DEMOCRATIC REPUBLIC OF CONGO AGRICULTURE INVESTMENT OPPORTUNITIES BRIEF

CAADP INVESTMENT FACILITATION PROGRAMME

2013
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PREAMBLE

The government of the Democratic Republic of Congo (DRC) and the national stakeholders of the Comprehensive African Agricultural Development Program in the DRC are engaged in an agriculture sector investment attraction and development initiative to identify, economically viable and inclusive business focused private sector investors to co-invest with the government and selected development partners.

The government is confident that there are a number of profitable and mutually beneficial agricultural sector investment opportunities to explore and have developed this publication to highlight the analysis that has been undertaken to date and to share with agriculture and agricultural sector investors and existing sector stakeholders information about what initiatives the government is undertaking, or planning to make, with the objective that these public sector investments and incentives will attract investment from the domestic and international private sector.

INTRODUCTION

This Agricultural Investor Opportunities Brief is drawn from information gathered by DRC stakeholders of the country’s national Comprehensive African Agricultural Development Program (CAADP) to produce the DRC National Agriculture Investment Plan 2013-2020. The Brief is intended to support the interest of the government in outlining the related private sector investment opportunities in the country and to serve as a comprehensive and easy to use tool to promote investment opportunities in the agricultural sector of the DRC.

CAADP was initiated in 2003 in Maputo, Mozambique as a continent-wide African Union initiative and is head-quartered in South Africa within the AU’s NEPAD Planning and Coordinating Agency. Countries signing the CAADP compact adopt the core principles of;

- pursuing an average of 6% annual agricultural sector growth at country level;
- allocating at least 10% of the national budget to agricultural development;
- strengthening local ownership and promoting interventions based on country’s opportunities and priorities;
- building partnerships with a broad spectrum of actors;
- promoting dialogue and building consensus among all key stakeholders for the priority issues to be addressed;
- enhancing peer-review and sound analytical work to inform stakeholders in the sector;
- enforcing mutual accountability to ensure sustainable resource utilisation;
- favouring regional complementarities within the framework of regional economic communities such as SADC, COMESA, ECOWAS and EAC; and
- enforcing policy reforms for a more favourable environment for agricultural growth.

Through adherence to these principles the aim is for CAADP countries to improve their abilities to:

1) attain food and nutrition security;
2) develop regional and sub-regional agricultural markets;
3) integrate farmers and pastoralists into the market economy; and
4) achieve a more equitable distribution of wealth.

To achieve these objectives CAADP focuses on four main pillars, namely;

- Pillar I: Improving the area under sustainable land management and reliable water management systems;
- Pillar II: Improving rural infrastructure and trade-related capacities for improved market access;
- Pillar III: Increasing food supply and reducing poverty and improving responses to food emergency crises;
- Pillar IV: Improving agriculture technology and dissemination.

The Democratic Republic of Congo’s Compliance with CAADP

The Democratic Republic of Congo officially launched their CAADP programme on the 7th and 8th of June 2010 in Kinshasa with the support of COMESA (Common Market for Eastern Africa of the East and Southern Africa). Thereafter, a “Round Table” was held for the signing of the Charter on March 17, 2011 in Kinshasa in the presence of government authorities, the Commissioner of the African Union in charge of Rural Economy and Agriculture, the Deputy Secretary General of COMESA, the Representatives of the NEPAD, FAFA, FIPR, Re-SAKOS, as well as technical and financial partners, private sector organizations, civil society organisations and agricultural producers.

The organization of the Round Table enabled the Ministry of Agriculture and Rural Development (MINAGRI), in consultation with all stakeholders to begin the process of formulating a National Agricultural Investment Plan (NAIP).

This formulation was conducted through a participatory approach that involved all stakeholders. Its preparation benefited from the contributions of actors involved in the agricultural sector, the main central and provincial officials from the Ministry of Agriculture and Rural Development, the Advisor to the President of the Republic and the Prime Minister, as well as representatives of agricultural smallholder organizations, the private sector and CSOs involved in the agricultural sector.

Contrary to past trends, the latest estimates published by the Standing Committee of the Macroeconomic Framework and the MIAMI projections for the years 2013 to 2015 provide a much improved economic performance of the DRC. The average annual GDP growth over the period 2012-2015 would be more than 7 percent, whereas it was only 2-5 percent over the period 2006-2009. As demonstrated by the various simulations, performance could be very significantly enhanced by agricultural growth, itself driven by efficient implementation of the NAIP. It will therefore satisfy the dual requirement of fighting against malnutrition and food insecurity and driving efforts to achieve sustainable economic growth. To do this, the aim will primarily be to target food production by smallholder agriculture stakeholders while also ensuring the promotion of industrial and cash crops production and the establishment of Centres of Agricultural Enterprises or Agri-Business Parks.

DRC National Agriculture Investment Plan/ Plan National d’Investissement Agricole (PNAI)

The National Agricultural Investment Plan (PNAI) is the DRC’s national planning framework for domestic and foreign investment in the agriculture sector and rural development sphere. It takes into account the needs, achievements, gaps in this regard of the agriculture sector and provides a blueprint for the way forward strategic plan for the investment and operation of the sector over a period of eight years (2013-2020). The PNAI also attempts to align all of the various programs and projects and sector perspective.

In alignment with the core principles of CAADP its overall objective is to stimulate sustained annual growth in the agricultural sector more than 6%, which is necessary to ensure food security of the Congolese people, and generating sustainable employment and income.

Conclusion

The NAIP is also based on the principles of complementarity between its internal programs and external consistency with the CAADP pillars and PRSP (the Millennium Development Goals (MDG) and various sectoral policies. The NAIP also fits into the regional and strategic planning process of the national Common Agriculture Policy. Indeed, it presents a variation of the second pillar of the PRSP 2 – “Diversifying the economy, accelerating growth and promoting employment” and it seeks to directly to MDG 1 which aims to eradicate extreme poverty and hunger.

