Recipient government control under pressure:
The DRC, the IMF, China and the Sicomines negotiations

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Abstract

This paper seeks to contribute to ongoing debates around African countries' relations to their external partners. It explores the notion of recipient government control, here defined as the extent to which a recipient government is able to ensure that the outcome of negotiations with its external development partners is in line with its agenda. The paper focuses on the Democratic Republic of Congo (DRC), interpreting the extent to which the Congolese government was able to ensure that the outcome of the different phases of the 2007-2009 negotiations over the Sicomines agreement was in line with its agenda. The Sicomines agreement is a barter setup by means of which a Sino-Congolese joint venture has been granted mining titles in exchange for the large-scale provision of infrastructure projects funded by China Exim Bank loans. The agreement was contested by the traditional donors who, among other things, cited concerns for debt sustainability. The paper argues that in the early stages of negotiations with China during 2007-2008, the Congolese government exercised control in the sense that the 2008 version of the Sicomines agreement made sizeable amounts of funding available towards large-scale infrastructure refurbishment, a key feature of the government's agenda at the time. During the 2008-2009 renegotiation phase, the Congolese government's ability to exercise control was gradually weakened due to pressure from the traditional donors to rearrange priorities and move macroeconomic concerns, notably debt sustainability, higher up on the agenda. Moreover, during this phase, the Chinese government's attitude towards the agreement came to change due its growing aspirations as a responsible international actor. The Chinese ambition to take up a more active role in the IMF board is of particular relevance here, since it reduced its willingness to push ahead with the criticised version of the Sicomines agreement. Eventually, mid-2009, President Kabila accommodated the concerns of the traditional donors. The agreement was reduced and HIPC completion point was subsequently reached in July 2010. It is not known whether Kabila felt forced to accept this change of agenda given a lack of realistic alternatives, or whether it was a genuine change of priorities brought about by the lobbying efforts of the IMF and the traditional donors. In any case, the final settlement was in line with Kabila's modified agenda to secure both Chinese funding and HIPC debt relief. The paper thus concludes that recipient government control was retained, although it was under heavy pressure.

1. Introduction

This paper seeks to contribute to ongoing debates around African countries' relations to their external partners. It focuses on recipient government control, here defined as *the extent to which a recipient government is able to ensure that the outcome of negotiations with its external development partners is in line with its agenda*. The Democratic Republic of Congo (DRC) is a conflict-ridden and highly aid-dependent country with a large external presence on its territory, both in the form of donors and peacekeepers[1] but also in terms of foreign rebel groups and investors in the country's mining- and oil sectors. In this context, the Congolese government's ability to exercise control in the relation to its external development partners is an important yet under-researched topic. This paper contributes with a case study of the Sicomines agreement, which has become one of the most well-known embodiments of the increasing Chinese presence on the African continent. It is a barter arrangement first conceived in 2007 by means of which a Sino-Congolese mining joint venture, *Sino-Congolais des Mines* (Sicomines), was provided access to mining concessions in the DRC's mineral-rich, south-eastern Katanga province. In exchange for the acquisition of the mining titles, Sicomines will construct transport- and social infrastructure worth US$ 3 billion in the DRC, financed by loans from state-owned China Export-Import (Exim) Bank. The loans are subsequently to be reimbursed by means of the income from the mining venture. Further details around the agreement, and the context within which it was negotiated, renegotiated and settled, follow below.

Investigation of the Sicomines case with a view to specifically examine recipient government control has not yet been carried out. The aim of this paper is thus to *interpret the extent to which the Congolese government was able to ensure that the outcome of the different phases of negotiations over the Sicomines contract was in line with its agenda*. The paper argues that in the early stages of negotiations with China during 2007-2008, the Congolese government exercised control in the sense that the 2008 version of the Sicomines agreement made sizeable amounts of funding available towards large-scale infrastructure refurbishment, a key feature of the government's agenda at the time. During the 2008-2009 renegotiation phase, the Congolese government's ability to exercise control was gradually weakened due to pressure from the traditional donors to rearrange priorities and move macroeconomic concerns, notably debt sustainability, higher up on the agenda. Eventually, mid-2009, President Kabila accommodated the concerns of the traditional donors. It is not known whether Kabila felt forced to accept this change of agenda given a lack of realistic alternatives, or whether it was a genuine change of priorities brought about by the lobbying efforts of the IMF and the traditional donors. In any case, the final settlement was in line with Kabila's modified agenda to secure both Chinese funding and Highly Indebted Poor

[1] Development aid accounted for roughly half of the US$ 4.9 billion national budget in 2009 (AfDB 2010, Ministry of Budget 2009) and the United Nations' (UN) largest peacekeeping mission *la Mission de l'Organisation des Nations Unies pour la stabilitation en République Démocratique du Congo* (known by its acronym Monusco) of 19 995 uniformed personnel is operating in the country.

