

Congo Investment
Group

Investing in the Congolese Market: Opportunities & potentials



Congo Investment Group Regional Markets Review 2024

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Overview

This document outlines and analyzes key investment opportunities & business indicators located in the Democratic Republic of The Congo. Our experts provide insights on the Congo's resources in various industries such as mining, transportation, agriculture, energy, pharmaceutical, entertainment, manufacturing, telecommunication, hydrocarbon, aerospace, human capital, market potential and consumer behavior.

Introduction

The Democratic Republic of The Congo is an emerging market located in sub-Saharan Africa with natural resources estimated at over **24 trillion USD** (exploited at less than 1% capacity). With more than 105 million inhabitants, the Congolese territory is expanded on its 905,567 square miles: (2,345,409 square kilometers). The country bears important reserves (and in enormous quantities) of highly demanded natural resources such as cobalt (+65% of global reserve), copper (+9% of global supply), large deposits of gold, diamonds, iron ore and platinum. It possesses the world's second largest rainforest covering over 500 million acres (2 million km²) across six countries and contains a quarter of the world's remaining tropical forest. Being an important ecological reservoir, the Congo DR sits on 3.2 trillion cubic feet of natural gas.

The handful list of factors provided above means there is a substantial viability of business in several industries in the Congo DR.

1 PRIVATE MARKET MOMENTUM — A BOOST

Compared with a prior decade of slow growth, 2021 was a headily subdued year in the private markets in The Congo. Following the record highs achieved in 2022, exogenous macroeconomic events motivated growth in 2023. Amid the challenges, private markets sold off substantially, and though growth remained relatively buoyant in the first half of 2023, it followed in the latter half.

These semiannual performances had substantial and varied impacts on private markets' attractiveness despite a steep decline in certain regions due to ongoing conflict.

However, the southeastern region kept a constant growth pace especially due to a global high demand of strategic resources such as cobalt and copper.

Capital deployments into the mining industry increased following the increase of electric vehicles' battery demand.

Concurrently, elevated commodity prices drove an increase in the cost of production.

While fundraising and investment performance declined, the industry's growth held reasonably high, with the overall mine production of cobalt in the Democratic Republic of the Congo going from an estimated 130,000 metric tons in 2022 to 170,000 metric tons in 2023.



Summary

Real GDP (purchasing power parity): \$102.956 billion (2021 est.)	2024 Projected Real GDP Growth rate: 8.4%
Real GDP per capita: \$1,100 (2021 est.)	GDP (official exchange rate): \$58.16 billion (2022 est.)
	household consumption: 64.5% (2019 est.) government consumption: 13.7% (2019 est.)

GDP- composition	<p>investment in fixed capital: 24.9% (2019 est.)</p> <p>investment in inventories: 6.2% (2019 est.)</p> <p>exports of goods and services: 28.7% (2019 est.)</p> <p>imports of goods and services: -38% (2019 est.)</p>
Land use:	<p>Forest: 64.9%</p> <p>Agricultural land: 13.7%</p> <p>Other: 21.4%</p>
<p>Total land boundaries: 11,027 km</p> <p>Border countries:</p>	<p>Angola 2,646 km (of which 225 km is the boundary of Angola's discontinuous Cabinda Province); Burundi 236 km; Central African Republic 1,747 km; Republic of the Congo 1,775 km; Rwanda 221 km; South Sudan 714 km; Tanzania 479 km; Uganda 877 km; Zambia 2,332 km</p>
Elevation	<p>highest point: Pic Marguerite on Mont Ngaliema (Mount Stanley) 5,110 m</p> <p>lowest point: Atlantic Ocean 0 m</p> <p>mean elevation: 726 m</p>
<p>Age structure:</p> <p>0-14 years: 45.99% (male 25,902,046/female 25,543,395)</p> <p>15-64 years: 51.52% (male 28,798,920/female 28,835,212)</p> <p>65 years and over: 2.49% (2023 est.) (male 1,211,966/female 1,568,389)</p>	<p>urban population: 47.4% of total population (2023)</p> <p>Major urban areas: 16.316 million KINSHASA (capital), 2.892 million Mbuji-Mayi, 2.812 million Lubumbashi, 1.664 million Kananga, 1.423 million Kisangani, 1.249 million Bukavu (2023)</p>