Additionally, the NAIP is in line with the implementation of the Agricultural Policy Note of the Government in November 2009 and the Sector Strategy of Agriculture and Rural Development (SUARD) as well as the regional Framework and action plan for the future National Agricultural Policy. The total cost of the DRC NAIP over the period from 2013 to 2020 is estimated at US$7.4 billion.
The DRC NAIP coordination and facilitation stakeholders consists of:

- Promotion of agricultural value chains and agribusiness
- Food security management, nutrition improvement and development of strategic food
- Research, Information Dissemination, and Agricultural Training
- Agricultural governance improvement, gender inclusiveness and development of institutional and human capacity
- Climate Change Adaptation

The breakdown by percentage of the cost of the five components of new programmes or projects that support agricultural sector in operational terms, it is planned that all existing and any programmes implemented as part of the efforts to realize the Plan.

In terms of the nation’s size, the DRC is a vast nation that borders with nine countries (Congo, the Central African Republic, South Sudan, Uganda, Rwanda, Burundi, Tanzania, Zambia and Angola) and has a combined land and waterway area of 2,344,858 square kilometres, making it the 11th largest country in the world in terms of its geographic size. Thus, notwithstanding its comparative stature and rank as the continent’s fourth most populous nation, the DRC actually is predominantly under-populated with an average of only 24 inhabitants per square kilometres. Of course, the key exception to this national trend exists in the capital city of Kinshasa, where the population density in the region is roughly 577 inhabitants per km², due to the fact that the city is the national economic hub, the principal academic node and base of the nation’s healthcare system, as well as the national administrative headquarters and governmental capital. The concentration of urban population in and around Kinshasa, however, is also linked to the rural exodus caused by recurrent conflicts in certain other parts of the country and the deterioration of living conditions in rural areas.

The DRC is endowed with one of the highest concentrations of mineral wealth of any country in the world. It possesses more than 1,000 substances, including 20 strategic ores – giving the nation the world’s second biggest reserves of copper, 25 percent of its gold reserves, 30 percent of its diamonds reserves and over 80 percent of its cobalt and coltan reserves. Today, mining accounts for roughly 15 percent of the national GDP, 11 percent of State revenues and 30% of the country’s foreign currency earnings.

### Source: DRC NAIP

The DRC NAIP coordination and facilitation stakeholders consists of:

1. The Steering Committee (SC), chaired by the Prime Minister, Head of Government, and inclusive of all the ministries involved in the implementation of the NAIP namely: Agriculture and Rural Development, b. the Environment, c. Nature Conservation and Tourism, d. Higher Education, University and Scientific Research, e. Gender, Family and Children, f. Economy and Trade, g. Finance, h. the Budget, i. Spatial Planning, Urban Development, Housing, Infrastructure, Public Works and Reconstruction, j. Industry and Small and Medium Enterprises, k. Public Health, and l. Land Affairs. The leader of TFP as well as the Chairman of the Peaceful Organizations will also serve on the Steering Committee.
2. The Technical Committee (TC) of the DRC NAIP will be co-chaired by the Secretaries-General of the ministries of Agriculture, Fisheries and Livestock and Rural Development. To further support the work of the TC, the team will be reinforced by the UN Technical Secretariat chaired by the Director of Studies and Planning of Agriculture, Fisheries and Livestock and Rural Development;
3. The Provincial Steering Committees (PSC) will be established in June to provide strategic orientation and oversight of the Provincial Agricultural Investment Plans (PAIP), under the authority of the Provincial Minister for Agriculture and Rural Development;
4. The Provincial Advisory Councils and the Agricultural and Rural Management Councils (CARGA).

In operational terms, it is planned that all existing and any new programmes or projects that support agricultural sector development will be aligned to the general architecture of the DRC NAIP through integration into the Plan’s logical framework.

The modalities and funding mechanisms in support of the agriculture sector shall also be aligned with the NAIP and it is intended that the management of funds within the framework of specific projects will remain the purview of each partner, but it is intended that there will be harmonization around the conditions of implementation of the objectives of the DRC NAIP and all methods of funding will be systematically developed to accommodate this intent.

Monitoring and evaluation should be carried out within the framework of the DRC NAIP within a coherent overall framework for measuring not only the performance of projects and programmes on the ground among the rural population, but also to assess the overall performance of the agricultural and rural sector given the objectives of the DRC NAIP and all methods of funding.

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The DRC NAIP is the fourth most populous country in Africa (after Nigeria, Ethiopia and Egypt) with an estimated population in 2013 of 78.4 million. The population is widely dispersed across the country and according to the 2013 CIA Factbook, 65.7 percent of the population live in rural areas versus 34.3 percent who live in the country’s urban areas.

### Source: DRC NAIP

The break down by percentage of the cost of the five components of the NAIP are as follows:

<table>
<thead>
<tr>
<th>Programme</th>
<th>Finance Available</th>
<th>Cost in US$ (millions)</th>
<th>Funding Goals</th>
<th>Funding Gaps</th>
<th>Funding Gaps in % Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion of agricultural value chains and agribusiness</td>
<td>1,239,876</td>
<td>1,635,252</td>
<td>2,425,714</td>
<td>66.9%</td>
<td></td>
</tr>
<tr>
<td>Food security management, nutrition improvement and development of strategic food</td>
<td>1,239,876</td>
<td>1,635,252</td>
<td>2,425,714</td>
<td>66.9%</td>
<td></td>
</tr>
<tr>
<td>Research, Information Dissemination, and Agricultural Training</td>
<td>248,353</td>
<td>318,561</td>
<td>497,395</td>
<td>67.8%</td>
<td></td>
</tr>
<tr>
<td>Agricultural governance improvement, gender inclusiveness and development of institutional and human capacity</td>
<td>307,414</td>
<td>607,310</td>
<td>2,003,040</td>
<td>34.8%</td>
<td></td>
</tr>
<tr>
<td>Climate Change Adaptation</td>
<td>345,958</td>
<td>195,818</td>
<td>186,645</td>
<td>70.9%</td>
<td></td>
</tr>
</tbody>
</table>

### Source: DRC NAIP

The Central Africa located DRC is the fourth most populous country in Africa (after Nigeria, Ethiopia and Egypt) with an estimated population in 2013 of 78.4 million. The population is widely dispersed across the country and according to the 2013 CIA Factbook, 65.7 percent of the population live in rural areas versus 34.3 percent who live in the country’s urban areas.

