank delegation.

The World Bank, which is working with the government to improve the efficiency of public spending, allocated \$10 million to this worthwhile project in February last year.

Eustache Ouayoro, World Bank Country Director for DR Congo, Brazzaville and Kinshasa, said:

"Congo has invested a lot of money in its infrastructures. Its investments must be beneficial and give better results.

"We acknowledge the important progress that's been made in the transport and energy sectors. Investments must continue in this direction and should be more productive.

"We have to make sure resources are sufficient to ensure the maintenance of these infrastructure."

Forestry, farming and mining reap rewards

Investment in three important sectors will see Congo's economy soar in the coming years.

Private investment in Congo, driven by the oil and telecoms sectors, increased by 4 percent in 2011, and the country is keen to attract more.

While the strongest potential is in forest activities, agriculture, livestock rearing, fishing, mining and hydrocarbons, there are also buoyant opportunities within the industrial sectors such as food processing, timber and construction.

Poor infrastructure and flawed legal, financial and administrative systems may have hampered investments in the past, government officials are tackling the challenges head-on in an effort to engage more private sector investors. One move is the creation of the High-Level Council for Public-Private Dialogue (HCDPP), under the President's jurisdiction, which will bring together representatives of the private sector, the administration and the public sector.

Agriculture is one of the most promising areas for investment. Despite having more than 12 million hectares of land available for farming, Congo imported foodstuffs to the value of 198 million euros last year. The government believes more than 20,000 jobs could be created from planta-

certified by the Forest Stewardship Council.

President Sassou N'Guesso was the first Congo President to impose a restriction on log exports. In 1997, he adopted a policy stressing that 60 percent of the logs cut down should be processed and treated within the country.

That is now up to 85 percent, and as a result, international companies are required to invest in factories and to hire and train the local workforce, thereby adding value to the Congolese economy.

Responsible planting

After public services, the forestry sector is the biggest employer and a total of 41 production units have been set up or renovated including sawmills, molding, and plywood. There are three industrial cabinet making and woodwork factories.

A program is now under way to rapidly develop education centers that can train a responsible workforce within the sector.

There are currently 30 companies specializing in Congo's timber industry, and more than half of them are foreign.

China provides the leading market for wood exports, followed by the European Union, and most

in the rural sector, and, the government hopes, put an end to the illegal wood commerce that exists.

Congo's registered forests are either on State Forestry property or private property. Public sites are organized into Forest Development Units, the commercial part of which is ensured by people with deeds delivered by forest authorities.

Agreements are given through a tendering process and concessionaries must demonstrate their development programs and collaborate with the forest administration services on sustainable development principles.

Nine such agreements have so far been allocated to the big forestry companies working in the north and to one in the south. About 18 forestry concessions, covering almost six million hectares—about 55.65 percent of the total area allocated for forestry exploitation—will have a development program.

Education points

Forest dwellers are still prone to killing wild apes, thereby flouting the 1996 Lusaka agreement which forbids the commerce of wild animals and fauna, in order to earn money.



Mining offers excellent opportunities for investors looking for rich returns.

Congo's registered forests are either on State Forestry property or private property. Public sites are organized into Forest Development Units, the commercial part of which is ensured by people with deeds delivered by forest authorities.

Agreements are given through a tendering process and concessionaries must demonstrate their development programs and collaborate with the forest administration services on sustainable development principles.

Nine such agreements have so far been allocated to the big forestry companies working in the north and to one in the south. About 18 forestry concessions, covering almost six million hectares—about 55.65 percent of the total area allocated for forestry exploitation—will have a development program.

Mining prospects

Mining is another sector wide open for investment, and production in recent years has far exceeded expectation, with most minerals going to China and Germany.

The Congolese government owns 10 percent of the capital of any mining company operating

there and it is slated to become a mining operator in its own right in the coming years.

With riches such as diamond, gold, copper, lead, zinc, iron ore, magnesium and potash, international companies have been keen to enter the country and the government has made it clear there is much scope for more development, exploration and exploitation. Not surprisingly, it is the sector that attracts most FDI.

Mining legislation is directed by the Mining Code which supervises all stages of the operations. The code has reinforced and liberalized the sector to allow more foreign investors in to what has for years been accomplished by small-scale domestic operations.

Many procedures have been simplified and facilitated in a bid to encourage those companies, including decreased taxation and greater transparency within the sector. The Ministry of Mines is proud to note that the mining sector, like every other sector in Congo, offers a risk-free investment environment.

Mining has done much in terms of job creation. In its development stage, for example, MPD, which

is exploring the Zanaga mine, is hiring 1,000 workers, and will hire 14,000 more for the production process.

Three Chinese companies are already involved in gold and diamond mining, namely Zhong Jun Hui Da Beijing Investment Co., Million Well Holdings, and Congo Yuan Wang Investment.

Micro-financing

In its keenness to help local entrepreneurs, the government has introduced micro-financing and improved credit access facilities. The Ministry of Mines is also addressing the skills issue by running training programs and seminars to improve local investment and encourage foreign investment.

Companies benefiting from this included MagMinerals Potasses Congo which obtained its permit back in 2008 and invested more than \$47.8 million for building infrastructures in the aim of starting exploitation at the end of 2011.

However, affected by the financial crisis, the company sought new partners and in 2011, Evergreen Resource Holdings, a Chinese company, took over 77 percent of MagMinerals' capital.

The Ministry of Mining urges foreign investors to come in Congo and benefit from a win-win partnership. Congo offers many opportunities and assures security as well as political stability. Return on investments is guaranteed."

MINISTRY OF MINING

tions developed in the prime areas between Cuvette in the north and Sangha in the north-west.