<p><i>Climate:</i> tropical; hot and humid in equatorial river basin; cooler and drier in southern highlands; cooler and wetter in eastern highlands; north of Equator - wet season (April to October), dry season (December to February); south of Equator - wet season (November to March), dry season (April to October)</p>	<p><i>Major lakes:</i> fresh water lake(s): Lake Tanganyika (shared with Burundi, Tanzania, and Zambia) - 32,000 sq km; Lake Albert (shared with Uganda) - 5,590 sq km; Lake Mweru (shared with Zambia) - 4,350 sq km; Lac Mai-Ndombe - 2,300 sq km; Lake Kivu (shared with Rwanda) - 2,220 sq km; Lake Edward (shared with Uganda) - 2,150 sq km; Lac Tumba - 500 sq km; Lac Upemba - 530 sq km (Including the large Congo River)</p>
<p>Total water withdrawal:</p> <p>municipal: 460 million cubic meters (2020 est.)</p> <p>industrial: 150 million cubic meters (2020 est.)</p> <p>agricultural: 70 million cubic meters (2020 est.)</p> <p>Total renewable water resources: 1.29 trillion cubic meters (2020 est.)</p>	<p>Industries:</p> <p>mining (copper, cobalt, gold, diamonds, coltan, zinc, tin, tungsten), mineral processing, consumer products (textiles, plastics, footwear, cigarettes), metal products, processed foods and beverages, timber, cement, commercial ship repair</p>
<p>Industrial production growth rate: 7.78%</p> <p>Labor force: 37.826 million (2022 est.)</p> <p>Exports - commodities: copper, cobalt, crude petroleum, tin, diamonds (2021)</p> <p>Imports - commodities: packaged medicines, refined petroleum, sulfuric acid, stone processing machines, delivery trucks (2019)</p>	<p>Reserves of foreign exchange and gold:</p> <p>\$3.467 billion (31 December 2021 est.)</p> <p>\$747.655 million (31 December 2020 est.)</p> <p>\$1.194 billion (31 December 2019 est.)</p>

<p>Electricity generation sources: fossil fuels: 0.1% of total installed capacity (2020 est.) nuclear: 0% of total installed capacity (2020 est.) solar: 0.1% of total installed capacity (2020 est.) wind: 0% of total installed capacity (2020 est.) hydroelectricity: 99.6% of total installed capacity (2020 est.) tide and wave: 0% of total installed capacity (2020 est.) geothermal: 0% of total installed capacity (2020 est.) biomass & waste: 0.3% of total installed cap.</p>	<p>Coal :</p> <p>Production : 0 metric tons (2020 est.)</p> <p>Consumption : 10,000 metric tons (2020 est.)</p> <p>Exports : 0 metric tons (2020 est.)</p> <p>Imports : 10,000 metric tons (2020 est.)</p> <p>Proven reserves : 88 millions metric tons (2019 est.)</p>
<p>Petroleum:</p> <p>total petroleum production: 22,000 bbl/day (2021 est.)</p> <p>refined petroleum consumption: 17,900 bbl/day (2019 est.)</p> <p>crude oil and lease condensate exports: 21,300 bbl/day (2018 est.)</p> <p>crude oil and lease condensate imports: 0 bbl/day (2018 est.)</p> <p>crude oil estimated reserves: 180 million barrels (2021 est.)</p>	<p>Refined petroleum products</p> <p>Imports: 21,140 bbl/day (2015 est.)</p> <p>Exports: 0 bbl/day</p> <p>Natural gas:</p> <p>production: 368,000 cubic meters (2019 est.)</p> <p>consumption: 368,000 cubic meters (2019 est.)</p> <p>exports: 0 cubic meters (2021 est.)</p> <p>imports: 0 cubic meters (2021 est.)</p> <p>proven reserves: 991 million cubic meters (2021 est.)</p>

