

# Resources and Rent Seeking in the Democratic Republic of the Congo

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*ABSTRACT* By examining the Congolese political economy through the lens of the ‘resource curse’ theory, this article aims to advance our understanding of the chronic underdevelopment of the Democratic Republic of the Congo (DRC). Proceeding in three distinct phases the article examines the effect of resource rents, foreign aid and the likely effect of Chinese investment. It finds that a political tradition of patrimonialism and corruption based on large inflows of easily corruptible resource rents was established in the Mobutu period. In the post-conflict period the source of revenue shifted from resource rents to foreign aid, while the political tradition remained essentially unchanged. The model of the Congolese political economy established in these first two sections will then be used to make an informed assessment of the Sicominex deal. The article finds that the structured nature of the deals means that it is unlikely to perpetuate the ‘resource curse’ condition.

At independence in 1960 the Democratic Republic of the Congo (DRC) was regarded as one of the most promising countries in Africa and yet, by the early 1990s, despite abundant natural resources, it was in a state of economic and political collapse. The country was plunged into back-to-back civil wars, emerging in 2002 as a weak state dependent on foreign aid. In April 2008 the Congolese government announced the signing of the ‘Sicomines deal’ with a group of Chinese enterprises. Worth US\$9.25 billion, the deal stipulates that the enterprises will undertake a number of infrastructure projects financed through a joint mining venture.<sup>1</sup>

The aims of this article are threefold. It will first examine the effect of resource revenues on the Congolese political economy, arguing that a political tradition of patrimonialism and corruption, predicated on access to easily corruptible resource rents, was established in the Mobutu period. Second, it will contend that in the post-conflict period the source of easily corruptible revenue shifted from resource rents to foreign aid without fundamentally altering this political structure. The analysis emerging from these first two sections will be used to construct a model of the Congolese political economy which will enable an informed assessment of the Sicomines deal. This final section will examine whether the deal represents an

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opportunity for the DRC to break with its long-running tradition of chronic under-development and translate its resources into economic growth.

The theoretical framework employed is informed by both political and economic approaches to the 'resource curse' theory. This theory proposes that poor economic growth in resource-rich developing countries is, counter-intuitively, a result of resource abundance.

### **Theoretical framework**

The 'resource curse' theory is a body of political and economic literature which examines the link between resource abundance and poor economic growth. At face value abundant natural resources should work in a country's favour by providing a source of revenue and opportunities for investment. However, a detailed study by Sachs and Warner found that states with a high ratio of natural resource exports to GDP in 1971 had abnormally slow growth rates between 1971 and 1989.<sup>2</sup> A further study by the World Bank found that countries with large mining sectors (over 50% of exports) experienced an average GDP per capita decline of 2.3% per annum in the 1990s.<sup>3</sup> Both support the link between resource abundance and poor economic growth. There is no scholarly consensus about the mechanisms through which this occurs.

A key approach to the 'resource curse' explains poor growth through a decline in global commodity prices. A study by Singer and Edstrom found that primary commodities have experienced a significant decline in terms of trade since the beginning of the 20th century.<sup>4</sup> While helping to explain the resource curse on a global scale, this approach has proven inconclusive on a country- or commodity-specific level.<sup>5</sup>

A second economic approach explains the 'resource curse' through the boom and slump cycles of the international commodity market. This instability leads to unstable and uncertain earnings for resource exporting countries, making it difficult to budget and plan for long-term economic growth particularly in countries with low levels of export diversity.

Finally, the 'crowding out' approach helps to explain why resource-rich countries often lack export diversification. This approach proposes that during a price boom the resource sector attracts capital and human resources from other 'growth-driving' sectors of the economy, for example manufacturing and education.<sup>6</sup> The 'crowding out' effect retards growth and increases the dependence of resource-rich developing countries on the resource sector.

These problems can be mitigated by prudent economic policies; for example, commodity stabilisation funds and careful fiscal policies can be implemented to buffer economies against market instability. While some resource-rich developing countries, including Botswana, Malaysia and Chile, have implemented these often complex policies and have experienced strong economic growth, most have not. This variation in implementation suggests a political component to the 'resource curse'.<sup>7</sup>

The 'rentier state' approach examines the effect of resources on the institutional capacity of resource-rich developing countries. 'Rentier states'

are those states in which ‘rent seeking’—the use of government revenue without benefiting society—is the core function of the government. When citizens surrender part of their earnings to the state, there is an incentive to create an effective and honest bureaucracy in order to encourage compliance. Resource rents, on the other hand, do not generally require similar levels of public accountability or transparency because of their external nature. As a result, resource-rich developing countries tend to spend less time explaining and defending policy decisions.<sup>8</sup>

Tracking the large volume of revenue associated with resource extraction requires strong institutions. However, in most ‘rentier states’ there is very little political will to curtail corruption; in many cases the ruling elite actually work to undermine institutional integrity in order to protect their own rent-seeking interests.<sup>9</sup>

As this article aims to explore the interface between the Congolese state and the economy, it will draw on a theoretical framework informed by economic and political approaches to the ‘resource curse’.

