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Triangular arm wrestling: Analysis and revision of the Sino-Congolese agreements

Stefaan Marysse and Sara Geenen

1. Introduction

The era of globalization and the staggering growth of upcoming economic powers bring new actors to Africa. The most important new actor at the moment is China, a country in need of huge quantities of raw materials to support its economic growth. Since African countries presently lack the physical and human capacity to exploit their own reserves, and acutely need to reconstruct ageing infrastructures and weak economies, a win-win scenario seems possible.

In September 2007 the Congolese government struck a deal with a consortium of Chinese state-owned enterprises. In a seven page rather opaque document, the 'Protocol of Agreement' was presented as a win-win barter deal where roads, railways and other public infrastructure would be constructed by the Chinese companies in exchange for exploitation of copper, gold and cobalt. The terms of this Protocol have been further specified in a 'Convention of Collaboration' signed in May 2008. However these agreements were severely criticized, mainly by third parties.

International business circles opposed the deal because it was threatening their interests. International NGOs blamed the agreement because they feared that the Chinese stance of non-involvement in internal Democratic Republic of Congo (DRC) affairs would in fact reinforce neo-patrimonial policies and weaken human rights and democratic tendencies. The internal opposition (for example MLC[1], Edinger and Jansson, 2008) thought that electoral concerns of the sitting government, eager to show some concrete results, sacrificed longer-term interests of the country. Academics found that the deal was inequitable and that asymmetric power relations could be detrimental for longer-term development (Marysse and Geenen, 2008 and 2009). Finally the international donor community and especially the International Monetary Fun (IMF) voiced their concerns that the cooperation agreements could lead to a new debt cycle. As a consequence of IMF pressure, the 2008 agreement has been renegotiated and a number of updates or 'Avenants' have been signed.

In this chapter we first identify how the Congolese political economy is characterized by a combination of extraversion, shocks, and fragile recovery. We then analyze the nature and the terms of the Protocol and the Convention. We also evaluate their likely impact on Congolese development, in order to assess the extent to which they represent a win-win scenario. Thirdly the renegotiation will be assessed: who were the actors involved; which changes have been made to the original agreement; and what will be the impact on Congo's internal development?

2. The Congolese political economy: extraversion, shocks and fragile recovery

We are not going to fully analyze Zaire's/Congo's political economy, since several authors have given excellent accounts of the sustained regression of the formal economy since the

1970s, the total implosion of the state and the official economy in the 1990s and the effects of war and plunder (see Bezy et alii, 1981, De Herdt and Marysse, 1996, Clément, 2004 and Marysse, 2005). In any case, after the 1998–2003 war the Congolese economy slowly started to recover, as can be seen in Figure 12.1.

INSERT FIGURE 12.1

Under the control and with the financial support of the international community, inflation has been confined. The transitional government, which was installed in 2003 and remained in office until 2006, implemented prudent macroeconomic policies (*Programme Economique du Gouvernement*) that restored trust in the economy. As a result, the country embarked on a much needed growth path. Still, the graph also shows that the Congolese economy is extremely extraverted and sensitive to external shocks. The positive pace of economic reforms proved difficult to sustain: the growth slowed down in 2008 and 2009.

This was due to a combination of internal (conflict in the East, weak financial management), and external factors (global financial crisis). The fall in prices for raw materials on the international market had a direct impact upon the Congolese economy. This, for example, led to massive unemployment in the industrial mining sector in Katanga (Cuvelier, 2009). Moreover as a result of decreasing prices, state revenues declined. Since 60 to 70 per cent of Congolese state revenues depend on export and import taxes, expenditures had to be cut. Additionally, the exchange rate of the Congolese franc decreased significantly. As the decline in export revenues had engendered a decrease in the foreign currency reserves of the Congolese National Bank, it could not stop the falling exchange rate. As a result, the prices of imports, expressed in Congolese francs, increased. The purchasing power of the Congolese population thus decreased significantly.