### Source: www.congobandittripod.com

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### Source: DRC Office of the Prime Minister, 2013

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### Source: Investing DR Congo 2013, Africa Report

Other major contributors to the DRC economy include agriculture and trade.

### Source: Investing DR Congo 2013, Africa Report

### GDP Structure

<table>
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<th>Sector</th>
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<tr>
<td>Agriculture</td>
<td>10%</td>
</tr>
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<td>Mining</td>
<td>15%</td>
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<tr>
<td>Agriculture</td>
<td>2%</td>
</tr>
<tr>
<td>Industry</td>
<td>15%</td>
</tr>
<tr>
<td>Trade</td>
<td>20%</td>
</tr>
<tr>
<td>Construction</td>
<td>5%</td>
</tr>
<tr>
<td>Communication</td>
<td>4%</td>
</tr>
<tr>
<td>Timber</td>
<td>2%</td>
</tr>
</tbody>
</table>

### GDP Growth of the DRC

**GDP Growth (%)**

- **2013**: 5.44%
- **2014**: 5.36%
- **2015**: 6.10%

### Construction, Mining and Agriculture Overall GDP

**Source**: DRC Office of the Prime Minister, 2013

The Central Africa located DRC is the fourth most populous country in Africa (after Nigeria, Ethiopia and Egypt) with an estimated population in 2013 of 78.4 million. The population is widely dispersed across the country and according to the 2013 CIA Factbook, 65.7 percent of the population live in rural areas versus 34.3 percent who live in the country’s urban areas.

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the agricultural sector forms part of the second pillar “Diversifying the economy, accelerating growth and promoting employment.” This pillar also refers to policies of wealth creation and infrastructure development to support productive activities and those related to economic revitalization.

The strategy also suggests trade policies and promotes employment. Pillar 2 is also supported by a growth policy that calls for the development and support of new value chains and supply chains, the identification of ways and means to facilitate access to markets, as well as the execution of feasibility studies to guide creation and location of new centers of economic activity based on relative competitive advantages across the country. The successful implementation of these policies is based on strengthening the nation’s capacity in the area of governance (Pillar 1) and also calls for an emphasis on environmental good practice and the pursuit of efforts to mitigate and adapt to climate change (Pillar 4).

The overall objective of the implementation of the Agricultural Policy Note prepared in November 2009 was to contribute to the achievement of food security. This objective is also consistent with the first Millennium Development Goal.

The government of the DRC continues to seek sustainable agricultural development, and wants to preserve and expand available productive assets—assets that represent the cornerstone of the revitalization of the national economy. In this regard, the following specific objectives are to be pursued:

1. Improving access to markets and value-added agricultural products,
2. Improving the productivity of agriculture: food production, horticulture and vegetable, fish and livestock,
3. Promoting decentralized financial systems that adapt to the nature of the agricultural sector, and
4. Strengthen the technical and organizational capacities of public and private institutions to support the production.

The Government’s vision is to revitalize the productive structure of the rural-based development of a modern agro-industrial production and capacity of smallholders, while ensuring the conservation of natural resources. This vision is embodied in the DRC Sector Strategy for Agriculture and Rural Development (SASDR), which was adopted in April 2010 and seeks to promote the:

1. Improvement of access to markets and the development of improved rural and commercial infrastructure,
2. Development of the crop, livestock, fisheries, and smallholder farming sub-sectors,
3. Strengthening of governance, institutional capacity and human capacity development, and
4. Improving the structural change.

Also, despite the fact that the DRC is one of Africa’s resource-rich countries and considered one of its potential key engines for growth, current food production does not meet the country’s own needs.

The government’s Agricultural Development Strategy (ADSI) 2004 to 2013 focuses on six key priorities: (i) finance for the rural sector, (ii) rehabilitating and maintaining infrastructure, including rural roads and water access, (iii) improving the fiscal environment for agricultural development, (iv) technical advisory service for producers, (v) re-launching agricultural scientific research, and (vi) guaranteed access to land.
For livestock, while most of the country is attractive for a number of products, the eastern (North and South Kivu) part of the country has the greatest density of livestock farming all across all products.

One of the key challenges in the DRC is the relative lack of infrastructure in the country, particularly transport infrastructure and electricity.

According to the FAO, the total electricity generation in the country: 8.217 billion kWh (2007). Hydroelectricity provides almost all (99.9 percent) of the electricity generated in the DRC. Despite the prevalence of potential renewable energy (hydro and solar), the DRC’s rate of electrification is one of the lowest on the African continent at 6 percent in comparison to the African average of 20 percent. The potential capacity at the Inga dam, in particular, on the Congo River alone is sufficient to supply all of Southern Africa’s electricity needs but only a fraction of this has been developed. The government plans to revitalize and modernize the sector by rehabilitating existing installations, building new power and hydroelectric stations and investing in renewable energy.

Another challenging area in the infrastructure domain, include the 153,497 km roadway in the country as just over 2,700 km of the roads are paved roads and only one of the provincial capitals is accessible by road from Kinshasa, the capital and main target market for agricultural products consumed domestically. Currently, the government is planning on increasing road infrastructure, especially for connecting the North (Ituri) to the South (Kalemie) and for agricultural purposes.

The Société Nationale des Chemins de fer Congolais (SNCC), the state railway company, has also within the past few years been the focus of reform with plans to revitalize and expand the existing railway network of approximately 3,600 km of tracks.

