

Congo Republic

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Overview

Located in the heart of Central Africa, the Republic of Congo (RC or Congo) extends on both sides of the Equator and covers an area of 342 000 km². The country is endowed with a coastline of 170 km to the south-west, open to the Atlantic Ocean, and is in the heart of the second largest river basin in the world, that of the Congo River, which constitutes a major asset for economic development. Congo shares borders with Cameroon to the north-west, Central Africa Republic to the north, Angola to the south, Gabon to the west and the Democratic Republic of Congo (DRC) to the south-east. The only common point between the Congo and DRC is the Congo River, which separates the two closest capitals of the world, Brazzaville (RC) and Kinshasa (DRC), only separated by 4 614m. Congo has a deep-water port, the largest in the Gulf of Guinea.

The Congo benefits from two types of climates: the equatorial climate in the northern part and the humid tropical climate covering the country from the coast to the Batéké plateau. Congo's natural resources include petroleum, timber, potash, lead, zinc, uranium, copper, phosphates, gold, magnesium, natural gas, and hydropower. The Congo's main economic partners are France, the United States and China, with a focus on oil export. The political capital of Congo is Brazzaville, while the main economic hub is Pointe-Noire. Other important cities include Dolisie, Mossendjo, Nkayi (sugar industry) and Ouesso (wood and agro-industries).

The Congo has an estimated population of 5 414 006¹ distributed unequally throughout the country. The annual rate of urbanisation is 3.28 percent and the urban population is estimated at 67.4 percent of total population² of which 62.2 percent is concentrated in the three main cities of the country, Brazzaville, Pointe Noire and Dolisie. The average annual rate of population growth is 2.6 percent, and life expectancy is an estimated 54 years.

Congo's GDP was US\$11.26 billion in 2018.³ The economy is dominated by the oil sector, which in 2011 accounted for approximately 70 percent of Congo's GDP, more than 84 percent of its exports and 79 percent of revenues. Rising oil revenues have in recent years mainly financed Congo's increased public spending. This has resulted in intensified activity in agriculture, industry, and services. In addition, economic growth is also supported by industries such as ICT and manufacturing, with the Dangote cement plant having started production in November 2017. Non-oil production is continuing its gradual recovery and is

KEY FIGURES

Main urban centres	Brazzaville, Pointe-Noire
Exchange rate: 1 US\$ = [a] 1 July 2019	580.15 CFA Franc (XAF)
1 PPP\$ = [b]	211.01 CFA Franc (XAF)
Inflation 2018 [c] Inflation 2019 [c]	1.2 1.4
Population [b]	5 244 363
Population growth rate [b] Urbanisation rate [b]	2.6% 3.3%
Percentage of the total population below National Poverty Line (2017) [d]	
Unemployment rate (% of total labour force, national estimate) (2017) [d]	42.0%
Proportion of the adult population that borrowed formally (2017) [b]	3.7%
GDP (Current US\$) (2018) [b]	US\$11 264 million
GDP growth rate annual [b]	1.0%
GDP per capita (Current US\$) (2018) [b]	US\$2 148
Gini co-efficient (2017) [b]	48.90
HDI global ranking (2017) [d] HD country index score (2017) [d]	137 0.606
Lending interest rate (2017) [b]	20.6%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers Prevailing mortgage rate	n/a 20%
Average mortgage term in years Downpayment	12 n/a
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers / contractors	n/a
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement	1 477 XAF (US\$7.00)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [f]	211 339 710 XAF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [g]	45m ²
Average rental price for this unit in an urban area (local currency units)	n/a
Number of microfinance loans outstanding	n/a
Number of microfinance providers [h]	11
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [h]	11
World Bank Ease of Doing Business Rank [e]	180
Number of procedures to register property [e]	6
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[e] World Bank Doing Business 2018
[b] World Bank World Development Indicators	[f] Numbeo
[c] IMF World Economic Outlook Database	[g] Expatisian.com
[d] UNDP: Human Development Reports	[h] Republic of Congo, National Credit Counsel

expected to reach a peak in 2019. Average inflation is expected to stay below the Central African Economic and Monetary Community (CEMAC) norm of 3 percent.⁴ The primary sector remains the main driver of growth in the Congo due to the rebound in oil production; worth noting is the entry into production of the Moho Nord field in 2017 with an estimated production of 100 000 barrels per day. Africa (FCFA), is the Central Bank of the six states. The convertibility and fixed rate of the CFA franc with the euro is guaranteed by the Bank of France since 1999, as was previously the case with the French franc.