### The Mobutu period

In the late 1950s the Belgian Congo enjoyed one of the best welfare and infrastructure systems in Africa.<sup>10</sup> This was financed through the extraction of the country’s abundant reserves of timber, diamonds, copper, cobalt, gold, uranium and coltan, including roughly 12% of the world’s copper and half the cobalt deposits.<sup>11</sup> This section will explore how this resource abundance has affected the political and economic trajectory of the DRC.

In 1965 Joseph Mobutu became the Congolese president, ruling in a kleptocratic fashion for the next 32 years. In order to consolidate the support of the Congolese elite and the armed forces Mobutu required unlimited access to the resources of the state. These were fed into a complex web of patrimonial networks.<sup>12</sup> This structure was comprised of three distinct tiers of ‘clients’: an ‘inner circle’ of 15 to 20 people, including key personalities in the administration and the security forces; a second, larger tier composed of courtiers and technocrats; and (with some degree of overlap) a third group of provincial bosses.<sup>13</sup>

This network was permeated by with corruption at all levels. It is estimated that while in power Mobutu and his close associates plundered between \$4 billion and \$10 billion of the country’s wealth.<sup>14</sup> A ‘rentier state’ was established in which resource rents were not reinvested back into the country: in 1982 only 10% of the official budget was spent on education and health services; a decade later this had fallen to zero.<sup>15</sup>

Union Minière de Haut Katanga (UMHK) was a pillar of the Congolese economy, providing 50% of state revenue in 1965.<sup>16</sup> On 1 January 1967 UMHK was nationalised and its extensive assets seized by the Congolese government.<sup>17</sup> Belgian engineers, technicians and managers left the country *en masse*. The parastatal Société Generale des Carriers et Mines du Zaïre (Gecamines),<sup>18</sup> which was formed from the concessions, never achieved the same level of profitability.<sup>19</sup>

The nationalisation of UMHK was coupled with a deliberate government policy to industrialise on the back of increased copper production. The government formulated a policy to raise copper production from 360 000 to 460 000 tons from 1970 to 1975 and up to 570 000 by 1979, investing over \$3 billion in the sector. Despite the decline in the price of copper from \$5375 in 1970 to \$2609,<sup>20</sup> copper only decreased from 65.95 to 60.02 as a percentage of all export earnings.<sup>21</sup> This decrease in export earnings was offset, in part, by the expansion of small-scale alluvial diamond and coltan mining in the 1980s. This 'artisanal' mining, typically carried out by small teams with shovels and sieves, does not require large investment or extensive infrastructure. As a result, the mining and export of both minerals generally eluded government control.

By the early 1990s the DRC was in a state of political collapse and the formal economy had ceased to function. In November 1996 a trilateral alliance comprised of Angola, Rwanda and Uganda invaded the country. The two ensuing civil wars involved nearly every African country diplomatically, militarily or both.<sup>22</sup> Resource exploitation by intervening forces and armed rebel groups was a central theme in both civil wars, devastating what remained of the Congolese economy.

### **The Congolese 'resource curse'**

Having established the historical context, the article will now explore the complex relationship between resources and the Congolese political economy in the Mobutu period. The nationalisation of the UMHK had far-reaching consequences. As a private company the UMHK had buffered the Congolese economy against the instability of the commodity market. Nationalisation removed this buffer; thereafter, slumps in the price of copper directly reduced state revenue. Management of parastatals was handed over to members of the ruling elite, who generally lacked the requisite management and technical skills; in many cases they used their position to loot and destroy these enterprises. The once-profitable mining sector became characterised by decreased production, pay arrearage and tax evasion, driving the national economy into decline.<sup>23</sup>

The government's response to declining copper prices exacerbated the severity of this market slump. As late as 1986 the government worked to increase copper production. While increased production can mitigate a decline in terms of trade, the decrease in price meant that the government had to constantly increase production in order to maintain the same level of export earnings. The almost exclusive investment in copper extraction 'crowded out' other important sectors of the economy. For example, the only infrastructure that was improved or maintained during the Mobutu period was devoted to the export of minerals. As a result 'from 1974 to 1977, when as much as one-third of desperately short foreign exchange was spent on the import of food for Congolese cities, large amounts of maize rotted in the countryside'.<sup>24</sup>

Why did the Congolese administration continue to focus on increased copper production long after it could have been considered advantageous?

