

# **Foreign Aid and Development in the Democratic Republic of the Congo: An Analysis of International Barriers to Development**

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## **Introduction**

Since the 1980s, global inequality among countries has been on the decline as undeveloped economies in East Asia and Latin America have developed and been integrated into the global economy (Rosner 2016). The economic miracles of China, South Korea, Taiwan, and Japan are prime examples of the success of developing economies' growth in the global market. However, these countries' successes are not representative of all countries within the Global South. Sub-Saharan Africa continues to be one of the least developed regions in the world. Plagued with high levels of poverty, corruption, and perpetual violence, the region has grown more slowly than other parts of the world. Among the underdeveloped Sub-Saharan nations, The Democratic Republic of Congo (DRC) fares among the worst, despite its abundance of natural resources. The country suffered for years under one of the most abusive colonial rules in human history. After gaining independence, the country further suffered from a string of corrupt governments and two of the worst wars Africa has ever seen. These factors have made it extremely difficult for the DRC to outlive the shadow

of its colonial past.

The Democratic Republic of Congo has been a recipient of robust foreign aid from international organizations (IOs) such as the International Monetary Fund, the World Bank, and the United Nations Organizations peacebuilding mission (MONUSCO). The DRC also receives aid from international non-governmental organizations (INGOs) like the Oxfam and Doctors without Borders. These organizations focus on the development of the DRC through economic means by providing loans to build the country's infrastructure and decrease poverty, as well as through social means with peacebuilding in war-torn areas. While the DRC has grown over the past twenty years, it has done so at a significantly slower rate than other nations in the Global South. In fact, it ranks 176 out of 187 on the United Nations Human Development Index, which is a quantitative measure of a country's level of development (World Bank 2017). Graced with a natural abundance of raw materials, the DRC has far more economic potential than it has actually achieved. So why has the DRC failed to develop despite the substantial foreign aid it has received since the 1990s? And more importantly, in lieu of the lasting presence of Western aid in the DRC, has foreign investment thwarted the country's ability to develop?

When posing these questions, it is important to recognize that the arguments

for and against foreign aid are not generated in a vacuum. There are many anecdotes and figures that suggest foreign investment is beneficial and indeed a necessary stepping stone towards development and economic integration into the global market. Similarly, others argue the opposite, that foreign aid perpetuates neo-colonial motivations and is an innate inhibitor of economic growth. Therefore, in order to point to the origins of economic stagnation in the DRC, it is imperative that we first analyze the historical (colonial and postcolonial), political, and social factors affecting growth as well as the positive and negative effects of aid within the country itself. After analyzing the sum of these effects on economic stagnation, we can conclude that ultimately the role of foreign aid is a necessary tool for development in the DRC. Nevertheless, comprehensive adjustments must be made to structural oversights within aid programs in order to create equitable growth.

As mentioned, historical factors greatly swayed the economic fortunes of the DRC. In order to understand the current economic situation in the DRC, we must first analyze its colonial and postcolonial history. Under Leopold II's imperial rule and Belgium's colonial rule, the DRC was exploited for resources. Colonial structures of rule prevented the Congolese from developing necessary skills for governance, and consequently left them unprepared following their independence from Belgium.

This influenced the post-colonial political instability and corruption under the Mobutu and two Kabila regimes. The deeply embedded corruption of the Mobutu and Kabila regimes intensified economic instability, creating more barriers to development. Social and political instability escalated in the 1990s during the Rwandan genocide, which ultimately led to the two Congo Wars thereafter. These historical factors have had a lasting impact on the systemic social, economic and political instability seen in the DRC today.

