Chinese Resources-For—Infrastructure Scheme in DR. Congo:
The curse is human-made. A practitioner exploration

Research aim

The study provides a practitioner's exploration of the Chinese Resources For infrastructure (RFI) investment in Congo, by assessing its challenges, impact and propose potential solutions.

The research received significant contributions from a wide range of Sino-Congolese program experts and executives. The study, which covers Chinese direct investment, is underpinned by robust primary data from various financial, developmental, and legal analysis. However, the paper does not dwell in partisan perspectives supporting western geostrategic and intellectual dominance views which regrettably overshadows Chinese investment in Africa (tied-aid, unsustainable debt, neo-colonialist power, contract opaqueness...). Nevertheless, negatives aspect of these investments such as environmental, employment, negotiating power are reviewed to frame the controversial win-win agreement concept.

Discussion

RFI also coined Angola model is a barter or a scheme inducing upfront infrastructure investments reimbursed through upcoming resource extraction revenues returns. Congo's U$3 billion infrastructure program is at some level structured as an RFI Finance vehicle.

However, practicians' assertion backed by primary data, established a lack of vital Project Management and risk assessment dimensions; lack of independent and transparent procurement process; there were no comprehensive design studies, mining reserves valuation, and proper supervision and monitoring process of the construction. Consequently, the Congo should not be able to determine either the real cost of the programme or projects, the real value of the revenue stream nor at longer—term ensured the quality of received infrastructure.

The World Bank study 's RFI schema provided in this paper contrasts with the primary data collected and the schema drawn in this research. The research's schema reveals inter alia political influences at play, elite's extraversion, and exclusion as a mean of political patronage, and enrichment; this even through infrastructure's maintenance and management contracts. Therefore, opposing Konijn (2014 p24) views that "Although RFI swaps are instrumental in or subject to, political struggle, they do not neatly fit the resource curse argument because the political struggle is more about infrastructure spending and less about control over resource revenues". ln addition to this contribution to knowledge we can confirm that Congo's RFI seems not matching the common required structure, processes, and management of RFI.

Appendix 8 and appendix 9 are exclusive primary data provide by this study, not seen in the public domain which support the findings.

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Appendix 8 is an amendment for a project completed in 2012. Pages 2 and 3 confirm three vital aspects of our findings, *i)* that due to the urgency of the RFI scheme (meaning political/electoral), Chinese where producing preliminary design while building at the same time *ii)* therefore, immense quantity of unforeseen works and change of unitary cost arose, increasing the US$24.3 million budget by 22.19% *iii)* the project amount published on ACGT[1] website, exhibits US$5.4 million discrepancies with the contract, inferring that data published under the RFI scheme lack transparency as argued by numerous scholar's research and NGOs such as the Extractive Industries Transparency Initiative (EITI).

Moreover appendix 9, a 2015 project contract, confirms that *i)* the consortium of Chinese enterprises and ACGT are together producing preliminary design, while building at the same time *ii)* thus ACGT abandoned his legal supervision mission and was performing quality monitoring for its own design *(iii)* Consequently, the infrastructure are subject to no quality assurance *iv)* therefore confirming that the Congolese government is judge and party; hence further weakening any future claim on the infrastructure quality. Those points are contributions to knowledge.

Economically, the deal has suffered from political factionalism, elite's patronage. These factors have seriously weakened the projects integrative and federative aspect which could have ensured Congo's economic growth. Congo had a strategic plan prioritising infrastructure building and economy diversification, thus reducing the resource curse effect: the Strategy Document for Growth and Poverty reduction (DSCRP).

Again, due to the political agenda, that plan was not put in place. Although social development and economic development are human—centric notions, this study stresses the key role played by political elites as humans and their survival strategy which nurtured the resource curse. Thus, concluding the resource curse is 'human-made'. Despites the lack of reliable data, estimates through financial modelling provides a US$ 20 billion revenue shortfall and raised in project costs at Congo's expenses. Despite some positive results, such as the Busanga dam and the national highway Kinshasa-Matadi, without a strong railway component and major cities being linked, it is very unlikely that the RFI present configuration could have a positive impact on trade and economic growth on a national scale.

Regarding social progress, the study analysed the Congo's UN Human Development Index (UNDP 2018). Indicators does not reflect the growth which should derive from a decade of high-level mineral extraction and infrastructure improvements.

Consequently, there is no betterment of Congo's poverty level which is extremely high and is increasing.

[1] ACGT: Congolese Agency for Public Work is the Congolese government prime contractor for the RFI program

Conclusion

The paper, based on more than thirty research studies, used International Business theories such as the Oli paradigm, the Push—pull framework and the Political—generated Ownership Advantage to appraised Chinese direct investment in Congo through its RFI deal. Unlike all previous studies, this research is based on primary data collected from RFI 's Executives and supported by unpublished contractual documents. The exploration concludes that:

- Congo's RFI is a genre on its own right whereby it loses hundreds of millions of US$ in revenue.
- Contrary to ideas convey by the win-win concept, resource—seeking is the primary motive for Chinese state-owned enterprise investment in Congo.
- Program, project management issues and political factors had a negative financial and quality assurance effects which seriously reduced RFI's spillover (technological, employment, skills) and its socio-economic development impact.
- Congo must shift from a mere mineral extraction trade to broader development mineral strategy which incorporates development policy.
- The developmental impact of RFI deals rests on the capacity and eagerness of Congolese governmental institutions to use its opportunities and mitigate its risks.
- The deal should be renegotiated. However, due to the deal present configuration (legal, contractual) and China being an inescapable investment and creditor player, it is therefore far-fetched to see Congo challenging such a vital partner. It is worth noting that China is now the world largest creditor, lending two times more than the International Monetary Funds (IMF) and the World Bank (WB) combined.