The waterways in the DRC cover roughly 15,000 km and include the Congo River, its tributaries and unconnected lakes. The main ports and terminals in the country include: Matadi, Banana, Boma, Bukavu, Bumba, Goma, Kaleme, Kindu, Kinshasa, Kisangani, Mbandaka.

In terms of the structure of the DRC agriculture sector, in comparison to other African countries, its rural areas are relatively unstructured and organization remains focused on groups and informal associations. In the past, the DRC government has sought to promote different forms of association, including mutual associations and cooperatives, but the lack of a clear vision for their organization and limited resources available in the departments concerned, have not allowed the meaningful results.

The cooperative movement has however experienced a recent revival, a result of social and political unrest and wars that hit the country. This is explained by the trust placed in them by Donors and international NGOs, which are more credible than the state structures to send support to grassroots communities, beneficiaries of their interventions in rural areas. The various groups and associations involved are in quite a variety of fields: agriculture, processing of products, small animal husbandry, fishing, and marketing. These groups are structured umbrella or coordination platforms at central and provincial level, to better defend the interests of their members and provide a better service in the supply of means of production, market access and financing and advisory support.

The Federation of Congolese Enterprises (FEC) is both the Chamber of Commerce and Industry and the main employers’ organization in the DRC. The Confederation of Small and Medium Enterprises of Congo (COPEMECO) and the National Federation of Breeders and Growers of Congo (FENAPEC) include within them the key SMEs in various sectors of the national economy. Agricultural SMEs have a prominent place in these two structures. These three institutions are key private sector stakeholders involved with the DRC NAIP.
DRC NAIP OBJECTIVES AND PRIORITIES

The National Agricultural Investment Plan (NAIP) is the DRC's national planning framework for national and external funds for the sector. It takes into account the needs, achievements, gaps in coverage for the investment and operation of the sector over a period of eight years (2013-2020). The NAIP brings together all the programs and projects and sector perspective.

The National Agricultural Investment Plan is organized into five programs, addressing five major sectors of the province, and it has developed over 18 programs and 66 sub-components.

Program 1: Promotion of Agricultural Value Chains and Agribusiness

Sub-Programme Sub-Components
1.1. Development of Vegetable Value Chains
1.1.1. Support for the production, supply and distribution of seeds, planting materials and other inputs
1.1.2. Promotion of animal traction and mechanization
1.1.3. Support for the mobilization and sustainable management of water resources for agriculture
1.1.4. Reduction of post-harvest losses and building infrastructure for drying and storage
1.1.5. Promotion of value addition for cereals, cassava and other tubers and horticultural products
1.1.6. Promotion of small-scale agro-processing
1.1.7. Opening and rehabilitation and maintenance of rural feeder roads
1.1.8. Modernization of equipment and infrastructure to facilitate access to markets.

3.1: Support structures
3.1.1: Development of support structures
3.1.2: Support for the alignment of emergency food aid to the real needs
3.1.3: Strengthening monitoring and evaluation mechanisms for monitoring and prevention of climate risks

3.2: Support the alignment of emergency food aid to the real needs
3.2.1: Strengthening monitoring and evaluation mechanisms for monitoring and prevention of climate risks

3.3: Support to agricultural education institutions
3.3.1: Institutional strengthening of agricultural secondary education
3.3.2: Strengthening curricular and human resources
3.3.3: Strengthening agriculture and veterinary universities.

Program 4: Agricultural Governance, Gender and Strengthening Human and Institutional Capacities

Sub-Programme Sub-Components
4.1. Improved policy and legislative environment for the promotion of the agricultural industry
4.1.1. Formulation of Agricultural Development Policy
4.1.2. Improving the legal and regulatory framework

4.2. Further reform of the Ministry of Agriculture and Rural Development
4.2.1. Improvement of the Ministry of Agriculture organizational framework and Rural Development
4.2.2. Construction, rehabilitation and equipment of public agricultural institutions at national and provincial levels
4.2.3. Strengthening technical capacity of the Ministry of Agriculture and Rural Development

5.1. Support for adaptation to climate change
5.1.1. Promotion of urban agriculture
5.1.2. Support for the establishment of agroforestry systems more resilient against climate change
5.1.3. Arrangements of watersheds and implementation of anti-erosion measures
5.1.4. Capacity building of structures for coordination, monitoring and control of the agricultural and rural sector
5.1.5. Capacity building structures control and inspection services
5.1.6. Implementation and support the operation of a system of strategic analysis, review and knowledge management in the agricultural sector
5.1.7. Establishment of permanent mechanisms for collection, processing, storage and dissemination of agricultural and rural statistics
5.1.8. Support platforms for dialogue at national, provincial, territorial and sectoral level

Programme 5 : Adaptation to Climate Change

Sub-Programme Sub-Components
5.1. Implementation of adaptation
5.1.1. Promotion of Integrated Management of Soil Fertility (GIFS)
5.1.2. Support for the establishment of agroforestry systems more resilient against climate change
5.1.3. Arrangements of watersheds and implementation of anti-erosion measures
5.1.4. Accompanying Measures REDD
5.2. Managing climate risks
5.2.1. Strengthening agro-meteorological centers
5.2.2. Establishment of mechanisms for monitoring and prevention of climate risks

Program 2: Managing Food and Nutrition Security and Strategic Agricultural Reserves

Sub-Programme Sub-Components
2.1: Establishment and strengthening of an information and early warning system
2.1.1. Food Security: Implementation of an information system on the market
2.1.2. Establishment of an early warning system on food safety and prevention of climate risks

2.2. Fight against malnutrition
2.2.1. Strengthening the degree of awareness of stakeholders in rural areas on the importance of good nutrition in maintaining health
2.2.2. Promotion of actions to improve nutrition

2.3. Management of food vulnerability and organization of strategic reserves
2.3.1. Strengthening national monitoring and vulnerability management
2.3.2. Support for the alignment of emergency food aid to the real needs
2.3.3. Organization of strategic reserves

Program 3: Research, Extension and Agricultural Education

Sub-Programme Sub-Components
3.1. Research and development of technologies
3.1.1. Strengthening research structures
3.1.2. Knowledge Management
3.1.3. Development of new genetic material of plant, animal and fish species
3.1.4. Development of technologies for integrated management of soil fertility
3.1.5. Development of integrated technologies and plant protection, animal health
3.1.6. Development of technologies for processing agricultural products, meat and fish

3.2. Training and development of advisory support and extension structures
3.2.1. Strengthening public institutions and civil society support and advice
3.2.2. Diffusion and dissemination of technological innovations

The supervisory structure of the NAIP programme and the agriculture sector falls under the Ministry of Agriculture and Rural Development (MINAGRIDER). The two General Secretariats which are responsible for Agriculture, Fisheries and Livestock and Rural Development are both key stakeholders in the NAIP programme.