By increasing copper production the administration expanded a sector from which the ruling elite could easily ‘cream-off’ funds. Furthermore, the government was not dependent on the citizenry for taxation. With little impetus to establish transparent and accountable institutions the government had become almost completely detached from the citizenry.

The collapse of the Congolese state can be explained, in part, by the effect of artisanal mining on patronage networks. While the formal mining sector had allowed government presence through regulation and taxation, the informal sector eluded government control. This reduction in state revenue diminished Mobutu’s capacity to reward loyalty among his clients. As Mobutu became less able to service this system, other actors were able to threaten the authority of the central government.<sup>25</sup>

During the Mobutu period corruption and patrimonialism became cornerstones of the Congolese political tradition. This patronage network was predicated on large inflows of easily corruptible revenue. While Mobutu’s personal corruption was significant, the establishment of a political tradition of corruption and patrimonialism was more pervasive.

### **The post-conflict period**

In the post-conflict period, from 2002 to the present, the DRC has experienced economic growth facilitated by high levels of foreign aid. The government has been technically, financially and militarily bolstered by, predominantly, Western countries, international organisations and International Financial Institutions (IFIs). Conservative estimates put the amount of foreign assistance between 2002 and 2006 at \$10 billion.<sup>26</sup>

Since the 1980s conditionalities have become an important precondition for mobilising development assistance. Conditionalities have been used by Western donors to push the DRC towards representative liberal democracy and capitalist economic structures. The 2006 elections, in which Joseph Kabila was elected president, induced a large influx of foreign aid and assistance, with the UK alone providing £35.9 million towards the process.<sup>27</sup>

Corruption and patronage networks remain entrenched at all levels of the administration. In 2007 Transparency International ranked the DRC 168th out of 179 countries according to the Corruption Perception Index, with a score of 1.9 out of 10, indicating rampant corruption.<sup>28</sup> The persistence of patrimonialism was evident in the assignment of key positions under the new government. The cabinet of six deputies of state, 34 ministers and 20 deputy ministers was characterised by an overrepresentation of those loyal to the head of state.<sup>29</sup> Kabila also replaced the heads of 37 state enterprises with his ‘clients’, further increasing his economic power and political patronage.<sup>30</sup>

The core features of the government’s economic strategy—reducing spending, easing growth in the money supply, reeling in the inflation rate and stabilising the Congolese franc—have met with moderate success.<sup>31</sup> While the Congolese economy has experienced positive growth, it is working from a very low starting point. Kabila announced in 2007 that \$14 billion would be needed over the next five years to rebuild the economy, reduce

poverty and improve the country's infrastructure.<sup>32</sup> It is estimated that half of this money would have to come from international donors.<sup>33</sup> Yet it is unlikely that such a high level of foreign aid will be forthcoming.

The reconstruction of infrastructure across the country is central to economic growth. According to the World Bank, only 23.2% of the 153 497 kilometres of roadway across the country was in good or fair condition between 2000 and 2005.<sup>34</sup> With large losses resulting from inadequate infrastructure, reconstruction is an important element of attracting future FDI.

The formal mining sector, which collapsed in the early 1990s, has started to show signs of improvement. Export revenue from the mining sector increased from 0.18% of GDP in 2002 to 0.24% in 2004.<sup>35</sup> Despite a gradual increase in the post-conflict period, FDI inflows still remain relatively modest.<sup>36</sup> The mining sector has been reformed in an attempt to attract FDI. A new Mining Code was introduced by the transitional government in 2002 to promote the disclosure of information and ensure the fair distribution of revenue among the government, mining companies and local communities.<sup>37</sup> The legislation altered the outward appearance of the mining sector to incorporate international best practice. However, as the code is based on a level of institutional capacity that the DRC does not currently meet, it has not been implemented.<sup>38</sup>

### **The Congolese 'aid curse'**

There is an ongoing debate in development literature about whether foreign aid promotes long-term economic growth in developing countries. While there is inconclusive empirical evidence for or against the benefit of foreign aid, there is an increasing awareness that high levels of aid over long periods of time can undermine growth.<sup>39</sup> This section aims to further this line of enquiry by examining whether aid undermines economic growth in a similar fashion to the 'resource curse' in the DRC.