Moreover, Congo has a high external debt ($13.1 billion in 2009). A country like Congo has access to debt relief under the enhanced Heavily Indebted Poor Countries Initiative (HIPC)[2] and Multilateral Debt Relief Initiative (IMF, 2009). In order to be eligible for HIPC, the DRC first had to formulate an I-PRSP (Interim Poverty Reduction Strategy Paper), which led them to the 'decision point' (in 2003) reducing the debt service substantially (mainly arrears on debt). This achievement opened up the space for using foreign exchange for other purposes than debt repayment. It also allowed access to the HIPC initiative and thus to debt stock reduction if the government could sustain its efforts of reform and improved governance. The 'completion point' is normally reached after three years of sustained improvements. However it took the Congolese government more than seven years to reach that 'completion point'. This is due to two reasons: one internal and one external. One of the reasons was the excessive spending by the Congolese government. The elections, for example, heavily impacted upon the national budget and led to increased inflation. Debt sustainability remains an important concern for the near future.

Nonetheless, despite the fact that the international financial crisis and the burden of debts impacted negatively upon the forecast growth figures, there are also signs of recovery. There has been a gulf of new investments, which are crucial for the reconstruction of the national economy. Such investments are done by the Congolese diaspora, by Congolese businessmen, or by private mining companies in local or international hands. In this chapter we are going to focus on one aspect of these investments: the Sino-Congolese agreements, because of their huge potential for the DRC economy. The IMF (2010) calculated that these agreements could contribute one to two per cent in the economic growth figures of the coming years. With these agreements, Chinese investors acknowledge the importance of infrastructure works. In exchange they negotiate their own access to natural resources. This seems like a win-win deal, beneficial for both parties. After all, the international community heavily contributed to the electoral process and to security provisions (through MONUC, the Mission of the United Nations in Congo), but they did not undertake a concerted effort to reconstruct the country's neglected infrastructure, which is today one of the most important priorities for economic recovery. On the other hand, it remains to be seen which impact the agreement will have upon DRC's future capacity to generate state revenues from its mineral resources and upon its overall debt. In the next sections we analyze the agreements before and after they have been renegotiated, and we assess their likely impact on Congo's internal development.

3. Analysis of the 2007 'Protocol' and the 2008 'Convention'

The 2007 Protocol stated that China, through the Exim bank, would grant the DRC a \$3 billion loan for investments in the devastated industrial mining infrastructure. Next, a \$6.5 billion concessional loan would be granted to finance other much needed infrastructure works. These include the building and/or rehabilitation of 3,500 km of tarred roads and 3,200 km of railways by Chinese companies. In addition, 32 hospitals, 145 health centres, two universities and 5,000 houses would be constructed. Since Chinese companies are known to deliver reasonable quality facilities on time, the Congolese government has been very eager to proceed. Just after winning the elections, President Joseph Kabila presented his 'cinq chantiers' (five work sites – infrastructure, health and education, water and electricity, housing, and employment) as the central pillars of his development policy. The Chinese loans may help his government to meet some of the ambitious goals he has set (and on which he will inevitably be judged).

One must understand that the agreement represents a loan, not a grant. It must be reimbursed through guaranteed access to natural resources. To this effect, a joint venture will be put in place, in which the Chinese parties hold 68 per cent and the Congolese state 32 per cent. The Congolese state will hand over the necessary mining concessions to this joint venture. The first annex to the Protocol stipulated the minimum quantities of reserves to be found in those concessions: 8,050,661 metric tons of copper, 202,290 metric tons of cobalt and 372 metric tons of gold. The presence of these reserves was a condition sine qua non for the execution of the infrastructure works.

The Protocol is very interesting in several ways. First of all, it encompasses and determines all economic relations between two countries in one text. It covers commercial relations and investments, development cooperation and financing for a period of about 30 years. Second, the agreement is based upon the barter principle, which certain Congolese authors have welcomed as a new form of honest cooperation (Tshilombo 2007). This is also perfectly in line with the 'win-win' principle, so precious to the Chinese foreign trade policy (Power and Mohan, 2008). At first sight, the win-win principle has been respected, as the Chinese obtain what they need and the Congolese have their reconstruction works financed and carried out by the Chinese. The reciprocity is thus explicit, and there appears to be considerable generosity on the side of the Chinese, as they are willing and prepared to invest a huge amount of money in social, transport and mining infrastructure (which Western donors failed to do).

But the question is really what the Chinese would get in return for their investments (worth \$9.5 billion in total for mining and other infrastructure). What is, in other words, the counter value of the joint venture's guaranteed access to mineral resources? The production targets for the joint venture have been set at 400,000 metric tons of copper per year from the third year on

(Convention, Article 7.1). This quantity would exhaust most of Congo's copper and cobalt reserves. At the world market price when the deal was concluded ($7,000/metric ton), the quantity of copper that Congo is supposed to deliver (according to the Protocol) can be valued at $56 billion. Next, 372 metric tons of gold will be exported, which at the gold price at the moment of the deal, is worth $8.9 billion. With respect to cobalt, the 202,000 metric tons are worth $18.3 billion, even if we take the London Metal Exchange price for the lowest content of cobalt[3]. Table 12.1 gives a monetary valuation of the volumes of minerals specified in the Protocol[4].

