



DEMOCRATIC REPUBLIC OF CONGO

PROVINCE OF SOUTH - UBANGI



“SOUTH UBANGI AGRICULTURAL PROJECT” SUPAP

Project Files

Estimated Budget: 67,840,432 USD

MABENZE GBEY BENZ, Governor

Update on March 2022



PROJECT NAME: AGRICULTURAL PROJECT OF SOUTH UBANGI

Contracting company	SOUTH UBANGI PROVINCE
GENERAL CHARACTERISTICS	
Brief description	<p>The Province is identified as one of 5 zones with strong potential of agricultural development, with a density of high population and a strong access to the market. These characteristics were confirmed by analytic work in space dimensions of investment in infrastructures. It represents 90% of the appropriateness's investment for the domestic agricultural produce and those of exports.</p> <p>It offers the possibilities of great farms for the food crops and perennial such as corn, cassava, banana, the sunflower, groundnut, tomato, pepper, bean, potatoes, the sugar cane, onion, the coffee, the cup lump, the cocoa, the rice, the palm oil, the cashew tree, Eggplants,</p> <p>The South-Ubangi Province is Owner of a surface of 38,000 hectares not yet put in exploitation. He proposes to develop on that the agricultural activities specifically the food crops, market-gardening and oleaginous. Indeed, in connection with its industrial project, agricultural waste will serve as the raw materials (biomass) to feed the power station with vapor, provider of the energy power of the industrial activities. Considering the quantities of waste required (86,000 tons annual of waste) for the boilers are enormous, the idea to launch out very quickly in the agricultural production proves more than delicate, to solve on the one hand the food equation of crisis, the local transformation of agricultural produce and on the other hand the recovery of waste for the power station with biomass.</p> <p>Our objective is to exploit 30,000 hectares available using mechanized and modern agriculture for the production of maize (4,750 ha), groundnuts (4,000 ha), pineapples (3,000 ha), tomatoes (4,000 ha), peppers (3,000 ha), peppers (3,000 ha), palm oil (5,000 ha oil palm) and cashews (3,000 ha cashew nuts) in South-Ubangi province; in the North-West of the DRC, which will make it possible to satisfy national demand and that of the Republic of Congo and the Central African Republic (industrialists, producers and suppliers of electricity from biomass; breweries, consumers, etc.) This project also includes the construction and operation of processing units for products such as maize, tomatoes, groundnuts, pineapples and cashews. It also takes into account the maintenance of the roads for the evacuation of these products to consumption centres. The minimum provisional projections of this project are as follows: 23,750 tons of maize per year, 16,000 tons of groundnuts per year, 21,000 tons of pineapples per year, 24,000 tons of tomatoes per year, 4,500 tons of chilies per year, 13,500 tons of peppers per year, 20,000 tons of palm oil per year and 4,500 tons of cashew oil per year.</p>
Location	Gemena - South-Ubangi Province, North-Western Democratic Republic of Congo
Interest of the Project	<ol style="list-style-type: none"> 1. Innovation through the introduction for the first time of cashew tree cultivation and cashew oil production in the DRC; 2. Generation of a significant waste stock to be used as feedstock for biomass electricity generation to solve the critical power shortage problem and provide industry with a safe, consistent and reliable source of electrical power supply to boost the province's economic sector; 3. Revitalize the economy of the sub-region ; 4. Increase the supply of these products for various national and sub-regional users ; 5. Creation of direct jobs (81) and indirect jobs (1716), mainly women (1016); 6. Positive effects on the public purse through income and profit taxes and various taxes and royalties ; 7.Improvement of the incomes of suppliers of high-performance and improved



	seeds.
Estimated cost	67,840,432 USD
ECONOMIC AND FINANCIAL STUDIES	
Repayment period	B.O.T with specified legal terms and conditions
Annual rate	None
Characteristic feature	None
Profitability indicators	<p>A. <u>Total of operating Income All taxes combined</u> FY 1 : 142,970,000 USD - FY 2 : 142,970,000 USD FY 3 : 142,970,000 USD FY 4 : 165,068,000 USD FY 5 : 165,068,000 USD</p> <p>B. <u>Forecast Economic Result</u> FY 1 : 85,053,494 USD FY 2 : 114,069,994 USD FY 3 : 114,069,994 USD FY 4 : 105,004,280 USD FY 5 : 105,004,280 USD</p> <p>C. <u>Return On Assets (ROA)</u> FY 1 : 81.49 % FY 2 : 109.29 % FY 3 : 109.29 % FY 4 : 100.6 % FY 5 : 100.6%</p> <p>D. <u>Net Income: Design – Construction – Operation – Ownership and Transfer approach.</u> FY 1 : 55,284,771 USD FY2 : 74,145,514 USD FY3 : 74,145,514 USD FY4 : 68,252,782 USD FY5 : 68,252,782 USD</p> <p>E. <u>Return On Equity</u> FY 1 : 81,49 % FY 2 : 109,29 % FY 3 : 109,29 % FY 4 : 100,6 % FY 5 : 100,6 %</p> <p>F. <u>Financial cost of debt</u> : None</p> <p>G. <u>Financial Leverage effect</u> : favourable</p> <p>H. <u>Projected Income Statement</u> FY 1 : 36,990,129 USD FY 2 : 55,850,922 USD FY 3 : 55,850 ,992 USD FY 4 : 46,951,790 USD FY 5 : 46 ,991,790 USD</p> <p>I. <u>Target Financial structure of the project</u> : 67,840,432 USD</p> <p>J. <u>WACC (Cash discount rate)</u> FY 1 : 81.49 %</p>