The Congo has 11 banks, among them Société Générale, Crédit du Congo (part of Moroccan Attijariwafa Bank) Gabonese and French International Bank of Gabon (BGFI Bank) International Commercial Bank (part of Banque Populaire France), and Congolese Bank (a subsidiary of BMCE Morocco). The most recently established bank is the Sino-Congolese Bank for Africa (BSCA Bank), created in

December 2014 with a capital of US\$100 billion (CFA53 billion), with the Agricultural Bank of China as the main shareholder. Of the 11 banks registered in Congo, two are majority controlled by the Congolese government, the Postal Bank of Congo, 80 percent owned, and the Congolese Bank of Housing, 67.4 percent owned. The aggregated balance sheet of banking in the Congo totalled CFA2 232.6 billion (US\$3 848 332 620) in 2014, an increase of 15 percent compared to 2013. The total amount of deposits was CFA1 990 4 billion (US\$3 430 852 480), or a 14.7 percent increase. The total amount of gross credit granted to customers was CFA1 114.5 billion (US\$1 921 063 650) in 2014, an increase of 6.1 percent compared to 2013.

The Congo has 63 microfinance institutions, 13 of which are in Brazzaville and 23 in the second largest city of Pointe Noire. The biggest microfinance institution is Mutual Savings and Credit (MUCODEC) a network of mutual federal funds, whose mission is to support small businesses. The bulk of MUCODEC's operations are focused on public sector employees. In 2014, microfinance institutions' deposits were CFA249 billion (US\$429 201 300), an increase of 13.3 percent compared to 2013. The credits granted in 2014 amounted to CF 63.7 billion (US\$109 799 690 million), an increase of 8.6 percent compared to 2013. To this is added the Fund for Participation in the Promotion of Enterprises and their Development known as (CAPPED), whose mission is to contribute to promoting the economic and social initiatives of its members.⁵ In addition, in November 2007, the government created the Congolese Housing Bank (BCH) to carry out all banking operations aimed at implementing housing policy.⁶

This was followed in 2008 by the creation of a National Housing Fund to aid financing private property development for Congolese households. In addition, in CEMAC, nearly 70 percent of loans on average are secured by personal guarantees, the value of which, on average, significantly exceeds the loan amount. In the Congo, only 9 percent of the adult population has a formal bank account, which is below the CEMAC average. Only 20 percent of the upper-class population has a formal account against 1.1 percent of the poor, which makes Congo the country with the lowest banking inclusion in Sub-Saharan Africa. Furthermore, bank restrictions on account opening has resulted in informal savings (for 30 percent of the population) or the hoarding of money.

Access to finance

The Congo's financial system primarily consists of banks and mobile banking, and microfinance institutions. The Congo is a member of the CEMAC, an economic and monetary community where six member countries share the CFA franc, and where the BEAC, the francophone financial institution for Financial Cooperation in Central

Affordability

The Congo's income per capita average is approximately CFA1 386 930 (US\$2 651.70).⁷ Significant inequality has left most of the population living in slums. Unemployment is 11 percent, affecting in particular 22.83 percent of young people between the age of 15 and 24 in 2018.⁸ The results of the 2007 general population and housing census, the Congolese household survey for poverty assessment, shows that the housing stock is largely dominated by individual houses (64.4 percent), especially in urban areas where 59 percent of households are privately owned and 37 percent are rented. Nevertheless, only 2.6 percent of households live in modern types of dwelling, which means almost 97 percent of urban areas are slums.⁹ Thus to improve the living conditions of its citizens, BCH provides housing loans through a home-ownership savings scheme made up of three different types of plans, namely: 4 years, 5 years and 6 years. In the city of Brazzaville at Camp Clairon, and for housing from 60m² to 300m², the surface cost is CFA400 000/ m² (US\$689.48/m²). In part of the Brazzaville city centre, rental prices have declined from CFA1 million (US\$1 767) to CFA500 000 (US\$884) a month in suburbs, and between CFA25 000 and CFA30 000 (US\$45 to US\$55) in popular areas for a two-bed roomed unit.

The rental market in Congo is mostly dominated by private individuals; in Brazzaville, the rent for a five-room apartment is CFA400 000 – CFA750 000 (US\$689,48 – US\$1 292 775) for a villa. The purchase price would be CFA 65 million (US\$112 040,50). Higher middle income earners in Congo have an average income of CFA422 000 a month (US\$727.40) and the purchasing power of the average Congolese is approximately CFA258 555 a month (US\$445.67).

Availability of data on housing finance

The Congo does not have a central housing records system, but the following institutions collect data on housing and financing in Congo: Ministry of Construction, Urbanism and Habitat, Direction Générale des Impôts -Conservation des Hypothèques et de la Propriété Foncière, Property Registry (Conservation Foncière), Direction Départementale des Affaires Foncières, du Cadastre et de la Topographie de Brazzaville, and SNHLM.