<p>Telecommunication systems:</p> <p>general assessment & Opportunity: the telecom system remains one of the least developed in the region.</p> <p>the investment made in infrastructure is derived from donor countries or from the efforts of foreign (particularly Chinese) companies and banks.</p> <p>efforts have been made to improve the regulation of the telecom sector; the limited fixed-line infrastructure has become the principal providers of basic telecom services; the development of the DRC's internet and broadband market has been held back by the poorly developed national and international infrastructure; The supply for Internet services does not meet the Congo's constant high demand.</p>	<p>Transportation:</p> <p>Airports: 198 (2021)</p> <p>Pipelines: 62 km gas, 77 km oil, 756 km refined products (2013)</p> <p>Railways: total: 12,007 km (2017)</p> <p>Roadways: total: 152,373 km (2015)</p> <p>Waterways: 15,000 km (2011) (including the Congo River, its tributaries, and unconnected lakes)</p>
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Major business agreements:

China being the main exporter of Congolese mining products, Sino-Congolese Cooperation Agreement (SCCA) is to date, the biggest business agreement between the Democratic Republic of The Congo and The

People's Republic of China estimated to be more than 40 billion USD primarily in mining products.

The African Continental Free Trade Area (AfCFTA): Africa's importance to global trade and investment will dramatically increase as its young

population is set to double by 2050 to 2.5 billion people, representing more than a quarter of the world's population, with a business and consumer market of \$16 trillion. Africa is in the process of becoming the world's largest single market via the implementation of the African Continental Free Trade Area (AfCFTA), as a number of countries have enacted reforms to improve business environments and attract private investment. These reforms and harmonization under AfCFTA will make African companies increasingly competitive and promote their integration into global supply chains. African countries are targeting efforts to develop key industries that play to U.S. strengths, including automotives, pharmaceuticals, energy, and ICT,

including strategies to attract investments in critical infrastructure.

What to consider if you invest in the Democratic Republic of Congo

Strong Points

Among the reasons to invest in the Democratic Republic of Congo:

- ❖ high growth rate of the national economy
- ❖ abundant mineral resources (copper, cobalt, diamond, gold, tin), with 80 million hectares of arable land and around 1,100 minerals in its subsoil
- ❖ the country is a member of several regional economic blocs, including the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA),

the Economic Community of Central African States (ECCAS), and the Economic Community of the Great Lakes Countries (ECGLC).

- ❖ several incentives granted to foreign investors.
- ❖ immense potential in sectors like mining, energy (especially hydroelectric), and infrastructure
- ❖ Organized public institutions and President Tshisekedi's efforts to nurture business climate in The DR Congo.

Weak Points

- a shortage of skilled labor
- weak infrastructure (transport, energy, telecommunications)
- instability in some regions of the eastern Congo.

Government Measures to Motivate FDI

The government of the DRC provides incentives to foreign investors. Such measures are generally negotiated during a streamlined period of approximately 30 days. Negotiated incentives can range from tax breaks to duty exemptions and can vary according to the location and type of enterprise, the number of jobs created, the degree of training and promotion of local staff, and the export-producing potential of the operation.

Furthermore, the government created a "one-stop shop" for foreign investors, the Guichet Unique, which brings together all the government entities involved in the registration of a company in the DRC.

Quick opportunity facts

According to Global Data, the Democratic Republic of Congo is the fourth largest producer of diamonds in the world, with a production of 14,137 million carats in 2022, up 0.32% compared to 2021. Seventy percent of its total production was exploited in Kasai Oriental and Kasai Central. Its estimated 150 million carats in diamond reserves enlists the Congo among the largest diamond reserves in the world after Russia and Botswana with approximately 20.5% of the world total.

- Congo has 18 large dams and the largest hydroelectric potential in Africa. The two largest Inga dams only generate

650 to 750 MW, or 36% of their potential of 1774 MW.

- DR Congo has potential of up to 100,000 Megawatts of hydroelectric capacity capable of providing surplus electricity for up to 29 million households. Despite its enormous energy potential, only nearly 9.1% (9.04 Megawatts) are in production.
- The Lake Kivu (2,370 km²) in the eastern Congo holds nearly 60 billion cubic meters of methane and CO₂ of magmatic origin and reaches 485 meters at its deepest places. These enormous quantities of methane gas from Lake Kivu are proving to be a boon for the electrification of DR Congo but

also a wonderful opportunity for capital investment.