FY 2 : 129.29 %

FY 3 : 129.29 %

FY 4 : 100.6 %

FY 5 : 100.6 %

K. Threshold of Profitability(Break – even point) : 93,448,824 USD

L. Critical turnover: 57,916,506 USD

M. Discounted Cash flow

FY 1 : 30,909,191 USD

FY 2 : 62,066,979 USD

FY 3 : 62,066,979 USD

FY 4 : 48,524,200 USD

FY 5 : 48,524,200 USD

N. Project Net Current Value: 184,251,162 USD.

O. Recovery time: Internal Rate of Return (IRR) = higher than the various market returns over the 4 months

P. It is an investment that creates wealth because the wealth generated by the investment is greater than its cost.

Q. Socio-economic impact :

The project will revitalize the agricultural sector in particular and the economy of south Ubangi Province in general;

This project contributes to the improvement of living conditions of the population;

This project contributes to the fight against poverty and food insecurity;

The project contributes to the budget of central government in general and the South-Ubangi Province in particular in through the payment of various taxes , levies and other contributions;

This project contributes enormously to the visibility of the South-Ubangi Province as a land of investments and good governance ;

Balance of payments implications : They are easily visible when reading the various conclusions of the profit and loss account and the sensitivity analysis of the aggregation of the figures

Number of tons of agricultural products sold over five-year period: 562,750 tons.

Forecast turnover: the forecast turnover for five year is : \$ 774,046,000

Indirect economic impact and employment: The various purchases both locally and internationally as well as other external charges, give right to payment of fiscal and parafiscal Taxes: And through these purchases, the project activities have an indirect impact on the country's economy, because from the purchases, the various supplies and buyers are able to pay the salaries of their staff, taxes, rent and earn profits.

Purchases, supplies and various external charges consume the amount of \$ 8,862,450 or 1.15 % of forecast turnover.

Direct employment: This project creates 1,797 direct jobs. These direct jobs created by the project activities contribute to the improvement of the living conditions of the Congolese people employed by the project, as well as their beneficiaries.

Through the salaries received, they assume their various family and social responsibilities by taking care of basic social needs such as food, schooling, health care and housing for their dependents.

And as legal taxpayers, they participate in the economic recovery effort of the South-Ubangi Province through the payment of the professional tax on salaries.

Within the framework of this project, the total net amount of salaries paid after treatment of the IPR, CNSS and INPP is of \$ 169,491,740 or 22 % of forecast



	turnover. Effect on the treasury: The impact is visible in terms of the effect of the project activities on the public treasury.
INFORMATION SPECIFIC TO THE STRUCTURING OF THE PROJECT	
Scope of activities of the financial partner ➤ Financing of the investment sought	Planned distribution of investments: <ul style="list-style-type: none"> ✚ South UBANGI PROVINCE: The guarantees that will have to be submitted : Indeed, as Governor of the Province of South-Ubangi, His Excellency Jean Claude MABENZE GBEY BENZ confirms in full legal and corporate responsibility that the Province of South-Ubangi is ready, willing and very interested in concluding an agreement for the "DESIGN - CONSTRUCTION - FINANCING - OPERATION - TRANSFER" of an agricultural project in the form of a BOT "Build - Operate - Transfer", as specified below on the basis of the following: The legal terms and conditions are: Guarantee / Collateral: Mining concession for a period of 15 years. ✚ Financial Partner: 67,840,432 USD
Method of remuneration of the financial partner	Type of partnership considered: <ul style="list-style-type: none"> 🌈 Public Private Partnership (PPP) with "Financing corporate "and "financing project" approaches with creation of a Special purpose Vehicle (SPV). 🌈 B.O.T: Return on Investment Model: 100 % Profit for the INVESTOR for a period of 15 years. After 15 years, the SUPAP and all assets remain full property of the South Ubangi Province. 🌈 Investor Responsibilities: Creating Job opportunities for the population. 🌈 Type of Contract: BOT partnership Contract, "Build – Operate – Transfer" with full 100 % control of share and profit for a period of 15 years by the investor to recover the investment.
PROJECT STATUS	
Status of the project	<ul style="list-style-type: none"> ✓ Availability of technical feasibility studies: YES ✓ Business Plan Availability: YES ✓ Project not yet started due to lack of funding and investment
Available information	<ul style="list-style-type: none"> ✓ List of Project Partners: YES ✓ Contract for the Good Execution of Programmes ✓ Security guarantee ✓ Project Business Plan ✓ Project Steering Committee ✓ Asset Valuation ✓ Technical Partners
Next step	<ul style="list-style-type: none"> ✓ Search for financing ✓ Signing of partnership agreements
GENERAL INFORMATION ON THE PROPONENT	
Company name	SOUTH UBANGI PROVINCE
Legal form	Decentralized Territorial Entity with management autonomy
Head Office	Avenue MOBUTU No4922, Quartier du Congo, Commune de Labo, GEMENA
Operating headquarters	MOLE CITY
Number of Shareholders	To be defined
Proponent	MABENZE GBEY BENZ , GOVERNOR
Project Coordinator	MUPEYA N'GHEMBANG CHOU – AIME , Governor `s Senior advisor