Because the Congolese government has failed to implement policy change to boost economic growth and promote stability, foreign aid plays a key role in the development of the DRC. In fact, the DRC received \$525 million foreign aid in 2017 alone (World Bank 2017). To determine if this aid truly stimulates economic growth this we must step back, and look at the arguments for and against foreign investment from the IMF, World Bank, and United Nations (UN) peacekeeping mission (MONUC). Although other aid organizations, such as the U.S. Agency for International Development (USAID), contribute large amounts of foreign aid to the DRC, for precision this paper will focus primarily on the structures listed above. The arguments in favor of foreign aid suggest that IOs help to develop countries through structural adjustment programs as well as peace and stability promotion (IMF African Development 2010), (Dearujo 2010). The IMF, World

Bank, and UN peacekeeping operations suggest that the DRC has seen substantial growth and human rights improvements over the past twenty years as a result of such programs (The World Bank 2017). Critics argue that IOs perpetuate neo-colonial motivations by exploiting developing countries for resources (Chang 2008). Indeed, the DRC itself was further destabilized by the presence of IOs. Supporters for INGOs, see these smaller scale organizations as integral to development (Buscher & Vlassenroot 2010). On the other hand, critics have issues with how organizations operate (Cooley & Ron 2012) They argue that their fast-paced and competitive nature prevents them from fostering lasting impacts (Buscher & Vlassenroot 2010).

Overall there are a few key pitfalls to the ways in which foreign aid is currently implemented in the DRC. First, neoliberal policies attached to conditional loans from the IMF and World Bank thwart development by introducing the country into the free market without any protections to help them compete. Second, the IMF and World Bank work with the highly corrupt Congolese government in order to implement programs, despite the leadership's history of misappropriation of funds. And third, development programs do not account for historical and ethnic conflicts within the areas that they operate, which often aggravates conflict. INGOs similarly operate in problematic ways when pursuing locally based development efforts. For one, INGOs often compete

against one another for contracts, which often slows development efforts. And secondly, INGOs fill the roles of local government and consequently fail to work with local Congolese in development efforts. This ultimately decreases Congolese autonomy within their own localities.

By making note of the successes and failures of foreign aid, and looking at countries that have developed, we can come to reasonable conclusions about how to cope with the pitfalls of foreign aid. One way to do so is to increase aid and facilitate growth through partnership, meaning IOs must increase loans while specifying investment areas. INGOs must cooperate with one another by working towards a common goal, rather than competing against one another. Another path towards development would mean scrapping foreign aid as a whole and investing in protectionist policies similar to those used in South Korea and China. Along these lines, the DRC has seen increased foreign direct investment (FDI) from China under the Sicomines agreement. Currently, the agreement has increased investment into the country by providing jobs and infrastructure growth. However, Chinese FDI has come under scrutiny from those who argue the agreement unequally benefits Chinese investors and perpetuates neo-colonial structures. Ultimately, foreign aid from the IMF, World Bank, MONUSCO, and INGOs is the most viable path towards development for the DRC.

## History

### *Imperial and Colonial History of the Congo and its Modern Implications*

In order to understand why the DRC remains such an underdeveloped country, it is important to analyze the DRC's history of imperialism and colonialism, since the legacies of colonial rule in the Belgian Congo left the Congolese ill-prepared for self-governance following their liberation in 1960. Both the imperial rule of Leopold II and Belgian rule operated of the most violent and exploitative systems throughout the colonized world. Repressive imperial and colonial institutions of industrialization prevented the Congolese from gaining autonomy within their own regions. As a result, these structures still negatively impact the development of the DRC today.

The DRC originally developed as an imperial territory of Leopold II of Belgium and then soon after, as a colonial territory of Belgium. Under Leopold II's rule, the Congolese were subjected to inhumane treatment in order to achieve extremely high quotas for raw material (Roger 2006). As a colony, the then Belgian Congo was exploited by the Belgians for the Congo's vast supply of raw materials. Specifically, the Belgian Congo operated under the Colonial Division of Labor, meaning that the Congolese extracted raw materials that would then be exported to Belgium. Skilled Belgian labourers assembled the raw material into consumer goods, which

were subsequently shipped back to the Congo where the Congolese were forced to buy the products they helped produce (Buelens & Cassimon 2013). The Belgian Congo industrialized with the aid of foreign investment from Belgium. However, during this time the means of industrialization were exploitative and did not benefit the Congolese, but rather benefited the Belgians and other foreign investors typically from the West.