There has been a clear abundance of foreign aid in the post-conflict period. In general, countries with official development aid (ODA) to GDP ratios exceeding 10% are classified as having a high dependence on foreign aid.<sup>40</sup> In the DRC this ratio was 25.7% in 2005,<sup>41</sup> with ODA providing 53% of state revenue.<sup>42</sup> The DRC is dependent on this aid for conducting democratic elections, building infrastructure and stabilising the economy, in addition to financing the activities of the state.

The DRC has changed its outward political and economic image, adopting Western rhetoric by promising market liberalisation, democratic reform, structural reform and the privatisation of remaining parastatals. Do these changes represent a meaningful reform of the political tradition established in the Mobutu period or are they implemented to appease international donors?

The entrenched rent-seeking behaviour, corruption and patrimonial networks did not simply disappear with the removal of Mobutu. Patrimonialism is manifest in the allocation of key governmental positions under the Kabila government. The emphasis placed by foreign donors on

democratisation has often been at the expense of institutional capacity. The anti-corruption commission and other transparency initiatives established in the post-conflict period were not sufficiently emphasised by international donors during the transition period because of fear that they would derail the electoral process.<sup>43</sup> These conditionalities, which could exert pressure on the Congolese government to curtail corruption and patronage, have not been mobilised to full effect in the DRC.

Foreign aid has actually created opportunities for corruption and patrimonialism. The multitude of aid-projects 'provide for the allocation of all sorts of discretionary goods to be politicised and patrimonialised', while the large sums involved enable corruption.<sup>44</sup> Instead of gaining control of natural resources through conflict, rent-seeking elites gain access to foreign aid by adopting the rhetoric of aid conditionalities. A pragmatic approach suggests that foreign aid creates stability by introducing a different form of revenue that rent-seeking elites can access through non-violent measures. Stability on this basis necessitates high levels of foreign aid; as a result it is not an option for long-term economic growth.

Like resource rents foreign aid acts as a substitute for domestic revenue while allowing the same level of expenditure. It is not surprising, therefore, that in the post-conflict period there has not been a concerted effort to institute a comprehensive taxation system. The 'rentier state' aspect of the Congolese administration has not disappeared; the source of external revenue has merely shifted from resource rents to foreign aid.

Unlike 'resource curse crowding out', which is related to the non-mining sectors of the economy, foreign aid has a 'crowding-out' effect on human resources. Overseeing the vast number of aid projects operating in the DRC has placed a considerable burden on Congolese institutions. Furthermore, the high salaries and side benefits offered by donor projects and NGOs *vis-à-vis* the low salaries available through the administration has drawn qualified public officials away from the government sector.<sup>45</sup>

The uncertainty of future aid flows has compounded the problems faced by the Congolese administration. These flows are dependent on funds from donor countries and IFIs whose priorities are vulnerable to domestic and international factors. A study of 37 countries by Bulir and Lane found that foreign aid is typically more volatile than domestic fiscal revenue.<sup>46</sup> The tendency of donors to overestimate future aid exacerbates this problem. The problem of aid uncertainty was underscored in the first budget of the Congolese government: passed in 2007, it outlined spending worth \$2.4 billion based on the unsupported assumption that international donors would fund more than half the budget.<sup>47</sup>

The post-conflict period has been characterised by significant economic growth stemming from the abnormal requirements of the DRC in this period. By examining the first post-conflict decade of 17 post-civil-conflict countries, Collier and Hoeffler found that foreign aid is atypically effective in the first post-conflict decade.<sup>48</sup> In the DRC the problems of foreign aid dependence have been overshadowed by the benefits of the reconstruction. However, as the country emerges from this post-conflict condition, foreign aid is set to

become less effective and the negative consequences more pronounced. In order to avoid poor economic growth in the long term, it is vital that the government re-establish its ability to raise revenue independently.

This section has shown that foreign aid perpetuates the political tradition of corruption and patrimonialism, and has undermined the capacity of Congolese institutions in a fashion that mirrors the 'resource curse'. Increased mineral extraction is viewed as one mechanism by which the DRC can decrease dependence on foreign aid, but in doing so the DRC must avoid a return to the 'resource curse'.

### **Chinese investment: breaking the curse?**

This section will outline the Chinese approach to investment and the terms of the recent Sicomines deal, before assessing its likely effect.