With around 65 percent of Congo territory covered in woodlands, forestry plays an important role within the economy. More than 80 percent of the total forest area is considered good for commercial purposes and the government is keen to balance that potential with a commitment to a green economy.

Today, 3.5 million of the 22 hectares covered are protected and 2.5 million hectares have been eco-

products are shipped through Pointe Noire port. Today, Congo has 73,000 hectares of commercial plantations 19,000 of which will be dedicated to sustainable production in the future.

Last year, Congo and the EU signed a partnership to combat illegal forest exploitation, which stated that from July, any cargo of wood entering the EU from Congo must have authorization testifying its legal origins.

The creation of these plantations will provide much-needed jobs

The Service National des Produits Forestiers à l'Exportation has been set up to monitor the wood products entering and leaving Congo, ensuring the legal origin of the product. "Although this goes some way to fighting poaching, it is hard to change these peoples' mentalities," the President said.

"Education is a big part of the fight and some NGOs have been drafted in to protect the apes and offer a unique experience to the locals and visitors within the framework of eco-tourism."

Facilitating investment

Congo has tightened up law and tax codes and improved incentives, making business easier.

With a poor ranking on the Ease of Doing Business scale, strong measures are being brought in to encourage investors to come.

The government has undertaken to significantly develop the transportation network and basic infrastructure, as well as encouraging the diversification of the economy. But besides these measures, it has gone all out to improve the legal investment framework.

One of these measures is the signing of the OHADA treaty. The Organization for the Harmonization of Business Law in Africa treaty is in charge of harmonizing the business laws and institutions between 16 West and Central African nation. The treaty came into force in 1999.

The Congolese State also initiated an Investment Code in 2003 which outlines mentions the conditions in which investments operate, as well as guaranteeing advantages that will entice foreign investors.

As well as the common law taxation dispositions, the Charter of investment grants tax reduction or tax exemptions, no customs duties, and exemption from capital gains tax, if the capital gain is re-invested and depending on the economic zone.

These measures affect new activities and companies as well as companies' expansions and projects of rehabilitation for companies located

and duly established in Congo.

Business activities that are excluded from these dispositions include those related to commerce, brokerage and transactions, imports and the treatment of toxic waste.

As well as special common schemes, an SME scheme and free zones scheme, Congolese law has implemented five incentive measures related to:

- Development of the business environment and employment
- The re-investment of profits
- Research and innovation
- Exports
- Settlement in disadvantaged zones

As a general rule, tax exemption varies between 5 to 10 years.

More incentives

The national investment charter is complemented by other codes, depending on the importance of the sector. So, to complete the Charter, companies can rely on the following codes with their specific rights and duties:

- The Hydrocarbon Code (since 1994)
- The Forestry Code (since 2000)
- The Mining Code (since 2005)
- The energy and water system
- Telecommunications Code

Moreover, Congo's banking system is under the Control of the BEAC (Banque des Etats de l'Afrique Centrale), the Bank of Central Afri-

can States and the insurance system depends of the CIMA: the rationalization of the market of Insurance in Africa.

Taxation system

The taxation system in Congo can be improved and relaxed, but free economic zones and other measures are being implemented and specific conventions signed in between some specific countries, including France and China, to facilitate investments within Congo.

Companies are exempt from paying taxes for the first three fiscal years and a reduction of 50 percent of tax is possible for those companies reinvesting a minimum of a third of the previous year's revenues.

Companies will pay a profit tax of 38 percent. One twelfth of rental amounts can be tax-deductible

The standard salary tax stands at 5 percent each month till 125,000 XFA/month (about \$254), raised up to 9 percent for salaries above 125,000 XFA/month.

There is no VAT on export and basic needs products with a list that has been extended in 2008 as a consequence of the fight against poverty.

Thanks to the "one-step desk", which has an office within each district, it has become very easy to create a company and specially trained members of staff can explain in detail the tax breaks and incentives.



Congo's Constitutional Court.

Excellent access to markets

The Congolese population is small and its incomes are limited. According to "L'Enquête Congolaise Auprès des Ménages" conducted by "Le Centre national de la Statistique et des Etudes Economiques" (National Center of Statistics and Economic Studies), 50.7 percent of the overall population lives below the poverty threshold, on less than a dollar per day per person.

However, the poverty rate fluctuates according to the residency area and the sector of activity.

Pointe Noire, for example, is the economic hub that provides a base for numerous structured enterprises and the population takes advantage of the high salaries offered by the large private enterprises, especially petroleum companies, and benefits from a relatively strong buying force.

In Brazzaville, the political and administrative capital, it is usually only the top executives of the public sector, professors, magistrates,

and some executives from the Paragovernmental and private sector that benefit from high incomes.

These cities account for 33.5 percent and 42.3 percent of households living below the poverty threshold.

Countries from the sub-region offer Chinese investors many markets to export goods and services.

Due to its geographical location and its vocation of transit, Congo is a member of the Economic and Monetary Community of Central Africa and the Economic Community of Central African States and therefore in a good position to take advantage of the regional integration process and customs legislation.

Among the profitable foreign markets, the Democratic Republic of Congo, especially the province of Kinshasa, which is a massive market of 10 millions inhabitants, can be accessed from "The Beach" Brazzaville's harbor. The other profitable

market, close to the Kouilou department and Pointe Noire, is the Cabinda area, which is the richest province of Angola because of its petroleum resources.

Cameroon, a notable exporter of pasteurized products within the sub-region is also among Congo's markets, especially in the exportations of the food-producing segment.

The other countries of the "Economic and Monetary Community of Central Africa" represent many export opportunities of goods and services, especially in under-developed sectors such as industrial maintenance, agro-industry and sugar.

This report was produced in partnership with InFocus Reports.

IN FOCUS
BY WORLD FOCUS
www.infocusreports.com