Country (HIPC) debt relief. The paper thus concludes that recipient government control was retained, although it was under heavy pressure.

The Chinese presence in the DRC is a multifaceted phenomenon involving both small and large companies, state-owned and private, as well as development aid and concessional finance funded projects. This paper does, however, not go in-depth in terms of the details, drivers and implications of these processes. For an overview, refer to Jansson *et al* (2009). Indeed, given the magnitude of the Sicomines agreement it raises a great deal of concerns which deserve analytical attention, such as the environmental implications of and labour practices in the mining operation, equity in the agreement formulation (to what extent is the final version of the contract a 'good deal' for the DRC?) and perhaps most importantly, it needs to be contextualised (is the Sicomines agreement unique? Which features in the negotiations and in the anticipated implications can be observed also in earlier comparable situations in the DRC and elsewhere?). This, however, is beyond the scope of this paper.

This paper's definition of recipient government control concerns a recipient government's negotiations with its 'external development partners'. The notion of a development partner is often used to denote a traditional aid donor. Donations and grants only make up a small share of China's assistance to the DRC, which by far and large is provided in the form of concessional loans (Jansson 2009:11-19, 33-38). Yet, the relation to China is currently one of the (if not *the*) most important to the Congolese government, both politically and financially. China provides assistance in areas crucial to the DRC's development, notably in terms of transport- and social infrastructure. Therefore, this paper regards also China as one of the country's external development partners.

Furthermore, for this paper's definition of recipient government control, the term 'agenda' is used in lieu of other notions such as 'development strategy' or 'developmental priorities' that could possibly be employed. The idea is to be able to also capture motivations that may be informed by narrow enrichment- or power conservation considerations and not just concerns for development or 'the common good'. This draws on Whitfield and Fraser's definition of ownership as control, the intention of which is simply to analyse the degree of control exercised, and not to "judge policy outcomes as good or bad" (2009:5).

Before embarking on an analysis of the Congolese government's agenda in relation to the Sicomines agreement, it is important to mention that in this context, the Congolese government's agenda more or less equals President Kabila's agenda. The Congolese Prime Minister's office is heavily subordinated to the Presidency, and any portfolios or decisions deemed important by the Presidency, particularly security related issues and the allocation and management of (significant) oil- and mining concessions, are dealt with by a small circle of key stakeholders around the President. Given the political and financial weight of the Sicomines agreement (discussed further below), it has been managed by the Presidency in a most secretive and exclusive fashion.[2] Thus, even though this analysis nominally concerns the Congolese government's agenda, it is rather the agenda of President Kabila and his advisors that is being examined.

[2] Interviews, October 2008, February-March 2009, October 2009 and February-May 2011, Kinshasa.

The paper is structured as follows. Section 2 provides an overview of the developments around the Sicomines negotiations. Section 3 analyses the Congolese government's agenda at the time of the inception of the Sicomines agreement. Section 4 explores the change in this agenda that took place in May 2009. Section 5 provides a concluding discussion around recipient government control, interpreting the extent to which the Congolese government was able to ensure that the outcome of the different phases of negotiations over the Sicomines contract was in line with its agenda.

1.1 Methods and data

The analysis draws on empirical data collected by the author during field work in Kinshasa and Lubumbashi, DRC in October 2008, February-March 2009, October 2009 and February-May 2011. During these periods, a total of around 130 semi-structured interviews were conducted with Congolese, Chinese, Indian and South Korean stakeholders as well as with respondents from other African countries and from Western countries. The interviews pertained to several different aspects of the DRC's external relations. While observations from the ensemble of the interviews informs the analysis, the specific topic at hand, the Sicomines negotiations, was the subject for around 50 of the interviews conducted. The lion's share of the interviews with Chinese stakeholders was conducted in collaboration with Professor Jiang Wenran of the China Institute, University of Alberta, Canada. Professor Jiang's contribution is gratefully acknowledged.

The interviews filled a dual role. First, they sought to establish and cross-check facts around the empirical developments at hand, an important part of the field research given that little previous field work has been carried out by scholars and other observers on the topic, and little information is available. Second, the interviews sought to gain insights in terms of how respondents from different countries and sectors understand and interpret the developments, politically as well as analytically. Congo's external relations, particularly the relation to China, is a politically sensitive topic, and most interviews were conducted under the condition of anonymity. Many of the respondents would not share their full analysis of the developments with me unless they received guarantees that they would not be identifiable in my publications. For the same reasons, the interviews were not recorded, but extensive notes were taken and any direct quotes used in the paper were written down word for word during the interviews.