As the Congo industrialized, its industrial sector disproportionately benefited those in the city, creating a job center. This concept of urbanization led to growing inequality between the upper, middle, and lower classes within impoverished villages today. The DRC saw its biggest period of growth during and following WWII, when international investment and demand were high (Buelens & Cassimon 2013). However, the industrialization of the Belgian Congo following WWII continued to exploit the Congolese people, as profits from Belgian enterprises in the Congo were not shared with the Congolese. This process is referred to as "perverted industrialization," meaning that the system of industrialization implemented only benefited the colonial administrative class and consequently created a system of dependency. This dependency on the Belgian economy would prove detrimental to development following the Congo's independence years later. The structures of imperial and colonial legacies left the DRC worse off than former colonials like

South Africa, whose socio-economic structure, though far from equal, benefited both the British colonists and the South Africans (Kabamba 2010) Furthermore, the Congolese were forbidden from receiving a higher education under Belgian colonial rule. The Congolese were also prevented from holding positions of authority within society. These restrictions on higher education and positions of authority of state and industrial power rendered the Congolese unprepared to self-govern following their independence. This led to the political instability and unrest that we see today (Buelens and Cassimon 2013).

#### *Modern History of The Democratic Republic of the Congo*

The Belgian Congo was liberated from Belgian rule in 1960, and soon after elected its first Prime Minister, Patrice Lumumba. As previously stated, due to the restrictions on higher education implemented by the Belgians, the Congolese were ill prepared to govern their own state. This quickly led to the Katanga secession, during which rebel groups in the

south-eastern Katanga Province rebelled against the Lumumba leadership (Turner 2013). Losing power, Lumumba asked for help from the United States and Belgium who declined, forcing him to turn to the Soviet Union. As a result, Lumumba was assassinated only a year after he first took office due to his cold-war connections and Joseph Mobutu took over the country in a

military coup. Mobutu helped build the economy, but was also an extremely corrupt leader. Indeed, he appropriated government revenues to augment his and his people's personal wealth. As this continued the economy fell further into decline (Matti 2010).

By 1994, the Rwandan genocide had further destabilized the region, as Tutsi refugees and Hutu rebels fled to the eastern DRC, what was then Zaire. Under the *Alliances des Forces Democratique pour la Liberation* (AFDL) Hutu rebels were defeated. AFDL leader Laurent Kabila became president in 1997, and quickly began the first Congo war by killing hundreds of thousands of Rwandan refugees in an attempt to expel them from the country. The first Congo war, which took place from November 1996 to May 1997, began when Kabila commissioned local militias to protect precious natural resources in the Kivu and Katanga provinces. However, once the Rwandan army was expelled, Congolese militias turned on one another to gain control over the resources. The corrupt leader, Kabila, profited off of the war and therefore did not attempt to put an end to the violence. This ultimately led to the second Congo war, which took place from August 1998 to July 2003, in which the Congolese revolted in order to oust their president. Kabila was then assassinated in 2001 by one of his own men. A peace accord orchestrated by African diplomats instituted a two-year transitional government and commissioned UN

peacekeeping forces. However, the transitional government was equally, if not more, corrupt than the Kabila regime (Nzongola-Ntalaja 2002).

The most recent phase of Congolese political history began with democratic elections held in 2006, in which Joseph Kabila, son of Laurent Kabila, was elected. Despite Kabila's initial promise of *les Cinq Chantiers* (the five public works) program to boost the DRC's development (Jansson 2011), Joseph Kabila failed to implement true change in Congolese society and consequently failed to further develop the DRC's dismal economic conditions (Green 2015). Under the current regime, the failure of the Congolese government gives more responsibility to INGOs to carry out the work of the corrupt government. But with further destabilization and corruption within the government, foreign aid organizations are more hesitant to work in the DRC (Fielding 2017). In fact, the government of the DRC is regarded as a failed state due to the high levels of corruption, overall inefficiency, and inability to function (Kabamba 2010).