The Congolese economy is emerging from a decade of state collapse into an international environment dominated by the economic rise of China. Chinese GDP grew at an average rate of nearly 10% per annum from 1978 to 2008.<sup>49</sup> China's natural resource scarcity,<sup>50</sup> combined with its booming manufacturing sector, has resulted in a massive increase in China's demand for natural resources which, in turn, has increased global commodity prices.<sup>51</sup> Copper prices, for example, increased from \$1514 per metric ton in 2002 to \$5601 in 2006.<sup>52</sup> China's attempt to secure predictable commodity supplies has been a key driver in the dramatic increase in Chinese investment in Africa from less than \$5 million in 1991 to \$6.27 billion by 2005.<sup>53</sup>

A distinctive 'Chinese approach' to investment has emerged in infrastructure and mining projects across Africa. This approach is characterised by economic assistance, tailored investment projects, and the deliberate decoupling of investment and politics. According to the Chinese government, this is an approach that takes the aspirations of developing states seriously while also respecting sovereignty and political non-interference.<sup>54</sup> Unlike Western development assistance, the Chinese government does not require that the rules of transparency and good governance be observed.

Chinese projects in Africa typically involve the import of Chinese workers, ranging from 'foreign experts' to menial labourers. While Chinese companies have justified this practice in terms of cost, productivity and cultural affinity, this policy seems misguided in light of the high rates of local unemployment in many African countries.<sup>55</sup> The social and environmental implications of Chinese investment in Africa warrant further examination but lie beyond the scope of this article.

The Chinese authoritarian developmental approach has promoted high levels of sustained growth in China. The question is whether this success can be emulated by the DRC.

#### *Sicomines deal*

On 22 April 2008 a group of Chinese enterprises (comprised of China Railway Group Limited and Sinohydro) entered into the Sicomines deal with

the Congolese government, a deal worth \$9.25 billion.<sup>56</sup> Under the deal the Chinese enterprises will undertake extensive infrastructure works, to be guaranteed and financed through revenues from a joint mining venture. The mining venture covers a number of copper and cobalt concessions in the province of Katanga. The value of the mines in 2008 was estimated at \$80–85 billion.<sup>57</sup> The Chinese enterprises will take a 68% share in the venture, while Gecamines will retain 32%.<sup>58</sup>

The proceeds from the mining deal will finance a number of projects to repair and build infrastructure throughout the country. With \$6 billion earmarked for road, railway and water projects, it will represent the largest infrastructure investment in the DRC since colonialism.<sup>59</sup> The deal involves the upgrade, modernisation and construction of 3215 kilometres of railway on the Ilebo-Lubumbashi line, in addition to 3900 kilometres of asphalt and 2738 kilometres of beaten earth road work projects.<sup>60</sup> Addressing the government's five development priorities (water, electricity, education, health and transport),<sup>61</sup> the agreement undertakes to build 32 hospitals, 145 health centres, two hydroelectric dams, 5000 houses, two universities, two vocational training centres, and to upgrade two airports (Goma and Bukavu) and two electricity distribution grids (Kinshasa and Lubumbashi).<sup>62</sup>

While these projects will be managed and overseen by the Chinese enterprises, 10–12% of the work for each project must be sub-contracted out to Congolese companies.<sup>63</sup> The use of Chinese labour is limited to 20% of the required workforce, while 0.5% of each investment project must be devoted to technology transfer and training Congolese staff.

The financing of the venture will proceed in three stages. In the initial stage all of the resource rents will be used to repay salary arrears at Gecamines and repay the initial investment loan of \$3 billion. This loan will be provided by the Chinese enterprises with support from the Chinese government. The second phase of the investment will see 34% of the profits shared among the partners, while the remaining 66% (up to \$3 billion) will fund the infrastructure projects. During these first two stages the venture will be exempt from taxation. However, in the third and final phase, the venture will be run commercially with new infrastructure projects financed from the government's stake and tax revenues.<sup>64</sup>

Information about the Sicomines deal is not readily available from Chinese or Congolese government sources. Hubbard argues that, while open Chinese language sources generally contain more information, they are far from comprehensive.<sup>65</sup> This article draws on a published address by the Minister of Infrastructure and Public Works to the Congolese General Assembly,<sup>66</sup> and on English language media sources.