2. The Sicomines agreement

This section tells the story of the Sicomines agreement, an unconventional combination of a large-scale mining venture and comprehensive funding towards infrastructure refurbishment. The agreement has become well-known a result of the magnitude of the agreement - US$ 9 billion in the initial version - and due to the international controversy that followed its signature. This overview is divided into two parts. The first discusses the conception of the agreement and the initial negotiations between the Congolese and Chinese parties. The second analyses the international controversy around the agreement and outlines the final settlement.

2.1 Conception and Sino-Congolese negotiations (2007-2008)

The Sicomines episode started in 2007 when the Chinese state-owned enterprise (SOE) China Railway Engineering Corporation (CREC) came to the DRC in search of mining concessions. At this moment in time, CREC - one of the world's largest construction companies - was implementing its diversification strategy: to expand into resource extraction activities. The company was allocated the copper- and cobalt concessions Dikuluwe, Mashamba and Dima[3] in Kolwezi to be exploited in joint venture (JV) with Gécamines, one of the DRC's mining parastatals.[4] A first memorandum of understanding (MOU) (*protocol d'accord*) between the Chinese and Congolese parties was signed on the 17th September 2007. It stated that a joint venture between the DRC's Gécamines (with a 32 percent stake) and a consortium of Chinese companies (with a 68 percent stake[5]) was to be formed under the name of Sicomines. The consortium of Chinese companies was to comprise CREC as well as the Chinese SOE Sinohydro, the company behind the Three Gorges Dam in China.[6] Initially, CREC's intention was to engage in a regular mining project, but when discussions started around the setup of the mandatory JV with Gécamines, the Congolese party suggested that the project would include an infrastructure component.[7] The MOU was thus, unconventionally, structured according to a barter principle. In exchange for access to mining titles, the consortium of Chinese companies would provide the DRC with turnkey transport- and social infrastructure projects funded by loans from China Export-Import (Exim) Bank. The reimbursement of these loans would be tied directly to the revenues from Sicomines' mining operation, thus ensuring repayment. This original setup remains the same to date, although the amounts, the concessions and other details of the agreement were gradually renegotiated between 2007 and 2009, as indicated in Box 1.

[3] For more details on the mining concessions, refer to the contract (*Convention de Collaboration*), pp. 30-32. Available on http://www.globalwitness.org/sites/default/files/library/China-DRC%20April%202008%20contract%20French%20and%20Chinese_0.pdf

[4] All mining ventures in the DRC have to take place in a joint venture (JV) with one of the country's mining parastatals: Gécamines and Sodimico (copper and cobalt), MIBA (diamonds), Okimo (gold), Sominki (gold and cassiterite) and Entreprise Minière de Kisenge (manganese). The JVs are generally set up with the foreign investor as a majority owner.

[5] In interviews, the relevant Chinese respondents preferred not to share the exact internal partition of the stakes between the Chinese companies. However, it was stated that CREC has the largest share, followed by Sinohydro, then CMEC (China National Machinery & Equipment Import & Export Corporation) and last Zhejiang Huayou Cobalt, which has a fairly small share. Interviews, 07.03.2011 and 03.05.2011, Kinshasa.

[6] According to a well-placed Chinese respondent, the suggestion to include a second Chinese company in the deal and form a consortium had come from China Exim Bank, who saw it as a risk reduction strategy. The consortium was subsequently expanded to also comprise Zhejiang Huayou Cobalt and CMEC. The latter was included in the JV because of its mining expertise. Interview, 14.03.2011, Kinshasa.

[7] Interview with a well-placed Chinese respondent, 14.03.2011, Kinshasa

Box 1. The different versions of the Sicomines agreement, 2007-2009

As indicated below, the amounts widely cited in the reporting around the Sicomines negotiations are in actual fact moving targets. The 2008 *Convention* makes no mention of the exact value of the infrastructure investments, but article 9 stipulates that "[t]he total amount of this will be determined following the results of the exploitation of the mine" (author's translation). The widely cited amount of US$ 6 billion probably comes from the September 2007 MOU, which mentions an amount of US$ 6.5 billion. When asked about this in 2009, the former Chinese Ambassador to the DRC, Wu Zexian, stated that he did not understand why the amounts were quoted with such certainty in the media – to the Chinese party, the amounts were not set in stone (author's interview, 23.02.2009, Kinshasa). This was reiterated by a well placed Chinese respondent in 2011 (interview, 14.03.2011, Kinshasa).