The other agriculture Ministry departments that are implicated are the directorates overseeing Agriculture, Fisheries and Livestock including:
• The Directorate of Studies and Planning (DSP);
• The Department of General Services (DOG);
• The Directorate of Plant Production and Protection (DPPP);
• The Department of Animal Production and Health (DAPH);
• The Directorate of Markets, Prices and Credits Campaigns (DMPPC);
• The Directorate of Fisheries (DFP);
• The Directorate General of Projects (DGP), Administration; and
• The Directorate of Inspection (DII).

The directors related to Rural Development are the:
• Department of General Services;
• Directorate of Studies and Planning;
• Directorate of Community Development;
• Department of Rural Economy;
• Directorate of Agricultural Engineering;
• Department of Training and Rural Extension and
• Directorate of Inspection.

Additional key stakeholders involved in the design and administration of the NAIP include the Ministries of specialized services providers in regard to Agriculture, Fisheries and Livestock and they include:
TARGET INVESTMENT PROMOTION MARKET SEGMENTS

Agriculture Transformation Initiatives and Opportunities

To promote strategic investment in the agriculture sector, the Office of the Prime Minister of the DRC has also developed a strategy to “Engineer Agricultural Transformation” in the DRC. Underpinned by agricultural legislation that was passed in December of 2011, the programme includes initiatives to support small scale farmers, as well as attract commercial farmers, to promote export crops, encourage young farmers and build analytical capacity with agricultural sector.

Other ministries that are directly or indirectly involved in supporting agricultural production include: the Ministry of Environment, Nature Conservation and Tourism (MECNET); the Ministry of Higher Education, University and Scientific Research, through the Institut National d’Etudes et de Recherche Agronomique (INERA); the Ministry of Rural Development (MNRDR) and the Ministry of Higher Education, University and Scientific Research, through the Institut National d’Etudes et de Recherche Agronomique (INERA).

Additionally, some other ministries that also have specific responsibilities that directly affect operations in agricultural sub-sectors include the: (i) Planning and Monitoring; (ii) Trade and Economy; (iii) Finance; (iv) Public Health; (v) Land Affairs; (vi) Gender, Family and Children; (vii) Planning, Urban Development, Housing, Infrastructure, Public Works and Reconstruction; and (viii) Primary, Secondary and Professional Education.

To improve the coordination of actions in the sector at the national and provincial level, the Government also is working to encourage young agri-entrepreneurs to move produce and products to and from the facilities.

Key features of the planned parks include the establishment of green houses for vegetables, agro-processing facilities, storage facilities, and the creation of distribution and logistics structures to move produce and products to and from the facilities. Fish farms, poultry farms, piggeries and cattle farms are also some of the developments planned for the parks.
Agriculture Sub-Sector Investment Opportunities

The National Investment promotion Agency (ANAPI) has developed three sub-sector specific publications that outline investment opportunities in the horticulture sector, the livestock sector and the fisheries sector. Also, as the DRC’s 11 provinces each have varying agro-ecological environments and thus support different agricultural products, ANAPI has mapped these opportunities by province.

Key Crop Production (in Tonnes)

<table>
<thead>
<tr>
<th>Producer</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rice</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sorghum</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Groundnuts</td>
<td>2026</td>
<td>2027</td>
<td>2028</td>
<td>2029</td>
<td>2030</td>
<td>2031</td>
</tr>
<tr>
<td>Plantains</td>
<td>32 000</td>
<td>32 000</td>
<td>32 000</td>
<td>32 000</td>
<td>32 000</td>
<td>32 000</td>
</tr>
<tr>
<td>Tobacco</td>
<td>111 140</td>
<td>111 140</td>
<td>111 140</td>
<td>111 140</td>
<td>111 140</td>
<td>111 140</td>
</tr>
</tbody>
</table>

b. Food Crops

- **Rice**:
  - Equateur (province of Bumbi)
  - Eastern Province
  - South Kivu (Fuit highlands) and Maniema

- **Soyabean**:
  - Eastern Kasai (Kabinda)
  - Equateur

- **Sugar cane**:
  - Bas-Congo (Kafuli-Ngongoro)
  - South Kivu (Kibila)
  - Eastern Province (Lokutla Yansonge) and Bandundu (Mushe pentane)

- **Cassava**:
  - Bandundu (Kisengo districts; Wuia, Plateau and Matibolo)
  - Bas-Congo

- **Domestic production in 2017**: 15,064,430 tons

- **Corn**:
  - Eastern Province, Katanga and both Kasai
  - Domestic production in 2017: 1,155,720 tons

- **Rice**: Rice cultivation is practiced in many provinces, but with a wider distribution in the forest areas of Yahuma, Banalia, Opala, Bahausendi, Aketi and Buta in the Eastern Province. Bumba territory in Equateur province is also favourable for this crop.