### **Breaking the 'resource curse'?**

For the first time in our history, the Congolese people will really feel what all that copper, cobalt, and nickel is good for! (Kabila on the Sicomines deal)<sup>67</sup>

By establishing a model of how resource rents and foreign aid have interacted with the Congolese political tradition in the past, this article is able to undertake a well informed assessment of the Sicomines deal. This section will examine whether the deal is likely to represent the return to a 'resource curse' state of affairs, perpetuate the current 'aid curse' or whether it will interact with the Congolese political economy in a fundamentally different fashion.

Unlike foreign aid, there is little ambiguity over the quantity of future revenue inflows or the duration of the deal: these technical aspects are outlined in the terms of the agreement. The Sicomines deal also differs from traditional Western investments insofar as it does not represent a large increase in state revenue; instead, profits are earmarked for specific projects. In this way the deal does not further erode the relationship between the ruling elite and the citizenry in line with the 'rentier-state' approach.

A casual glance suggests that the structured nature of the deal limits opportunities for corruption. Yet the deal has already been characterised by a lack of transparency, which has frustrated some Congolese politicians and NGOs.<sup>68</sup> It is unlikely that the political tradition of corruption and patrimonialism will change radically given the lack of emphasis placed by the Chinese government on transparency and good governance. Nevertheless, even if it fails to strengthen Congolese institutions or curb corruption, the Sicomines deal is likely to benefit the wider Congolese population. Due to the commercial benefit of the infrastructure projects outlined by the deal, there is a high probability that will materialise, thereby channelling resource rents directly into collective goods.

The Sicomines deal should only have a limited capital and human resources 'crowding-out' effect on the non-mining sectors of the Congolese economy. The terms of the deal stipulate that the 'start-up' loan will be repaid through the profits of the mining venture. As a result, the Sicomines deal should not draw capital away from other sectors of the economy. Moreover, through investing directly in education, healthcare and infrastructure, the deal should offset any capital 'crowding out' of non-mining sectors. By introducing skilled Chinese labour and investing in a number of universities and vocational training centres, the Sicomines deal should also help to avoid the 'crowding out' of human resources in the future.

The surge in commodity prices challenges the 'declining terms of trade' approach to the resource curse. While copper prices have still not reached the levels of the early 20th century, they have improved more than threefold since 2001.<sup>69</sup> This has had consequences for the Congolese economy that go beyond the Sicomines deal, including the increased profitability of other mining ventures.

The volatility of the international commodity market actually increased between 2000 and 2004. Goldstein *et al* argue that this is, in part, the result of Chinese market practices: as a swing producer China exports when prices are high and stockpiles when prices are considered unattractive, thereby exacerbating boom–bust cycles.<sup>70</sup> Because of the centrality of Chinese demand to the commodity market, these practices have a direct impact on

international prices. This instability compounds the budget and economic planning difficulties faced by the Congolese administration in relation to other mining deals. The structure of the Sicomines deal should help to buffer the Congolese economy against such instability. Future slumps should not have a large impact on the level of state revenue, but rather delay the completion of the infrastructure projects.

While it is unclear whether the Sicomines deal will be able to alter the Congolese economic incentive structure and ‘break the resource curse’, the Sicomines deal represents a fundamentally different form of revenue from the traditional Western investments that drove the ‘resource curse’, or foreign aid that drove the ‘aid curse’. The deal should help to avert the ‘aid curse’ by decreasing the Congolese dependency on aid. While corruption, institutional weakness and commodity market instability are still likely to impede economic growth, the structure of the deal has the potential to mitigate many of the problems associated with the ‘resource curse’.

While this assessment has been based on a strong theoretical foundation, it is still inherently speculative in nature. Further research is needed as more details of the agreement become available.

### Conclusion

Despite receiving large volumes of resource rents and financial aid, the DRC has suffered a marked economic decline since independence. By utilising a ‘resource curse’ theoretical framework this article has found that resource rents were instrumental in the entrenchment of patrimonial networks in the Mobutu period. Despite significant changes in the Congolese economic condition, the patrimonial incentive structures established in the Mobutu period have persisted in the post-conflict period, facilitated by foreign aid inflows. Perhaps the greatest contribution of this article, however, is its scrutiny of the Sicomines deal. This enquiry has found that the said deal represents a fundamentally different approach to mining investment and that, even if it does not ‘break’ the ‘resource curse’, it is likely to bring some benefit to the Congolese people.

Understanding resources, foreign aid and the Sicomines deal is of critical importance as the political and economic trajectory of the DRC will have very real implications for the Congolese people and for sub-Saharan Africa more generally. The United Nations has underscored this, claiming that the DRC has the size, location, political and economic potential to ‘provide added value to virtually the entire African continent’.<sup>71</sup>

### Notes

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