Version 1 (laid the basis for the main agreement, *la Convention de Collaboration*):
MOU (*Protocol d'accord*), September 2007
Congolese party to the agreement: Gécamines, 32 percent
Chinese parties to the agreement: CREC and Sinohydro, 68 percent
Mining concessions: Copper: 8,05 million tonnes (mt), Cobalt: 202 290 tonnes
Infrastructure worth: US$ 6.6 billion
Mining investment worth: Not mentioned
DRC government guarantee for the commercial mining investment: Not mentioned

Version 2 (subsequently renegotiated):
Main agreement (*Convention de Collaboration*), April 2008
Congolese party to the agreement: Unchanged from the MOU. Gécamines, 32 percent
Chinese parties to the agreement: Unchanged from the MOU. CREC and Sinohydro, 68 percent (According to a well placed Chinese respondent, CMEC has been part of the JV since 2008 but was unable to sign the *Convention* for technical reasons. Interview, 14.03.2011, Kinshasa)
Mining concessions: Copper: 10,6 (mt) Cobalt: 626 619 tonnes
Infrastructure worth: No amounts mentioned. Article 9 on p.11 only mentions that it will take place in two tranches and that the amount will be determined by the productivity of the mining venture. The amount was however widely quoted as US$ 6 billion, probably quoted from the MOU
Mining investment worth: Not mentioned but widely quoted as US$ 3 billion
DRC government guarantee for the commercial mining investment: Yes (article 13.3.4)

Version 3 (currently under implementation):
Third and final contract amendment, October 2009
Congolese party: Unchanged from the MOU. Gécamines, 32 percent
Chinese parties: CREC, Sinohydro and Zhejiang Huayou Cobalt, 68 percent (The amendment does not mention CMEC either, although the company is currently part of the JV according to a well placed Chinese respondent. Interview, 14.03.2011, Kinshasa)
Mining concessions: Unchanged from the Convention. Copper: 10,6 (mt) Cobalt: 626 619 tonnes
Infrastructure worth: US$ 3 billion (article 6, p. 6). Article 12 stipulates that the second tranche of infrastructure investments is cancelled
Mining investment worth: Not mentioned but still widely quoted as US$ 3 billion
DRC government guarantee for the commercial mining investment: Removed (article 8)

At this point in time, the DRC had very limited options in terms of securing funding for post-conflict reconstruction. The country's Poverty Reduction and Growth Facility (PRGF) programme with the IMF was terminated ahead of time in March 2006 as a result of misreporting of budgetary spending and non-implementation of certain structural measures (IMF 2006a, 2006b). Since the country was not in programme with the IMF, the Paris Club donors could not provide the country with loans either during this period. The only financial support given to the country by the IMF between misreporting in April 2006 and December 2009, when the country re-entered into programme, was a March 2009 disbursement of US$ 195.5 million under the IMF's Exogenous Shocks Facility, which served to facilitate the DRC's adjustment to the sharp drops in export revenue caused by the global economic crisis (IMF 2009a).

One respondent argued that at this point, President Joseph Kabila Kabange and his entourage estimated the odds of the DRC ever reaching HIPC (Highly Indebted Poor Country) completion point and getting debt relief as being very low.[8] A large number of Congolese respondents from different government departments consulted during 2008, 2009 and 2011 argue that the reason why the Congolese party sought to include an infrastructure component in the mining venture was the country's restraints in terms of accessing finance from the IFIs and the traditional donors at this moment in time. A view commonly echoed in my interviews with Congolese stakeholders could be synthesised as follows: "We went to the traditional donors but they could not help us with money, so we went to China, who had money available". This view was not contested by respondents from Western donor agencies and Western observers. In my interviews throughout 2008-2011, most of these respondents argued that the Chinese government can indeed contribute towards post-conflict reconstruction of the DRC with sizeable amounts that Western donors are unable to put on the table, particularly in the aftermath of the global economic crisis. The criticism from the traditional donors rather pertained to the structure of the agreement, a discussion to which we now turn.

2.2 International controversy, renegotiation and final settlement (2008-2009)

Subsequent to the signature of the September 2007 MOU, a Congolese delegation spent November and December 2007 in Beijing to negotiate with the Chinese party (Vandaele 2008). On the 22nd April 2008, the main agreement was signed – *la Convention de Collaboration*. The announcement of the April 2008 *Convention* gave rise to a national and international controversy (as a complement to the below account, refer to Vircoulon's (2010) analysis). Critique was directed against the agreement from domestic opposition and civil society, from the international community and from international civil society. Three main concerns were expressed. The first was the argument that the contract was *léonin* – skewed in favour of the Chinese party – with the mining concessions being worth a great deal more than the infrastructure projects that the Chinese loans would finance (refer for example to Marysse and Geenen's (2009) calculation). The second concern pertained to the debt situation, which was the main worry for the Paris Club donors, who at this point in time were working towards debt relief for the DRC. The debt argument was twofold. First, that the US$ 9 billion loan was not concessional and too large given the country's existing US$ 13.1 billion debt stock (IMF 2009b). Second, the contract included a guarantee (article 13.3.4) that the Congolese government would step in and ensure the reimbursement of the investment in the mining operation (widely reported to be US$ 3 billion, although this amount is not mentioned in any of the contract versions) should the income from the mine would not suffice to reimburse it. This was considered unreasonable since no other investor in the country's mining sector has a government guarantee to ensure the profitability of its operations.