INSERT TABLE 12.1

Table 12.1 shows that even at the lower 2009 world market prices, the estimated value of the mineral reserves by far exceeds the amount of investments in infrastructure. Even if these are rough estimations (since prices can fluctuate), the gains for the Chinese parties would in the longer run greatly exceed the value invested locally in DRC. This becomes clear when looking at the terms of reimbursement, the extremely liberal tax exemptions for the joint venture and the guarantees given by the Congolese state.

3.1. Terms of reimbursement

Article 5 of the Protocol and Article 12 of the Convention stipulated that there are three phases in the execution of the agreement. During the first phase, all revenues generated by the joint venture would be used to cover the repayment of the investments in industrial mining infrastructure ($3 billion plus interests)[5]. Once all this has been reimbursed, the second stage can be launched. During this phase, two-thirds of the joint venture's profits would be used for reimbursing the investments in roads, railways, hospitals and houses (for a value of $6.5 billion plus interests)[6]. The remaining 34 per cent of the joint venture's profit would be 'proportionally distributed among the parties' (two-thirds for China, one-third for Congo).

In the original Protocol, interest rates were low (0.25 per cent) and the reimbursement period was long. In other words the loans were 'concessional loans': subsidized medium and long-term loans at fixed low interest rates, which are common in development cooperation (also known as soft loans). However, with the Convention the concessionary features were totally abandoned. Although interest rates would vary over the different phases, they were generally high with interest rates up to 6.1 per cent. The aid component was thus reduced to zero.

During the third phase, the entire production of the joint venture would be partitioned between the partners of the joint venture (two-thirds for the Chinese parties/one third for the Congolese state). This would be the stage of 'commercial exploitation'. Yet, the agreement still left open the possibility of additional investments by the Chinese party, the so-called 'second wave' of (lower priority) infrastructure works. It was not specified what the value of these infrastructure works would be; this would depend upon 'the profitability of the mining project' (Convention, Article 9). These investments (plus interest) would have to be reimbursed with the taxes the joint venture would normally pay during the third stage. This means that those taxes would not flow to the Congolese state.

3.2. Tax exemptions

This brings us to the extremely liberal fiscal and customs exemptions in the agreements. Article 6 of the Protocol and article 14 of the Convention specified that the joint venture companies would be exempted from all potential taxes during the first and the second stages and that taxes collected during the third 'commercial' phase would not revert to the Congolese government but to the joint venture (of which the Chinese control two-thirds), in order to cover the costs incurred during the second phase of social infrastructure works (including interests) (Convention, Article 12).

Looking at these stipulations, one wonders where the government income would come from. At the peak of its production capacity (1970–74), Gécamines produced 400,000 to 500,000 tons of copper per year (Kennes, 2005). This resulted in $1 billion of public revenues for the Congolese state (representing half of the government's budget at the time, and about 60 per cent of the current budget). If the joint venture, which would have a considerable production capacity and control large reserves, would be exempted from all taxes, the Congolese state would miss out on a lot of revenues. These revenues could be used, if well governed, for the maintenance of the social infrastructure, the payment of teachers, nurses and so on.

3.3. Guarantees

Remarkably, no time frames were specified for the distinct agreement phases. In practice, the joint venture can continue exploitation until depletion of the concession. When calculating the duration on the basis of the envisaged production of copper (200,000 tons per year during the first and second year, 400,000 tons per year afterwards) and the guaranteed reserves, the exploitation would continue for about 28 years (Convention, Article 7.1). Indeed, the agreements were characterized by its extensive duration. In contrast to Western companies who often have a short planning/operating horizon governed by quick profits and maximized stock values, Chinese companies operate with far longer time horizons and are backed by the state.