Consequently, it is difficult to imagine how middle-class members could buy or rent such houses. The price of newly built home is often too high and out of reach for an average earner: often, people pay CFA1 to CFA3 million (US\$1 723 – US\$5 171) for a plot of 400m² in the suburbs for a self-built house.¹⁰

Housing supply

During the oil boom of 2004 to 2014, the government planned housing programmes in several cities to meet the increasing demand for housing: 3 000 social housing homes have been built throughout the country, and another 3 000 are under construction.¹¹ However, this housing programme is still far from meeting the demand for housing. Through the BCH and the National Habitat Fund, 200 apartments are to be built at Camp 15-August and 964 houses at Camp Mpila, 200 of which are available. In 2016, the Congolese bank was in negotiation for finance of CFA179 862 million (US\$310 million) for a construction programme of 5 000 houses in 2019, which is yet to be completed.

To deliver its housing programme, the government's working approach is a public-private partnerships, as well purely private initiative. Based on this approach, in the gardens of Ba-Congo, 280 housing units have been built. The model, commonly called "sakasaka," consists of one living room and three bedrooms with an area of 111.7 m² and a garden. The average sale price is CFA35 075 500 (US\$60 459) excluding notary fees and land title. However, this price would be revised downward if the family's income is low, according to the provisions of the National Housing Company (la Société Nationale des Habitations à Loyer Modéré (SNHLM). The most expensive housing model is the Papaya, offering two living rooms and five bedrooms for a total of 278,2m², on a large plot with a garden, costing CFA91 553 000 (US\$ 157 809.90) excluding notary and land title fees. In the Clos de l'Alima in Oyo, 203 dwellings are still under construction. The "Ilanga" model is a building comprising six living spaces of 288,08m² on a large plot with garden at CFA105 821 000 (US\$182 403). In Owando Cuvette department, Linengué 1 and 2, there are 252 dwellings are under construction. Since 2002, the Soprog, under the leadership of the Ministry of Construction, Urban Planning and Housing, has been working hard to provide access to housing for all Congolese citizens. A large social and economic housing project has been completed in the neighborhoods of Bacongo, Clarion Camp, Camp August 15, M'pila, and Kintélé. This programme is part of a public-private partnership and there are plans to build more than 1 300 houses, some of which have already been completed and sold.¹²

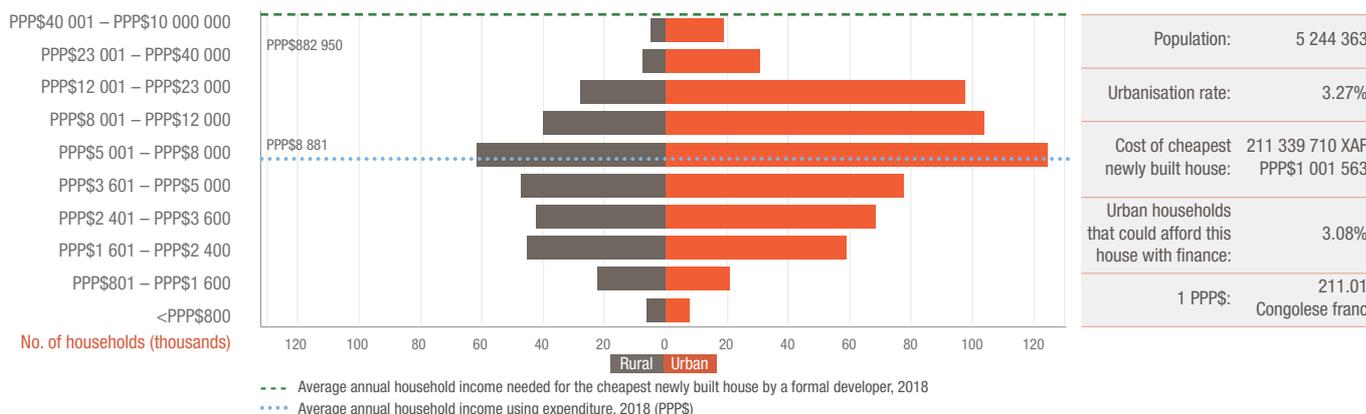
Furthermore, to accelerate the urban development of the country, the government has indicated, through the Minister of Construction Urbanism and Habitat, that approximately 3 070 houses spread across the country are under construction.¹³ Further construction of 10 000 social housing units is planned in the near future in Brazzaville and Pointe Noire.¹⁴ Another planned social housing project in the pipeline is the extension of the social housing project, executed by the Moroccan company Addoha Douja Promotion Congo in Mpila area north-east of Brazzaville, which was ravaged by the explosion at the nearby army barracks in 2012.¹⁵