[8] Interview, 25.04.2011, Kinshasa.

The third concern pertained to the Congolese and Chinese parties' way of handling the Sicomines agreement. The argument concerned a perceived lack of transparency and absence of broad national stakeholder engagement in the drafting of the agreement (Global Witness 2011).

From April 2008 to May 2009, the agreement was discussed on many different arenas. In the DRC itself, the contract was debated in political circles, within civil society and among ordinary Congolese (refer to Marysse and Geenen (2009) for an interesting account of the debates in Congolese media). One respondent argued that it was the first time in the DRC, a country where political discussions is an important part of everyday life, that an issue concerning the country's external relations became the subject of such broad debates.[9] Mass media worldwide wrote about the contract and the Chinese Ambassador to the DRC, Wu Zexian, one of China's most senior francophone diplomats (Africa-Asia Confidential 2009:8), devoted much time and energy to receive delegations, researchers and journalists to explain and defend the agreement. According to one observer, discussions were held between the IMF and China both in Beijing and in Washington.[10] The Belgian government was the first bilateral donor to react publically to the agreement, and representatives for the Belgian government even held discussions in China to push for an amendment of the contract (Vircoulon 2010:4). All major donors united behind the agenda to reduce the size of the agreement and remove the Congolese state's guarantee on the mining component of the agreement. With 57 percent of the US$ 2.2 billion budget coming from aid in 2006 (AfDB/OECD 2007, Radio Okapi 2005), the massive pressure from the traditional donors to renegotiate the agreement was undoubtedly felt by the Congolese government. Yet, it did not budge, and the situation remained in a standstill until May 2009.

While the fierce debate around the agreement was ongoing domestically and internationally, the IMF kept a low profile, claiming not to have received a copy of the (by then widely circulated) *Convention* through official channels (Vircoulon 2010:4). The IMF did not pronounce itself publically on the matter until May 2009, when its then Managing Director Dominique Strauss-Kahn descended upon Kinshasa, a visit which is widely seen to have carried significant political weight. Two narratives emerge from the interviews in terms of what Kabila's considerations were before Strauss-Kahn's visit. Several respondents argued that prior to this, President Kabila seemed to have been convinced that he had to choose between Chinese financing and HIPC debt relief. In this view, Kabila was already preparing to opt for the Chinese alternative only, given that he perceived the likeliness of the DRC getting HIPC debt relief and accessing finance from the traditional donors to be low. Yet, other respondents argued that this idea is not very plausible since Kabila could not, realistically speaking, have considered jeopardising the country's ties to the very donors that contribute with around half of the country's budget. At any rate, the tête-à-tête between Kabila and Strauss-Kahn on May 24th 2009 changed something in Kabila's way of perceiving the situation. A large number of respondents, both Congolese and Western, argue that there was a clear change in the Presidency's approach after their discussion. While no one can give testimony as to the contents of the conversation, respondents who were involved in the negotiations, or who followed the situation closely at the time, argue that Strauss-Kahn

[9] Interview, 08.02.2011, Kinshasa.
[10] Interview, 01.03.2011, Kinshasa.

explained (or convinced, the narratives differ on this point) to Kabila once and for all that he could have both Chinese financing and HIPC debt relief. The only thing Kabila had to do to get this was to ensure that the Chinese agreement was amended in accordance with the IMF's requirements: to halve the infrastructure component and remove the Congolese state's guarantee on the mining component of the agreement.

Things were set in motion shortly after the visit. An official letter was sent from the Congolese Prime Minister's office to CREC already on June 2nd 2009, less than two weeks after Strauss-Kahn's visit, requesting that the Congolese state guarantee on the mining investment be removed.[11] CREC's response came on June 29th: "*nous pensons que l'investissement du Projet Minier [...] n'a pas besoin de la garantie de la RDC*"[12] (we believe that the investment in the Mining Project [...] does not need the guarantee of the DRC). The second tranche (estimated to be worth US$ 3 billion) of the infrastructure investments was subsequently cancelled by means of the third and final contract amendment signed in October 2009. In its final and current form, the agreement is (using the most common estimates of the amounts) worth a total of US$ 6 billion, with the DRC's debt burden reduced to US$ 3 billion, in lieu of the original US$ 9 billion of debt. At the time of writing, both the mining- and infrastructure components are in the initial stages of implementation (Jansson 2011).