Nevertheless, the Chinese parties have been trying to limit investment risks by insisting on certain guarantees. These guarantees were thus given by the Congolese state to private investors. Article 13 of the Convention states: 'if the investments and interest can not be reimbursed in the 25 years following the creation of the joint venture, the DRC will reimburse the remaining amount in another way', and if the internal rate of return for the group of Chinese enterprises appears to be below 19 per cent, the Congolese state would take 'all measures necessary to improve this'. More importantly, new mining concessions would be allocated to the joint venture if the current ones would not be sufficient to yield the necessary profit to repay debt. This means that there is a guaranteed access to a minimum quantity of minerals. Besides, this guarantee is a precondition for the infrastructure works to be carried out.

3.4. Impact on Congolese development

We have shown that in terms of investments and counter value, the agreements seem to favour the Chinese parties. In particular the terms of reimbursement, tax exemptions and guarantees that are given will hamper the long-term interests of the Congolese state and its population. After carefully analyzing the Protocol and the Convention, a win-win scenario thus seems less evident.

Undoubtedly, the envisaged infrastructure works are absolutely necessary for post-conflict reconstruction in Congo, and are to be welcomed. Nevertheless, there are some objections to be made. These construction works would be carried out by Chinese companies (Article 10.6.

of the Convention). The classical disadvantage of such a system is its higher price because there is no competition. Furthermore, even if the Chinese companies would hire local workers, there are some concerns about salaries and working conditions. In several African countries, people have already protested against working conditions in Chinese companies[7].

Another pertinent question concerns the maintenance of these infrastructures. The agreement does not anticipate this at all. Huge financial and human resources would be needed to maintain the planned roads, railways, hospitals and schools. Nurses, doctors and teachers would have to be paid by the Congolese government, which is difficult without sufficient state revenues (because of the tax exemptions).

In conclusion we may say that the Protocol and the Convention are likely to result in a win-win situation in the short run, whereby the Congolese population will benefit from the construction works. Yet in the long run, this could be a highly unequal exchange and an agreement that is clearly balanced in favour of the Chinese parties.

4. Revision of the agreement

The original agreements have been criticized by different actors, which eventually led to their renegotiation. This cartoon (Figure 12.2), published in *Le Potentiel* (30 October 2009) perfectly summarizes the issues at stake and the actors involved. It pictures the DRC running towards Paris (debt alleviation), pushed along by the Chinese parties (Exim Bank, Sino Hydro and CREC, China Railway Group Limited).

INSERT FIGURE 12.2

Brian Ames, who is responsible for the DRC desk of the African Department of the IMF, had already uttered his concerns at a very early stage, shortly after the Protocol was signed (19 December 2007). Ames's statement was then followed by a number of written statements and press releases by various actors. The most important one was a joint declaration by the IMF and World Bank, written after the signature of the Convention in May 2008 (IMF and World Bank, s.d.)[8].

In their joint statement, the IMF and the World Bank acknowledge that the foreseen infrastructure projects can reinforce growth perspectives and contribute to poverty reduction. However they express their concerns about debt sustainability, since the Convention encompasses a large amount of non-concessionary loans with state guarantees. The international financial institutions even threatened the DRC that aid flows might run dry if they would accept the agreement as it stands. They are indeed concerned about a possibly negative burden for the Congolese state. But on the other hand they also seek to protect their own interests. If the Congolese state would contract new debts, there is a considerable risk that the Congolese government will be unable to pay back the multilateral loans from the IMF and the World Bank.

In a September 2008 document the Congolese government reacted to this and defended the terms of the Convention (DRC, 2008a and 2008b)[9]. On 25 September 2008 an IMF staff mission declared that it 'worked with the authorities on assessing debt sustainability and macroeconomic implications of the Sino-Congolese cooperation agreement' (IMF, 2008). This staff mission was followed by a period of renegotiation between the Congolese and the Chinese parties. Actually this renegotiation was a condition to achieve the 'completion point' in the HIPC initiative[10]. Once this completion point has been reached, the country is eligible for debt alleviation and has access to a three-year arrangement under the poverty reduction and growth facility of the IMF.

In the summer of 2009 a Congolese delegation visited Beijing. Although the IMF did not officially participate in this mission, they were present as 'observers'. The effects were quickly visible. On 19 August 2009 the IMF declared that 'the [Congolese] authorities indicated that their partners had agreed to amendments to the Sino-Congolese Cooperation Agreement including the removal of the government guarantee on the mining component' (IMF, 2009a). The influence of these 'observers' is also obvious in the eventual, renegotiated version of the agreements (November 2009). Hence the satisfaction expressed by the IMF: 'The mission congratulated the authorities on the recent revisions to the Cooperation Agreement that made it consistent with debt sustainability' (IMF, 2009b). Nevertheless, three different versions of the Avenant[11] (revisions to the agreement) were needed before each party accepted. Even then the Chinese seemed to be reluctant to sign. *Le Potentiel* wrote that the Chinese parties finally accepted *this Avenant just before the visit of IMF experts to the DRC on 27 October 2009 (*Le Potentiel, 30 October and 5 November 2009).