- **Domestic production in 2017**: 316,180 tons

- **Beans**:
  - North Kivu, South Kivu, Katanga Occidental Eastern Province, Katanga, Bas-Congo and Bandundu
  - Domestic production in 2017: 11,220,250 tons

- **Peanuts**:
  - Bandundu (Idota, Bulunga, Mainamarubama, Bagata, Gunji and Mubili territories)
  - Katanga (Tanganyika District and Haut Lumodi)

- **Domestic production in 2017**: 365,570 tons

- **Plantsains**:
  - North Kivu (Berri, Ruthurah, Masai, Walkako, Kabare, Fuit and Mwenga territories there is fertile soil, mainly of volcanic origin
  - Domestic production in 2017: 488,180 tons

- **Potato**:
  - North Kivu Province (Masai, Ruthurah, Walkako, Lubero, ...)
  - South Kivu (Dink, Kabara, Bukavu, ...

- **Domestic production in 2007**: 93,560 tons

- **Wheat**:
  - North Kivu (Masai and Lubero)
  - Katanga (Mbiwa Lubuli and Nyanza)
  - Domestic production in 2007: 86,900 tons

c. Livestock

The DRC has enormous potential pastoral with more than 87 million hectares that are covered by vast plains and vast grassy and wooded grassland that is favorable to the expansion of livestock.

The total number of animals in the country is estimated at about 7,000,000 heads, 60 percent goats, 15 percent of pigs, 14 percent of sheep and 11 percent of cattle.

The aim of the government is to intensify animal husbandry in the areas of poultry, sheep, goats, and pigs and to ensure that extension services in other major urban centers and supporting the creation and development of private farms and small farms family.

In particular there is interest in rehabilitating the many cattle ranches, that were decimated by the war(s), in the Provinces of Katanga (Plateau Kundelungu), South Kivu (Massai), Eastern Kasai Occidental (Kasai Oriental), Bandundu (Feshi and Kikwi), Province Orientale (Ituri).

Additionally, while livestock breeding can be found nationwide, the premier breeding areas are found in the southern savannahs and the mountainous regions of the Southeast and East (Kasai and Katanga, and in the mountains of South Kivu, Maniema and North Kivu). Also, small livestock and poultry have gained importance in operation urban and peri-urban areas where they are intended for home consumption and sale in the cities.

Today, this livestock farming sector is divided into two main parts, a smaller modern farming sub-sector and a much larger traditional sub-sector. The eight most favourable livestock investment regions by province are:

- **BAS CONGO**:
  - In this province, livestock breeding is done in Lower River: - Catacar; - Lukaya; - Boma; - Matala.

- **BANDUNDU**:
  - The physical environment of Bandundu, in general, is favorable for livestock breeding. The breeding of large ruminants (i.e. cattle, sheep, goats) is much more favorable in the district of Kivulu.

- **KATANGA**:
  - Livestock farming is generally practiced throughout the whole of the province and there is significant agro-ecological potential (Savannah) and the pastoral tradition.

  Cattle farms were concentrated in the Marungu region extending to Southeast and North – East valleys in the province, where there are favorable conditions for livestock farming.

  Other attractive areas are found in the center (Plateau Bango) and to the west of the province in the Lualaba region.

- **NORTH KIVU**:
  - The natural environment and the traditional vocation of North Kivu is favorable to the development of livestock breeding.

  Covering only 2.5 percent of the area of the country, this province is home to more than a fifth of the national cattle herd and is an important economic development driver in this region.

- **SOUTH KIVU**:
  - This is another traditional livestock-rearing province in the DRC and over 90 percent of the beef cattle, sheep, goats, pigs and poultry are found here.

- **MANIEMA**:
  - Livestock farming in this province is comprised primarily of goats, sheep, pigs, birds and backyard animals (chickens, ducks, rabbits). The exploitation of cattle is not developed in the province.

Livestock Framing in DRC: Principal Units

<table>
<thead>
<tr>
<th>Species</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cattle</td>
<td>752 630</td>
<td>752 630</td>
<td>752 630</td>
</tr>
<tr>
<td>Sheep</td>
<td>902 270</td>
<td>902 270</td>
<td>902 270</td>
</tr>
<tr>
<td>Goat</td>
<td>1 601 771</td>
<td>1 601 771</td>
<td>1 601 771</td>
</tr>
<tr>
<td>Pig</td>
<td>963 130</td>
<td>963 130</td>
<td>963 130</td>
</tr>
<tr>
<td>Game</td>
<td>17 860 031</td>
<td>17 860 031</td>
<td>17 860 031</td>
</tr>
</tbody>
</table>

| Meats (tons) | 4 040 040 | 4 040 040 | 4 040 040 |
|--------------| 2 810 | 2 810 | 2 810 |
| Poultry      | 542 188 | 542 188 | 542 188 |
| Game davon   | 10 732 | 10 732 | 10 732 |
| Goat meat    | 280 254 | 280 254 | 280 254 |
| Pig meat     | 79 251 | 79 251 | 79 251 |

| Pigs          | 1 646 173 | 1 646 173 | 1 646 173 |
| Game davon    | 967 160 | 967 160 | 967 160 |
| Sheep meat    | 579 094 | 579 094 | 579 094 |
| Cattle meat   | 2 830 | 2 830 | 2 830 |

Source: Ministry of Agriculture, Service National des Statistiques agricoles

d. Fisheries

The DRC has vast water bodies representing 86,000 km² with a fishing potential of 70,000 tons annually. However, the annual fish production is estimated at 250,000 tons, 13% of the fisheries potential. The consumption gap is offset by imports about 100,000 tons of fish per year.