Following the signature of the third and final contract amendment in October 2009, the DRC re-entered into programme with the IMF, signing a 3-year Extended Credit Facility arrangement in December 2009. As HIPC completion point was reached on the 1st July 2010, the IMF and the World Bank announced that the DRC would be granted a total of US$12.3 billion in debt relief, of which US$ 11.1 billion would fall under the enhanced HIPC Initiative and US$1.2 billion under the Multilateral Debt Relief Initiative (MDRI) (IMF 2010). The country's total external bilateral and multilateral debt stood at an estimated US$ 13.1 billion at the end of 2009 (IMF 2009b). On the 17th November 2010, the Paris Club donors wrote of US$ 7.35 billion in debt to the DRC, leaving the country with a remaining US$ 200 million worth of Paris Club debt (Paris Club 2010, Love and Manson 2010). Debt relief was a political goal of great importance for the country, according to one respondent regarded as a 'second independence'.[13]

3. The Congolese government's agenda: Implementation of *Les Cinq Chantiers* and re-election

This section presents an interpretation of the Congolese government's agenda at the time of the inception of the Sicomines agreement. It provides the basis for the paper's analysis of recipient government control in the context of the Sicomines agreement, which is conducted in section 5.

[11] The letter (reference number RDC/GC/PM/755/2009) is referred to in the response from CREC, see the below footnote.

[12] The letter, seen by the author, has reference number CREC-IT-DRC-090601.

[13] Interview, 25.04.2011, Kinshasa.

On the Congolese side, the drivers for the conception of the Sicomines agreement are to be found in the Congolese government's, or more specifically President Kabila's, political needs. In order to comprehend these, it is important to understand the political situation at the time. Kabila and his party, *le Parti du people pour la reconstruction et la démocratie* (PPRD), won both the presidential and legislative elections in 2006 with the help of fragile coalitions.[14] Thus, President Kabila does not have the same dominant position vis-à-vis his political opponents in terms of support from the electorate as his counterparts in smaller, neighbouring African countries such as the Republic of Congo and Cameroon. One respondent argued that in order to understand the political moves of the Congolese Presidency in general, and the importance it attaches to the Sicomines agreement in particular, one has to keep in mind that "[the DRC] is not a banana republic" - since there is no stable majority, the election results really do matter, and the President has to secure support from the electorate in order to stay in office.[15] Thus, given that President Kabila does not have a strong support base, it was clear already from the start of his term in office that in order to stand a chance to be re-elected in 2011, he had to live up to the pledges he had made in his election programme *les Cinq Chantiers* (the five public works). This political situation defined his agenda to a great extent at the time. To be able to conduct the analysis of recipient government control envisaged in this paper, is it therefore necessary to understand the *Cinq Chantiers* programme and the political role it plays.

After Kabila's inauguration in December 2006, *les Cinq Chantiers* was transformed into flagship policy programme and permanent public relations campaign. The five-part programme does not contain any detailed pledges of projects to be implemented, but is basically a broad declaration of ambitions which covers virtually all the country's practical needs: infrastructure, health, education, water & electricity, housing & employment.[16] De Boeck has described the programme as "arguably the most ambitious project since the end of colonization in 1960 to overhaul the country and respond to its most pressing and urgent needs - or at least that of its elites - with regard to its urbanization" (2011:282). However, De Boeck's article shows that to date, the programme has played the role of a vision rather than a show of force in terms of large-scale roll-out of infrastructure refurbishment. Indeed, since 2006 *les Cinq Chantiers* has been the basis for most, if not all, Presidential PR-efforts, which have largely come to focus on displaying achievements in terms of infrastructure. While I do not have data to determine which *chantier* has received the most attention in terms of actually implemented projects since 2006, there is no doubt that the infrastructure *chantier* has been given the greatest political weight. A Congolese civil servant suggested that this is due to the fact that large-scale infrastructure

[14] - PPRD won the second round of the presidential elections with the support from *l'Union des démocrates mobutistes* (UDEMO) and *le Parti lumumbiste unifié* (PALU), who in exchange were given the posts as Prime Minister and Vice Prime Minister. The coalition government is frail, characterised by internal tension, and the current government formation is Kabila's fifth since 2006 (ICG 2011:1-3).
- In the legislative elections, PPRD secured only 111 seats out of 500 in the National Assembly and had to seek support from a number of parties to form *l'Alliance pour la majorité présidentielle* (AMP) (the Coalition for Presidential Majority). The legislative coalition has a high political cost for the government which "has to negotiate permanently with micro parties having less than five seats in parliament" (ICG 2011:3, author's translation).

[15] Interview with a Western diplomat, 11.02.2011, Kinshasa.