The joint statement of the IMF and the World Bank, and the renegotiation it entailed, demonstrate how powerful the international financial institutions are and how they impact upon the sovereignty of states. The eventual terms of the reformulated agreement perfectly reflect the suggestions that were done in the joint statement: remove the state guarantee in the mining investments, annul the second phase of infrastructure projects and increase the degree of concessionality of the loans for the first phase of infrastructure projects.

4.1. Changes and clarifications

Concretely this is translated in changing a few articles of the Convention in the 'Avenant n° 3'. First, the state guarantee is abandoned for the investments in mining infrastructure. In this change, we can clearly see the hand of the IMF. The logic is that a state cannot give a guarantee for investments done in the private sector. Second, aid and private investments (in a market-oriented logic) are better separated.

Infrastructure works such as roads, railways, schools and hospitals are public goods and they have to be repaid by public funds or, if there are none, by international public funds (aid). So for this component, interest rates have been reduced (from 6.6 per cent to 4.4 per cent)[12]. Also, 85 per cent and not 66 per cent (as stipulated in the Convention) of the joint venture's profits will be used to reimburse the infrastructure works. This allows for a quicker repayment and thus lowers the pressure on the Congolese government. Investments in industrial mining infrastructure, on the other hand, are considered as private goods and have to be repaid with higher interest rates.

4.3. Infrastructure and reconstruction

In terms of actual funds for infrastructure, the investments completed for the first phase of infrastructure works have been reduced from $6.5 to $3 billion. Moreover the second phase, which was foreseen in the Convention, has been erased. Although one can applaud the fact that the parties can hereby move quicker to the third or 'commercial' phase, and that the taxes will not have to be used for paying more infrastructure works, it all comes down to a reduction of the total investments. This is where the shoe still pinches.

Let us briefly compare Congo's reconstruction challenge with the situation in Eastern Germany after the unification in 1989 (based on Dornbush and Wolf, 1994). In order to reconstruct the Eastern German economy, Western Germany had to transfer €62.5 billion a year, over almost 10 years (after 1989). This gives an indication of the enormous efforts that are required to reconstruct a national economy. We also have to take into consideration that the Congolese economy is entirely devastated after years of recession and war, that the relative level of per capita revenue is lower than it was in Eastern Germany, and that the DRC has less human capital and more inhabitants than Eastern Germany had. In order to make another comparison: recently, Greece received $30 billion of IMF support for the reconstruction of its economy.

It is clear that the necessary condition for reconstruction of the DRC, the rehabilitation and (re)construction of infrastructure, has been weakened by the renegotiation of the Protocol and the Convention (the total amount of investments has been reduced). Options to renegotiate the terms of these agreements without changing the amount of investments in infrastructure were apparently not explored. In addition, neither the original nor the new agreement have reflected upon the realization of added value in side activities stimulated through mining within the DRC (investments in factories, melting facilities and so on). There is also no solution for the problem of maintenance of infrastructure. Finally, tax exemptions are still very liberal in the revised agreement.

5. Conclusion

In a previous article (Marysse & Geenen, 2009), we concluded that 'at first sight, the agreement is a fantastic opportunity for Congo. In contrast to Western bilateral and multilateral donors, who have been reluctant to invest, China comes in with a huge package of investments. Yet those investments have to be repaid with a guaranteed access to mineral resources, and the terms of reimbursement are not concessional at all' (Marysse and Geenen, 2009). We argued that the terms of the agreement are very obscure and make it difficult to judge on its 'fairness'. Our calculations showed that the exchange was very unequal.

The Avenant or revised agreement has, to a certain extent, clarified the reimbursement conditions and has distinguished more clearly between private investments and aid. It has also increased the degree of concessionality, which is beneficial for the Congolese state. In addition, the revised agreement no longer claims state guaranties to back up the investments in industrial mining infrastructure. Nonetheless, the extremely liberal fiscal exemptions and the resulting threat to public revenues, remains. Besides, a new threat has been created, that is the lowering of the investments in infrastructure works.