Currently, three types of fishing are practiced, namely:

1. Commercial fishing (using dugout canoes that can bear a load of two tons)
2. Artisanal fishing (using canoes equipped with outboard motors that can bear a load of 1.5 tonnes per fisherman)
3. Semi-industrial fishing (using seiner fishing boats which allows about 30 to 380 tons / year)
The key fishing zones in the country as identified by the DRC Ministry of Agriculture and promoted by ANAPI are:

**Principal Fishing Regions in the DRC**

- Lake Tanganyika
- Lake Albert
- Lake Kivu
- Lake Tshangalele
- Atlantic Coast
- Lake Likasi
- Katanga River
- Congo River
- South Atlantic

**Haliecouty Species**

- Tilapia, Serrano Chromis, Clarias
- Captain, Ray, Conger, Perch, Soles
- Bream, Daradas, catfish
- Sardinella (mackerel)

**Source:** ANAPI (2013)

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**SOURCES OF FUNDS FOR DRC NAIP FINANCING PLAN 2014-2015**

The DRC NAIP of $5.7 billion is meant to be invested over the period from 2013 – 2020. The government of the DRC intends to invest roughly forty percent of the amount required under the programme, and as such is looking to development partners for support as well. The total cost of the DRC NAIP over the period from 2013 to 2020 is estimated at US$7.3 billion.

**Cost of the DRC NAIP**

<table>
<thead>
<tr>
<th>Province</th>
<th>%</th>
<th>Cost NAIP</th>
<th>Cost f.1</th>
<th>Cost f.2</th>
<th>Cost f.3</th>
<th>Cost f.4</th>
<th>Cost f.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kinshasa</td>
<td>16.9%</td>
<td>968.5</td>
<td>617.3</td>
<td>587</td>
<td>324.8</td>
<td>102.5</td>
<td>33.1</td>
</tr>
<tr>
<td>Bas-Congo</td>
<td>10.2%</td>
<td>584.2</td>
<td>372.6</td>
<td>34.8</td>
<td>75.9</td>
<td>61.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Bandundu</td>
<td>8.5%</td>
<td>487.1</td>
<td>310.5</td>
<td>45.6</td>
<td>62.8</td>
<td>51.5</td>
<td>16.6</td>
</tr>
<tr>
<td>Lualaba</td>
<td>13.9%</td>
<td>729.9</td>
<td>584.4</td>
<td>14.3</td>
<td>181.2</td>
<td>64.8</td>
<td>25.7</td>
</tr>
<tr>
<td>Maniema</td>
<td>3.8%</td>
<td>206.3</td>
<td>131.5</td>
<td>19.3</td>
<td>25.9</td>
<td>21.7</td>
<td>7.0</td>
</tr>
<tr>
<td>North Kivu</td>
<td>8.9%</td>
<td>438.9</td>
<td>292.2</td>
<td>4.3</td>
<td>59.1</td>
<td>48.6</td>
<td>13.7</td>
</tr>
<tr>
<td>South Kivu</td>
<td>6.8%</td>
<td>387</td>
<td>248.4</td>
<td>38.5</td>
<td>52.6</td>
<td>41.8</td>
<td>13.8</td>
</tr>
<tr>
<td>Equator</td>
<td>8.9%</td>
<td>407</td>
<td>293</td>
<td>44.7</td>
<td>60.3</td>
<td>40.9</td>
<td>16.7</td>
</tr>
<tr>
<td>Province Orientale</td>
<td>11.4%</td>
<td>651.3</td>
<td>415.8</td>
<td>61.2</td>
<td>84.2</td>
<td>69.2</td>
<td>22.1</td>
</tr>
<tr>
<td>Kasai Est</td>
<td>9.6%</td>
<td>373.3</td>
<td>237.4</td>
<td>34.8</td>
<td>48.9</td>
<td>39.6</td>
<td>13.7</td>
</tr>
<tr>
<td>Kasai Sud</td>
<td>8.0%</td>
<td>465.7</td>
<td>303.5</td>
<td>45.4</td>
<td>67.2</td>
<td>52.6</td>
<td>17.3</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>5720.8</td>
<td>3652.5</td>
<td>359.9</td>
<td>738.3</td>
<td>607.3</td>
<td>195.8</td>
</tr>
</tbody>
</table>

**Source:** DRC NAIP (2014)

The preliminary financing gap (i.e., the gap between the planned government spend and the cost of the programme) that has been estimated is approximately equivalent to US $3.7 billion and represents approximately 64 percent of the total requirements for the NAIP.

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**INVESTMENT CLIMATE AND INCENTIVES**

The DRC is a multi-party democracy and provides a market-oriented liberalized economic environment. The DRC Government welcomes investors across sectors and the laws relating to its investments have provided for incentives aimed specifically at increased levels of investment and international trade, as well as increased domestic economic growth.

Strategically located in the heart of Africa and bordered by 9 neighbouring countries, the DRC represents a mega market in the heart of the African continent with a population of more than 70 million people within a region of over 250 million consumers when including the neighbouring countries. The DRC is also endowed with rare and strategic minerals sought by both developed and emerging economies around the world. There is 120 million hectares of arable land, abundant rainfall throughout the year, tens of thousands of rivers, half of the African equatorial forest, and over 100,000 MW of potential hydropower.

The DRC is also a member of the World Trade Organization (WTO), the Africa Free Trade Zone, Trade & Investment Framework Agreement, and World Federation of Trade Unions. It is also a signatory to a number of regional economic communities, including the Economic Community of Central African States (ECCAS), the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC) and the Economic Community of the Great Lakes Countries (ECGLC). The DRC is also an eligible member of the partnership agreement for the renegotiated Lome Convention offering preferential trade and aid links with the United European Union, and the United States market access initiative for African countries: the African Growth and Opportunity Act (AGOA).

Thanks to its membership in harmonized regional legal regime of OHADA, the DRC has access to arbitral mechanisms based on international instruments, such as the 1985 Model Law on International Commercial Arbitration of the United Nations Commission on International Trade Law (UNCOMTRIAL) and the 1998 Rules of Arbitration of the International Chamber of Commerce. The DRC also has signed a number of bilateral treaties for the promotion and protection of investment, and select double taxation treaties.

In the 2014 World Bank ‘Ease of Doing Business’ rankings the DRC is ranked 183 out of 189 countries, indicative in part of the difficult past that the country is trying to transform itself out of.

As and government is not content with the status quo, the DRC is currently also undertaking a number of reforms aimed at improving the ease at which investors can do business in the country.