[16] The official Cinq Chantiers website can be consulted at: http://www.cinqchantiers-rdc.com/home.php

projects are visible to the electorate and therefore generate the most political capital.[17] During the 2011 field work, the centre of the capital Kinshasa was full of billboards with the President's face, illustrations of one or several implemented transport infrastructure projects and the text "*les Cinq Chantiers en marche*" (≈ the five building sites in action) or "*Il l'a dit, il l'a fait, il en fera davantage*" (he said it, he did it, he will do more of it). Just about any effort in the city by the government, donors or private investors (even the construction of luxury hotels, office buildings and the like) is displayed as an indicator of Presidential success (see also Mangala 2009). The *Cinq Chantiers* concept is well-known to the public in Kinshasa, even though it is often referred to jokingly whilst driving on one of Kinshasa's many potholed roads.[18] In terms of the country's other cities, the intensity of the Presidential PR effort seems to weaken according to political importance. For example, in Lubumbashi, capital of the mineral-rich south-eastern Katanga province, *Cinq Chantiers* billboards are visible but not to the same extent as in Kinshasa. In the capital of the Kasaï Oriental province, Mbuji-Mayi, which has great developmental needs but is of limited political importance, not a single *Cinq Chantiers* billboard is to be seen.[19]

Representatives from the Western donor community in Kinshasa argued in interviews that there is a lack of national leadership in the country in terms of development related issues, and that *les Cinq Chantiers* is not much of a guiding light in this regard.[20] In the words of one respondent: "He [President Kabila] doesn't really say what he wants to do, he mumbles about the *les Cinq Chantiers*, but other than that there is not much".[21] However, one thing that the *les Cinq Chantiers* programme clearly indicates is the divergence between the Congolese government's agenda and the priorities of the traditional donor community. *Les Cinq Chantiers* focuses on the DRC's tangible, practical challenges, while key concerns for the traditional donors such as security sector reform, gender equality and macroeconomic stability do not figure. The funds made available by means of the Sicomines agreement are thus important for two reasons. First, as discussed in section 2, it makes large amounts available that the Western donors simply cannot put on the table at this point in time. Secondly, ever since the start of the 21st century when Chinese governmental engagement with African countries started to grow significantly, infrastructure has been one of the key areas to receive funding (Kragelund, 2011). For this reason, and given that the Chinese government in line with its non-intervention policy prefers to finance projects requested by the host government, the Congolese government has by means of the Sicomines agreement been able to raise significant funds towards its key priority: infrastructure. Many of the projects exhibited on Kinshasa's billboards are indeed funded by means of the Sicomines agreement.[22]

17 Interview, 02.03.2011, Kinshasa.
18 Observation during a large number of rides with one of Kinshasa's two mains means of public transport, *les taxis* (the other being *les taxibuses*), February-May 2011.
19 Author's e-mail correspondences, April 2011
20 Interviews, 13.04.2011 and 18.04.2011, Kinshasa.
21 Interview, 18.04.2011, Kinshasa.
22 Some of the infrastructure projects are, however, funded by other donors such as the World Bank and the African Development Bank, but implemented by private- or state-owned Chinese construction companies who are based in the DRC, competing successfully in the many tender processes organised for donor-funded projects in the country. As a result, the Congolese public (as well as many of the representatives for the international community based in Kinshasa) see a clear connection between the implementation of *les Cinq Chantiers* and the rapidly growing Chinese presence in the country, even if the reality in terms of who funds what does not entirely justify this perception. (Field work observations, 2008-2009 and

The fact that the Sicomines agreement is important to the real and perceived success of *les Cinq Chantiers*, which in turn is crucial to fulfilling the President's political needs, explains why it is of such importance to the Presidency.

As outlined in section 2, it has been widely argued that the 2008 version of the Sicomines agreement was disadvantageous to the DRC. The fact that the contract was structured the way it was, with the DRC essentially contracting US$ 9 billion of debt on top of its existing US$ 13.1 billon of bi- and multilateral debt, can be interpreted as indicators for two things. First, it can be seen as strengthening the claim that the DRC government did not perceive HIPC debt relief and continued financing from the West as a realistic possibility at the time, and therefore decided to maximise the financing it could secure from China. Second, it indicates that the government's agenda at the time first and foremost was to secure funding towards infrastructure refurbishment and not to ensure macroeconomic stability and debt sustainability.

4. HIPC debt relief moving higher up on Kabila's agenda, May 2009

This section explores the change that took place after the visit of the IMF's Managing Director Strauss-Kahn in May 2009 in terms of President Kabila's attitude towards renegotiation of the Sicomines agreement. It has been argued above that from the onset of the Sicomines negotiations, the Kabila government's agenda was to secure funding to deliver upon the electoral promises formulated in the *Cinq Chantiers* programme. The 'Chinese option' was perceived as the country's main opportunity to raise such funds since the traditional donors did not provide loans to the country at this point in time. The paper has also argued that HIPC debt relief was perceived by Kabila and his entourage as a rather remote possibility in 2007 when the Sicomines agreement was first conceived. As mentioned in section 2, during the fierce debates that followed the announcement of the main contract in 2008, actual activity around the agreement was at a standstill until the visit of the IMF's Managing Director Strauss-Kahn in May 2009. Shortly after the meeting between Kabila and Strauss-Kahn on May 24th 2009, things were set in motion and the agreement was amended according to the demands of the traditional donors. This section discusses the existing interpretations in terms of which factors contributed to this shift.