The case of the Sino-Congolese agreements also brings up more general questions about the power balance in international relations. The new presence of China in Africa is challenging the power of 'traditional' donors, and is often perceived as a threat by these donors, or a case of 'yellow imperialism' (Croll et alii, 2008). The Chinese proclaim 'the establishment of a new type of strategic partnership between China and Africa featuring political equality and mutual trust, economic win-win cooperation and cultural exchanges' (Davies 2007, p.24). They adhere to the principle of non-interference, which means no conditions on aid or loans and no interference in the internal affairs of African states. This approach is severely criticized by the international donor community, as it is perceived to undermine its efforts to promote good governance and combat corruption. But these signs of protest seemed to have little effect. China's trade with and investments in African countries continues to grow, and is stimulated by China's staggering economic growth and Africa's acute need for investments. At first sight, it seemed as if the traditional donors and international financial institutions could do nothing but observe these changing power relations.

This case, however, shows that the international donor community takes an active stance in the Sino-African relations. In the 'triangular arm wrestling' between the DRC, China and international institutions, the IMF has triumphed. Although the DRC tried to maintain the agreement with China as it was, they had little room for manoeuvre as the IMF was confronting them with the perspective of delaying further access to the HIPC completion point and thus access to debt reduction and to the PRGF (poverty reduction and growth facility). This would have had serious consequences for aid from other bilateral donors as well. These threats pushed the Congolese government to renegotiate the agreements with the Chinese parties, and to better protect some of their long-term interests.

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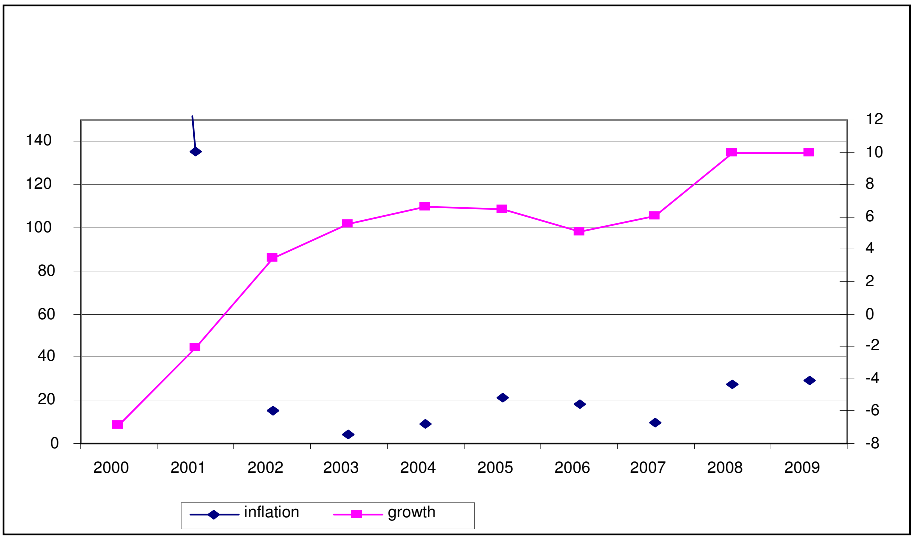
Tables and figures