Property markets

The Congo property market is well-developed in the main urban areas of Massengo or Kintele in Brazzaville, and Nanga, Ngoyo, Warf and Mpita in Pointe-Noire. However, the residential market is driven by private ownership and a limited number of property developers could be linked to the land tenure regime, which is mostly based around the unregistered recognition of property rights,¹⁶ including informal land transactions under customary tenure.¹⁷ The consequence

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Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

of the land tenure regime and informal land transactions has been that urban sprawl is a permanent feature of urbanisation in Congo-Brazzaville. This not only propagates slums for low income dwellers but also entails locally embedded ways of building the city in the absence of state-led planning. For example, in the city of Pointe-Noire, communal rural land is being converted into residential areas through speculation, commercialisation, and unregulated spatial expansion, resulting in ever-increasing number of new suburbs.¹⁸

On the World Bank ease of doing business index, Congo scored 64.04 and ranked 127 out of 199 in the world on dealing with construction permits; it ranked 177 and scored 3.5 on registering property.¹⁹ The Congo has a fully functional deeds registry office known as the Property Registry (Conservation Foncière). However, there is no electronic database or digital land title system. Most titles or deed records are kept in the largest business city in paper format, though to some extent the documents are in a computerised format (scanned or fully digital).²⁰

The building boom sweeping across African cities seems to have reached Congo's commercial capital, as there is always some apartment available for rent, from a single room, to a 2- or 3-bedroom apartment or even a fully walled house.²¹ The common practice of property market advertisement is done through informal "housing agents," middlemen or women, whose business is to connect the landlord and potential tenant by booking viewing sessions, subject to payment of fees. Nevertheless, there are also few registered property agents who advertise online.

Policy and regulation

The government has been slow in instituting reforms to mitigate the constraints to housing supply. The main constraints are in land ownership and property registration (getting land title certificates), access to serviced land, construction and development, and the availability of finance. The Congo has made transferring property less costly by lowering the property transfer tax rate.²² On 26 September 2013, the President of Congo promulgated Law No. 19-2013 establishing the Sn-HLM (National Society of Low-Rent Housing), which is a public company, under the supervision of the Ministry of Construction, Urban Planning and Housing. The creation of this company is an important step in improving access to social housing.

The Congo is part of the Organisation for the Harmonisation of Business Law in Africa (OHADA), a commercial code adopted by 16 African countries that governs investments and business practices. The purpose of this treaty is to harmonise business laws in those countries by developing and adopting simple, modern and common rules adapted to their economies, setting up appropriate judicial procedures, and encouraging recourse to arbitration for settlement of contractual disputes.

Law No. 24-2008 on Land Tenure determines the regime for the recognition, possession, use and exploitation of urban land areas by public and private persons.

Law n° 27 - 2011 of 3 June 2011 established the Land Agency for Land Development. This creates a public institution of an industrial and commercial nature called the Land Development Agency, which is responsible for carrying out land acquisition operations; the development and disposing of areas of land necessary for the realisation of projects of general interest; and to contribute, on behalf of the State, to the collection by the public treasury of the fees relating to the acquisition, development and transfer of land. According to Law No. 17-2000 on the Land Ownership Regime, real property and real property rights belonging to natural or legal persons of Congolese or foreign nationality are subject to the provisions of this law.

Opportunities

The Congo is highly urbanised, with more than two-thirds of the population living in towns and cities. The urbanisation growth is estimated at 3.28 percent a year. This urban growth will affect the public services and economic activity in the two big cities, Brazzaville and Pointe-Noire. The urban economy supplies 80 percent of GDP, mainly from oil production at Pointe-Noire and administration and services based in Brazzaville.²³ Thus, demand in the building sector and property development industry is high, including for commercial and residential buildings or hotels, everywhere in the capital city of Brazzaville and in Pointe-Noire.²⁴

The property market was also stimulated by government's launch of the National Development Programme (PND) 2012-2016, a strategy for diversifying the economy to accelerate "growth, job creation, poverty reduction, and to boost the emergence of Congo." Thus, the Congolese government and its development partners have put in place the Urban Development and Poor Neighbourhood Upgrading Project (DURQuaP). Totalling CFA71 944 800 000 (US\$124 million), the project aims to increase people's access to basic services in selected poor neighbourhoods of Brazzaville and Pointe-Noire and to strengthen government and municipal capacities for urban upgrading. Technical and environmental studies are under way, and the first work under the project is expected to take place in the first part of 2019.²⁵ In addition, the government has put in place a favourable investment climate to boost the construction industry.

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