The DRC offers a number of investment incentives designed to attract foreign capital, mainly in the form of tax and customs exemptions, approved under the Investment Code system. Eligibility is based on location and type of enterprise, number of jobs created, extent of training and promotion of local staff, export-producing nature of the operation, and value added to local resources.

Furthermore, tax exemptions in the DRC vary depending on location, categorized by economic region and applied during the first years following the establishment of a business as such:

- 3 years for Economic Region A (Kinshasa);
- 4 years for Economic Region B (Basa Congo, cities of Lubumbashi, Likasi and Kolwezi);
- 5 years for Economic Region C (Bandundu, Equateur, Kasai Oriental, Katanga Occidental, Maniema, North Kivo, South Kivo, Province Orientale and Katanga);

Selected tax exemptions that are offered include the following:

- Full exemption from professional tax on income for profits made by approved investments;
- Full exemption from duties and taxes on export of all or part of finished products, carved or semi-carved in good conditions for the balance of payments;
- Exemption from land tax (on land concessions and developed properties);
- Exemption from ad valorem duty on the construction or increase of the share capital of limited liability companies (SARL);
- Exemption from tax on turnover inside the country for products and services bought from local producers.

**Selected Key Development Partners that are expected to contribute to the development of the DRC agriculture sector include the European Union, the World Bank, the World Bank’s International Finance Corporation, the USAID, CIAR, SIDA, DFID, UNDP, and the World Food Programme.**
With the exception of the administrative tax (5 percent), full exemption from duties and taxes on import for machinery, new tools and equipment, new spare parts not exceeding 10 percent of CIF value of the said equipment for public utility investments; exemption from duties and taxes on export for all or part of finished products, carved or semi-carved, in good conditions for the balance of payment.

Small businesses are also encouraged through the following incentives:

- The possibility of calculating their provision for depreciation according to a degressive mode;
- Deduction of taxable profit from expenses made for the training or improvement of staff or conservation of the environment;
- Exemption from duties on corporate or cooperative charters and on registration fees in the Trade Register.

Investments in the DRC are protected by the Constitution and the 2002 Investment Code. Guarantees provided by the Investment Code are:

- Equal treatment for all investors regardless of nationality;
- Exclusion from nationalisation and expropriation;
- Free transfer abroad of dividends and other income generated by investments;
- Settlement of disputes;
- Established commercial and labour courts, in which sit business representatives.

The DRC’s Constitution (Chapter 2, Articles 34–40) also protects private ownership with no distinction between nationals and foreign owners. However, the government is granted authority to expropriate property.

Under Constitutional Law and Land Law No. 52/83, the state owns all the DRC’s natural resources (land, water, forests and minerals). Individuals or companies can obtain various types of use and exploitation rights from the state. However, Land Law does not recognize private land ownership but only concessions granted by the government, and the legal status of the rights obtained through concession is ambiguous.

Individuals and enterprises desiring use rights to land can apply for two types of concessions: in perpetuity or standard. Concessions in Perpetuity (Concessions Perpétuelles) are available only to Congolese nationals and are transferable or inheritable by nationals. Standard concessions (Concessions Ordinaires) are granted by the government to any person or legal entity, whether of Congolese or foreign origin.

Standard concessions are granted for specific time periods, usually up to 25 years with the possibility of renewal, normally guaranteed as long as the land is developed and used in accordance with the terms of the concession. Although these regulations legally apply to all land in the DRC, in practice, application of rules on concessions tends to be restricted to urban and peri-urban areas and large holdings of productive land in rural areas.

The Ministry of Land Affairs has overall responsibility for the DRC’s rural and urban land administration, registration, surveying and management/allocation of land concessions. Real estate property is registered at the Office of the Mortgage Registrar. Procedures for obtaining concessions are quite extensive and begin with an application to the provincial governor. The governor authorizes the district commissioner to arrange for a land survey that involves visual inspection, local interviews and determination of existing use. Once the survey is complete, the application is sent to the governor who forwards it to the Ministry of Land Affairs. Final approval is granted by officials at district, provincial and central levels based on the amount of land involved. It is unclear how often the process is followed and whether concessions are freely transferable.

In rural areas, large commercial operations are usually concessions: small holdings, village and communal lands, and natural resource rights are still normally governed by customary law. To note, property rights in the DRC are often ambiguous, usually undocumented, and weak. The current tenure system provides little security to landholders and does not foster productive and sustainable use of land. Yet, as infrastructure development increases and new emphasis is placed on investment, new lands may be opened or reopened for commercial agriculture. Also to note, under the Constitution and the DRC’s 1977 Expropriation Law No. 77/081, the state can expropriate land under concession or held by local communities as it deems necessary for public use or public interest (although compensation is expected).

The DRC is party to both bilateral and multilateral investment guarantee agreements, including the Multilateral Investment Guarantee Agency (MIGA) specialized in insurance against political and other non-commercial risks; the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards; the OHADA Treaty; and the African Trade Insurance Agency (ATIA).

Lastly, the DRC has no burdensome performance requirements for foreign investors although efforts are made to monitor investment through the approval process. Some eligibility conditions must be met by investors. As specified by ANAPI, these are be or be converted into a corporation subject to Congolese law, share capital should amount to US$200,000 minimum, guarantee a value added rate equal to or exceeding 35 percent, a time frame for the investment, implementation of the approved programme, the use of Congolese accounting procedures; provision of staff training; protection of the environment; periodic progress reports provided to ANAPI (every 6 months), observation of employment regulations, and compliance with international and local standards for the provision of goods and services. Investors must also agree that all imported equipment and capital remain in place for at least 5 years. The DRC Government may require compliance with an investment agreement within thirty (30) days of approval notification.

There is no requirement that investors purchase from local sources or export a certain percentage of output. Moreover, there are no discriminatory or excessively difficult visa, residence or work permit requirements. However, all investors in the DRC must submit to multiple audits by various government agencies seeking to ensure compliance with tax laws or price controls.

FOOTNOTES


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