- With more than 80 million hectares of arable land, 4 million hectares of irrigated land and numerous rivers with significant fishing resources, DR Congo has the potential to become a world agricultural power.
- A true gift of nature, the Congo River has renewable water resources estimated at more than 300 billion cubic meters per year. In terms of groundwater resources, static reserves are estimated at 3,000 billion cubic meters. This abundance of water provides unique opportunities for irrigation, drinking water supply and other agricultural and industrial uses.

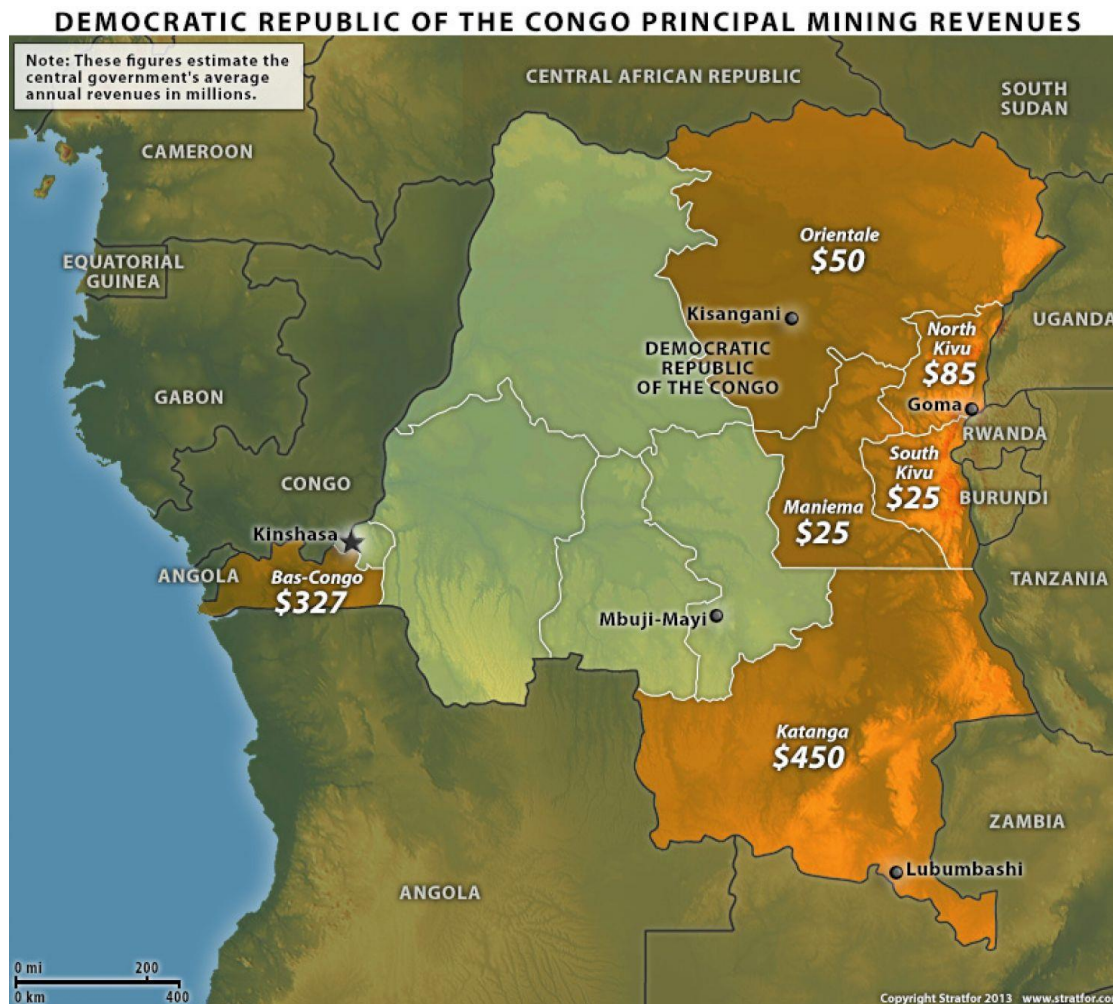
- In 2022, the DRC recorded industrial production of 24,307 tons of tin, generating revenue of \$318.9 million. Artisanal mining, for its part, exported up to 8,546 tons, bringing in \$109.8 million despite various challenges, including appropriate equipment and infrastructure. The country has more than 60% of the world's reserves with potential investment returns of up to 180% in less than 3 years.
- Gécamines, one of the largest mining companies in the DRC, mainly exploits copper and cobalt. Founded 117 years ago, Gecamines is the largest mining company entirely controlled by the Congolese state. It aims to