Figure 12.1: Growth and inflation in the DRC, 2000–2009



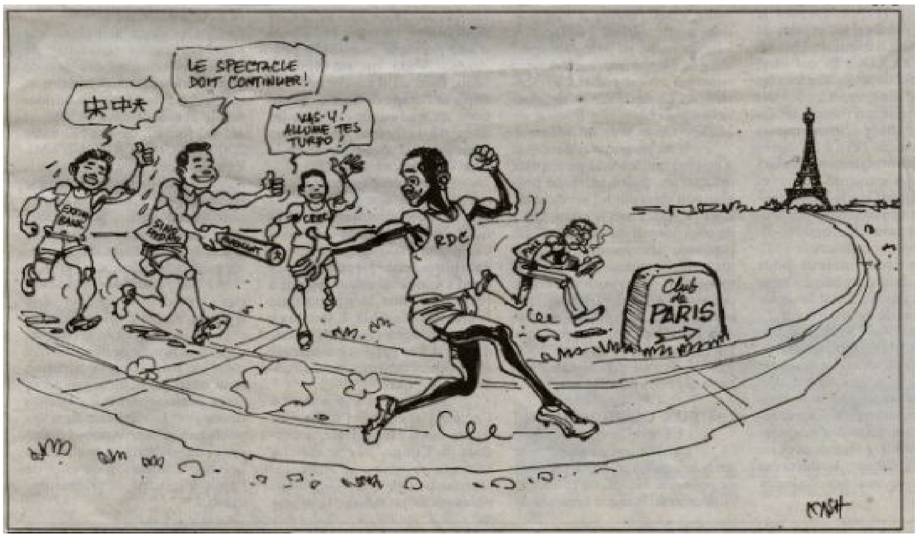
Source: Marysse, 2010

Table 12.1: Monetary valuation of the volumes of minerals specified in the Protocol

Resources	Copper	Cobalt	Gold	Total
Quantity (in metal tons)	8,050,661	202,290	372	
Value Jan. 2008 (billion$)	56.4	18.3	8.9	83.6
Value Jan. 2009 (billion$)	24.7	6.1	8.9	39.7

Source: Marysse and Geenen, 2009

Figure 12.2 : Cartoon



Source: *Le Potentiel*, 30 October 2009

[1] Mouvement pour la Libération du Congo, the main opposition party led by Jean-Pierre Bemba.

[2] The HIPC was launched in 1996 and followed by the enhanced HIPC-initiative in 1999. Countries' eligibility is judged on the basis of a 'Debt Sustainability Analysis', a track record of governance initiatives and the introduction of a PRSP (Poverty Reduction Strategy Paper).

[3] Like copper, cobalt is valued on its composition and purity. Thus, 99.3 per cent pure cobalt is worth half as much as cobalt in the form of cathodes, which is 99.8 per cent pure.

[4] In order to show a lower and an upper limit to the guaranteed total value of production, and thus get a rough comparative indicator of the equity or 'win-win' component of the contracts, we use the cobalt price at the lowest value in 2008. In Table 1 we thus use two sets of prices representing respectively prices at the moment of the conclusion of the agreements and those after the international economic crisis has set in (December 2008) (Marysse and Geenen, 2009).

[5] Thirty per cent of the investments in mining infrastructure come in the form of an interest-free shareholder loan. The remaining 70 per cent has to be reimbursed at annual interest of 6.1 per cent (Convention, Article 12).

[6] This will be done at an annual interest rate of LIBOR+ 100 Basis Points. The LIBOR is the London Inter-Bank Offer Rate which is the (short term) interest rate charged by private banks when extending loans to other banks. Adding one per cent (is equal to 100 Basis Points) to this already high commercial rate makes the loan conditions stipulated in the Chinese- Congolese agreement a pure commercial deal.

[7] For example in Zambia, Namibia and Ethiopia (Holslag 2007). See also Croll et alii 2008; Ngoie Tshibambe & Kabika Etobo 2007, p.617.

[8] This is an internal document that was written between April and September 2008. Some essential elements however will only be published in IMF (2010).

[9] DRC, *Position de la partie congolaise aux questions demeurées en suspens en rapport avec le contrat chinois,* Kinshasa, Septembre 2008 ; and DRC, *Réaction de la partie congolaise à la note conjointe FMI/Banque mondiale relative aux implications sur la viabilité de la dette de la convention de la collaboration conclue entre la RDC et le groupement d'entreprises chinoises,* Kinshasa, Septembre 2008, 4p.

[10] This can be read in the communication between the Congolese government and the IMF. The Congolese government has defended the agreements in: *La position de la partie congolaise aux questions demeurées en suspens en rapport avec le contrat chinois,* Kinshasa, September 2008. See also the IMF's response in *Implications sur la viabilité de la dette de la convention de collaboration conclue entre la RDC et un groupement d'entreprises chinoises.*

[11] *Avenant n°3 à la convention de collaboration Relative au Développement d'un Projet Minier et d'un Projet d'Infrastructures,* Kinshasa – Beijing, 2009. The exact date is not known.

[12] Article 6 of the Avenant specifies that the interest rate which will be applied to the infrastructure works will be LIBOR (six months) plus 100 BP (LIBOR of 22 April 2008). Although it might seem like a slight addition – only a date has been added – this makes a huge difference. The LIBOR of April 2008, before the financial crisis, was historically low (3.4 per cent), so the DRC will have to pay back with an interest rate of 3.4 per cent (plus 1 per cent, which makes 4.4 per cent). This means a difference of several millions of dollars a year.