### *Living Conditions in the DRC*

Despite having one of the most naturally abundant resource sources in the world, the DRC ranks 176 out of 187 on the United Nations Human Development Index with the poverty rate at 64 percent as of 2012. Figure 1 points to the high levels of poverty within the DRC,

showing that 77 percent of the country lives below the poverty line. The economy only grew 2.5 percent in 2016 and the country ran a 1.5 percent GDP deficit with 5.7 percent inflation, a relatively slow rate of growth and high deficit for a developing nation. The country also faces development including: diarrheal diseases, lower respiratory infections, malaria, protein-energy malnutrition, preterm birth complications, stroke, birth asphyxia & trauma, tuberculosis, meningitis, and HIV/AIDS. The country has a high infant mortality rate, and life expectancy is only 48-52 years (Centers for Disease Control and Prevention 2016). This is perpetuated by high levels of malnutrition due to poor access to sanitation and food, which also results in long-term health risks. The DRC is a water-rich country, yet only 52 percent of the population has access to sanitation services and clean water. These numbers are further stratified by location. The poor in urban industrialized cities have better access to clean water, sanitation, and hygiene, whereas the poor in rural villages and small towns have little access to these services (World Bank Group 2016). This plays into the idea of urbanization and the disproportionate distribution of resources to urban areas. As previously noted, corruption and violence are also key factors influencing the DRC's lack of development. Years of political rent-seeking, and the current corruption under President Joseph Kabila, have incited ethnic, regional, and political conflicts throughout the country. As a

result militia-led violence has increased in the past year (Fielding 2017).

It is important to examine and understand the high levels of poverty, disease, and violence within the DRC in the context of development, since these conditions attract and bring foreign aid into the country. The poor living conditions within the DRC are often linked to government inefficiency and corruption. The widespread distribution of these conditions then go on to decrease efficiency of labor and overall economic growth (World Bank Group 2017). As a result the DRC is one of the largest recipients of foreign aid. It receives aid from international state actors like the IMF, World Bank, and UN, as well as from non-state actors such as INGOs (see Figure 2). In order for the DRC to develop further it is imperative that investments be made in sanitation, hygiene, education, and safety will explore this idea later, when discussing solutions for equitable foreign aid.

Figure 1: Sub-Saharan African Poverty (World Bank Group 2015)

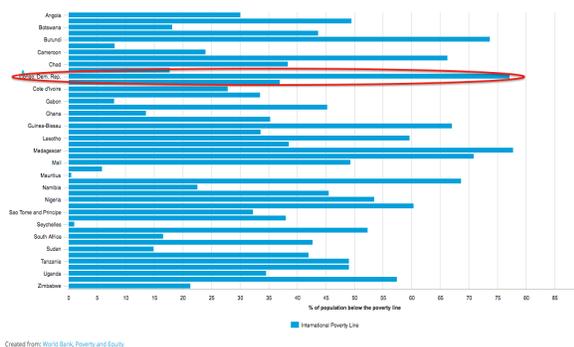
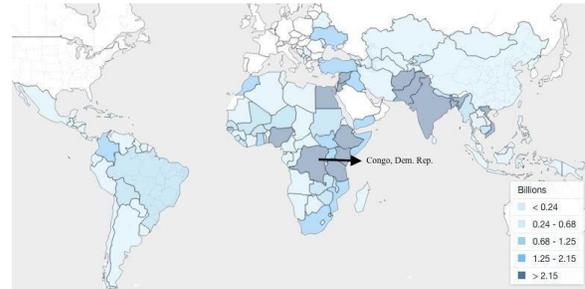


Figure 2: Total official development assistance and foreign aid received (current US\$) (The World Bank Group 2015)



