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OTHER FUNDS AND PROGRAMMES

UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

Offshore Phosphate Feasibility Study Project in the
Congo (PRC/NR/85/001)

Report by the Administrator

I. BACKGROUND

1. The allocation for the present feasibility study project was approved on 26 August 1985 by the Administrator, in accordance with decision 83/20, and is a follow-up to the completed exploration project financed and executed by the United Nations Revolving Fund for Natural Resources Exploration (UNRFRNRE).

2. The exploration project in the near-offshore region of Pointe Noire, Congo demonstrated the presence of a phosphorite/shell deposit containing 25.65 million tons of shell and 6.90 million tons of phosphorite. The recoverable reserves are 16.7 million tons of shell and 4.5 million tons of phosphorite (average grade 29.37 per cent P_2O_5), assuming a 65 per cent recovery using a low-cost dredging system. There are reasons, however, to believe that recovery could be improved.

3. Laboratory and beneficiation testing indicate that the phosphorite and shell materials are well suited for agricultural use and clearly have the potential to improve acid, infertile soils and to greatly increase and sustain crop yields.

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4. One of the main interests in the Congo phosphorite deposit is its potential as a source of a direct application fertilizer, requiring none of the costly processes necessary for the production of superphosphate and triple superphosphate fertilizers. In addition, a reduction of the food-import bill may be realized through increased crop yields resulting from the use of locally produced fertilizers.

5. Apart from the utilization of the phosphorite/shell deposit for fertilizer production, the shell content could also be used for lime and/or cement production. Although a cement factory is already established in the country, the low production is insufficient to satisfy local requirements. Supplementary production of cement in the Pointe Noire area could also benefit from the available nearby supply of natural gas and oil. In addition to local use, the potential for exporting to neighbouring countries will be investigated.

II. THE PROJECT

6. The very positive results obtained from the exploration project (PRC/NR/79/001) justify a feasibility study to test the validity of the data and to provide the information for major investment decision and courses of action which relate to the development and uses of the offshore phosphorite/shell deposit.

7. The feasibility study consists of Parts I and II.

(a) Part I involved a three-month exploration programme in Target Area B, the NNW extension of the Miocene outcrop zone delineated during the exploration project in Target Area A. This work consisted of a re-assessment of the exploration project results and vibrocore and dredge sampling offshore. This information will assist in the recalculation of the reserves.

(b) Part II work will consist of the following:

- (i) bulk sampling (executed concurrently with Part I)
- (ii) recalculation of the reserves of phosphorite and shell
- (iii) operations design
- (iv) infrastructure study
- (v) legislation review
- (vi) environmental impact study
- (vii) cement study
- (viii) market study
- (ix) economic/cash flow studies

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8. The programme is considered to be adequate for providing the information necessary to determine the technical and economic feasibility of a phosphate/shell operation in the Congo, and to produce a final feasibility report.

III. FINANCIAL DATA

9. The Government of France, through its bilateral assistance programme with the Congo, is providing FF2.2 million in grant financing for Part I of the feasibility study. In carrying out Part II of the feasibility study, the Fund will not expend more than the equivalent of \$350,000.

10. The financial assets of the Fund are adequate to meet the cost of the project. The Government of the Congo, in accordance with the replenishment conditions established by Governing Council decision 81/24 for Fund feasibility studies, signed a project agreement with the Fund in September 1985, whereby all expenditures incurred by the Fund in preparing and carrying out Part II of the project shall be deemed to be a loan made by the Fund to the Government.