Among the respondents consulted, there was a consensus that the meeting with Strauss-Kahn changed Kabila's way of perceiving the agreement. The understanding of most respondents is epitomised in the words of one respondent, who stated that after the meeting, "*il a commencé à jouer sur les deux tableaux*" (he started to play on both boards), meaning that he started working towards securing both HIPC debt relief and Chinese financing.[23] In terms of why this change came about, two narratives emerge from the interviews: the paternalistic *comprehension* narrative versus the political *no choice*

2011, and interviews with private- and state-owned Chinese construction companies, 24.02.2009, 26.02.2009, 02.03.2009, 09.02.2011 and 14.03.2011, Kinshasa)

[23] Interview with a Western diplomat, 11.02.2011, Kinshasa.

narrative. The first and most often claimed explanation is that Strauss-Kahn pedagogically explained the situation to Kabila, who finally understood that it is problematic to give state guarantees for the profitability of a commercial mining operation, and that it was possible to have both Chinese financing and HIPC debt relief if only the required changes could be made to the agreement. The second narrative portrays a politically shrewder President Kabila, who during the talks with Strauss-Kahn realised that he had no choice but to adapt to the changes proposed by the IMF. As argued by one respondent, facing the realities of the situation, Kabila had to take the exit plan formulated by the IMF.[24] Furthermore, the alternative to refuse a renegotiation was perhaps not very tempting to the DRC government since it could have implied a breakdown in relations with the IFIs and as a result also with the traditional donors. A number of respondents also argued that Kabila's change of mind probably was due to a combination of the *comprehension* and the *no choice* factors.

Either way, one factor that contributed to the circumscription of Kabila's room for manoeuvre in this situation was China's changing attitude towards the agreement. The Sicomines negotiations took place from 2007-2009, a period of time during which China's role globally went through rapid and profound changes. A factor with major implications for this process was the global economic crisis, from which China emerged as one of, if not the, global leader (*e.g.* Holslag 2009). As argued by several respondents, this fast-tracked the Chinese government's ambition to take up a role as a 'responsible great power', and part of this ambition was to take up a more active role in the IMF. As a result, the pressure exercised by other IMF board member countries during the Sicomines controversy for China to adapt to the IMF's agenda had the intended effect. In the words of an observer: "*la Chine a dû arbitrer entre son rôle au Congo et son rôle dans le FMI*"[25] (China had to mediate between its role in the Congo and its role in the IMF). All things considered, China eventually took a more accommodating stance towards the idea of amending the Sicomines agreement. This means that in 2009, Kabila probably had very little support from China in terms of pushing ahead with the criticised original version of the Sicomines agreement against the IMF's recommendations.

HIPC debt relief thus took a great leap higher up on the government's agenda after Strauss-Kahn's visit. It is, however, not known whether Kabila felt forced to accept this change of agenda given a lack of realistic options, or whether it was a genuine change of priorities brought about by the lobbying efforts of the IMF and the traditional donors. In any case, the final settlement of the Sicomines agreement in October 2009 was in line with Kabila's modified agenda to secure both Chinese funding and HIPC debt relief.

5. Conclusion: recipient government control under pressure

Having assessed the Congolese government's agenda during the different phases of the Sicomines negotiations, the paper now turns to the assessment of recipient government control. This section is

[24] Interview, 23.02.2011, Kinshasa.
[25] Interview, 01.03.2011, Kinshasa.

concerned with interpreting the extent to which the Congolese government was able to ensure that the outcome of the different phases of negotiations over the Sicomines contract was in line with its agenda. The paper argues that in the early stages of negotiations with China, during 2007-2008, the Congolese government exercised control. The initiative to add an infrastructure component to the mining project proposed by CREC came from the Congolese government's side, and the outcome of the negotiations over the 2008 version of the Sicomines agreement was in line with the government's agenda at the time, making sizeable amounts of funding available towards large-scale infrastructure refurbishment. The agreement was a significant political conquest for the government which could now show that it was taking decisive measures to fulfil its electoral pledges.

During the 2008-2009 renegotiation phase, the Congolese government's ability to exercise control was gradually weakened due to pressure from the traditional donors to rearrange priorities and move macroeconomic concerns, notably debt sustainability, higher up on the agenda. The pressure from the traditional donors was certainly felt given the country's aid dependence. Moreover, the convergence of China's and IMF's interests during this stage of the negotiations further circumscribed the DRC government's ability to ensure that the outcome of the negotiations was in line with the initial agenda. Crucial to the analysis of recipient government control in this context is, however, that President Kabila's agenda shifted after Strauss-Kahn's visit, and the final settlement was in line with Kabila's modified agenda to secure both Chinese funding and HIPC debt relief. The paper thus concludes that in the final settlement of the agreement, recipient government control was retained, although it was under heavy pressure.

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