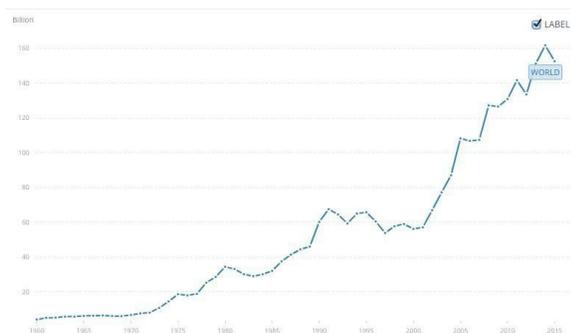
### Cases for Foreign Aid

*International Monetary Fund, World Bank, and MONSCO*

The use of foreign aid and intervention to help a country develop is often a contentious practice. The case for using institutional international aid to help a country develop, originated at the Bretton Woods Conference at the end of World War II with the creation of the International Monetary Fund (IMF) and the World Bank, then the International Bank for Reconstruction and Development. Both organizations were built to prevent indebted or underdeveloped countries from practicing protectionism by encouraging them to participate in the global market (Rapley 1997). The IMF provides short-term loans and the World Bank provides long-term loans meant for development. This has significantly increased the influence of the

IMF and World Bank in the developing world. Figure 3 portrays this trend of dramatically increasing foreign aid into the developing world.

Figure 3: Overall World Wide Net Official Development Assistance Provided 1960-2015 (The World Bank Group 2015)



By the 1980s, countries throughout the Global South were about to default on their IMF and World Bank loan repayments. Rather than letting those countries fall into debt, the organizations provided more conditional loans to indebted countries. These loans required that countries adopt neoliberal policies, preventing protectionist development structures like import substitution industrialization (ISI) from being implemented. Neoliberals argue that by opening up developing markets to the world economy, they can compete on a larger scale and grow their economies more efficiently with little government intervention and rents accrued in the process (Rapley 1997). Neoliberalism is a form of economic liberalism that is defined by government deregulation, privatization of government enterprises,

and little government intervention into social welfare.

Some argue that the DRC will only stabilize once the politically unstable government gives way to free market policies aided by loans from the IMF and World Bank (Dearujo 2001). Following the 1980s, the World Bank and IMF began to orchestrate development programs within the state under the guise of government reforms through structural adjustment programs (SAP). By working through state governments, the state acts as a buffer to prevent a decline of living standards which could be incurred through non-state orchestration (Harrison 2009). In 2009, the IMF provided the DRC with a \$551 million loan under the Heavily Indebted Poor Countries (HIPC) Initiative (IMF African Department 2009). The IMF in conjunction with the World Bank provided \$12.3 billion in debt relief under HIPC and Multilateral Debt Relief Initiative (MDRI) (IMF African Department 2010). The IMF claims that under the guidance of their programs, the DRC was able to cope with hyperinflation, transition to a democratically elected government, and create economic and structural reforms. Indeed, the DRC's economy has grown significantly in the years following foreign aid and intervention, through IMF and World Bank education, infrastructure, and energy spending, as well as UN peacebuilding missions. As of 2015, the DRC's GDP was \$36.9 billion of total production, compared to only \$3.359 billion of total production

in 1960, at the time of the DRCs liberation from Belgium. Along with economic growth, life expectancy is much higher today, human rights abuses are lower than they were only a few years ago, and access to primary education has improved (The World Bank Group 37). These can be attributed to the debt programs funded by the IMF and World Bank, as well as the United Nations peacebuilding missions.

*Mission de l'Organisation des Nations Unies pour la Stabilisation en République Démocratique du Congo* (MONSCO) (previously MONCO), is the current United Nations Organization's peacebuilding mission. With over 20,000 total personnel present, and the approved budget of \$1,141,848,100 (2018), the current peacekeeping operation in the DRC is one of the largest in the world. The mission helps to stabilize the country by protecting civilians from the pervasive violence within highly conflicted regions of the country like North Kivu, South Kivu, and the Katanga Province. Along with security efforts, MONSCO works with the Congolese government in order to promote political stabilization. As previously noted, in 2006 they helped to successfully implement the country's first democratic elections in several decades (United Nations Peacekeeping 2017).