increase its production to more than 36,000 tons of copper and 10,000 tons of cobalt per year.

- In addition to copper and cobalt, Gécamines also produces zinc, with a production of 7,800 tons, although this production saw a drop of 32% compared to 2016.
- The percentage of solar energy in the Congo is estimated at only 3.2% (a major green zone for investment opportunities)

- The service and agriculture sectors have the largest shares in the DR Congo's GDP. In 2019, agriculture accounted for 31.3% of the country's GDP (US\$14 billion), while the service sector represented 31% (US\$13.9 billion). On the Current Path, the share of the service sector in GDP will slightly increase and peak at 36.2% of GDP in 2035 before declining to 32.9% in 2043 (US\$60.1 billion).

Regions by revenue



The Southeastern region of the Congo commonly known as the Great Katanga region, is the wealthiest region in the Country with great depository of natural resources (mining products).

It is crucial to note that the investment landscape in the Congo can change, and it is advisable to conduct thorough research and consider the current economic and political conditions before making any investment

decisions. Here are some sectors that have historically attracted investment interest in the DRC:

Mining and Natural Resources:

- The DRC is known for its vast mineral wealth, including copper, cobalt, gold, diamonds, and other valuable resources.

The mining sector has traditionally been a significant contributor to the country's economy.

Agriculture:

- Agriculture represents a sizable portion of the DRC's economy. Investing in agribusiness, such as palm oil, cocoa, and coffee production, could be lucrative.

Infrastructure Development:

- With a growing population and vast geographical size, there is a need for infrastructure development. Investments in roads, bridges, energy, and telecommunications can be essential for the country's growth.

Renewable Energy:

- Given the potential for hydropower and other renewable energy sources in the DRC, investing in the energy sector, especially sustainable and clean energy projects, could be promising.

Telecommunications:

- The demand for improved and expanded

telecommunications services is increasing. Investments in expanding mobile networks and internet services may present opportunities.

Consumer Goods and Retail:

- As the middle class expands, there may be opportunities in the consumer goods and retail sector. This includes areas such as food and beverages, retail outlets, and consumer durables.

Healthcare:

- The healthcare sector presents opportunities for investment, including hospitals, clinics, pharmaceuticals, and medical equipment.

Before investing, it is essential to consider factors such as political stability, legal frameworks, infrastructure challenges, and potential risks. Our legal and financial experts at Congo Investment Group will help you navigate through varied factors of consideration, to understand the regulatory environment, and to stay informed about any recent developments can help in making informed investment decisions.

Questions for investment discussion:

- 1) What does the rising demand of electric vehicles mean for investors in the Congolese mining sectors? (lithium and cobalt)
- 2) What is the growth rate of return on investment in the DR Congo?

About Congo Investment Group

Congo Investment Group is a private company registered in The United States and in The Democratic Republic of The Congo. We are registered in the commonwealth of Massachusetts under the identification number 001-662-456 and in The Democratic Republic of The Congo under the national identification number 19-H5300-N40996G. Being a proud member of The United States Chamber of Commerce under the membership number 100-47-825, we are dedicated to helping our co-chamber members and business partners around the world in taking intelligent & strategic business decisions.

Congo Investment Group is a well-known expert in equity placement in The Congo. We have an enviable track record of finding the next big thing in a variety of industries and sectors. We assist and invest in companies at every stage from seed to mature companies and provide them with the equity capital and support necessary to scale up from early-stage to mature business.

Our Mission: We are committed to capitalizing on business growth & investment opportunities in the fast-growing Congolese market.

Our goals are to enable the highest return to our investors and make our business partners successful.

For more information,

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