### *INGOs in the DRC*

Non-state actors, like INGOs, account for a significant sum of international aid within the DRC. INGOs are international organizations that operate

independently from government entities, though they may receive government funding. Unlike IOs, INGOs are non-state actors, meaning they are not directly funded by or operate under state actors. INGOs typically operate on a larger scale issues, such as environmental, financial, educational, health, or development projects (Karns 2017). By working to improve living standards in areas, such as education, health, hygiene and sanitation, and women's rights, INGOs can empower the Congolese within their local areas by providing the services which corrupt and mismanaged local governments cannot. Unlike the IOs' top-down approach to economic development, INGOs work from the bottom-up, typically implementing programs in close proximity to regions in which they are located. They empower the Congolese by deepening linkages between the people and government, disrupting hierarchies, creating power shifts between the powerful and the not, generating new ideas, advocating for the less-powerful, and mobilizing public support (Cooley & Ron 2002). Economically, INGOs within humanitarian aid hubs, such as the eastern city of Goma, aid locals by providing them with jobs (Buscher & Vlassenroot 2010).

### **The Case Against International Aid / Criticisms of Current Processes**

#### *World Bank, IMF, and MONSCO Criticisms*

Neoliberal economic policies implemented through conditional loans

given by the IMF and World Bank can be seen as a detriment to developing nations rather than a benefit. As noted, neoliberal economics is defined by little government intervention and regulation, as well as the rational choice of individuals seeking to maximize their marginal utility. Institutions like the IMF and World Bank utilize neoliberal economics as frameworks to construct and implement their development policies. However, these institutions' policies are no longer as straightforwardly neoliberal as they were in the 1980s. According to African development economist Graham Harrison, "...neoliberalism's economic core is integrated into a broader set of development policy considerations" (Harrison 2007).

By forcing countries to adopt neoliberal policies and opening up their markets, the IMF and World Bank are endangering growing economies in the international market where they typically do not have the highly technological capital or comparative advantage to compete. Rather, the nations of the Global North profit off of liberalized economies in the Global South through foreign direct investment (FDI), and by capitalizing on cheap labor and lax regulatory standards. Economist Ha-Joon Chang refers to this phenomenon as "kicking away the ladder" (Chang 2008). Furthermore, by implementing neoliberal policies, the IMF and World Bank operate under the assumption of rational choice. Rational choice is one of the driving concepts of

neoliberal economics, and it assumes that people will always act in their own best interest in order to maximize their utility. Yet this is not always the case with corrupt government institutions, who often act irrationally when it comes to the interests of the Congolese people. Under IMF and World Bank programs, the individual is represented by the state and its agents.

In 2001, the World Bank helped supervise the restructuring of the Congolese Gecamines (La Générale des Carrières et des Mines), one of the country's largest mineral mines companies located in the Katanga province. The World Bank worked to promote economic growth by attracting foreign investors. In doing so, the Gecamines were completely restructured, which ultimately led to the firing 10,000 workers without offering them any alternative job prospects in return. The IMF and World Bank are often accused of furthering practices such as these that fail to account for natural resources influence over regional conflict (Turner 2013). This leads to two other structural failures of IMF and World Bank programs. For one, they often fail to account for African governments' tendency towards corruption and failure, meaning the IOs poorly plan debt relief and development programs implemented through the state government. The DRC fares poorly in terms of political corruption, ranking 159 out of 176 on Transparency International's 2016 Corruption Perceptions Index (Transparency International 2016). In the

DRC, as well as several other sub-saharan African nations, the state is often less a governing body than a growing elite class. The elite then use their status as a way to wield economic and political power over others, usually through the misappropriation of aid funds. The Congolese government's lack of transparency fosters corruption and the misappropriation of funds within the mining sector, which is largely funded by IMF and World Bank loans (Matti 2010). After the DRC failed to comply with IMF regulatory standards to make mining contracts public, the IMF was forced to suspend a government loan for the state-owned Gécamines mining company in 2011. However, many of these misappropriated loans fall under the radar of the IMF and World Bank, which reinforces slow rates of inequitable development in the DRC (Chêne 2013). These patterns of corruption make it extremely difficult to coordinate growth with the government under current development initiatives, meaning the World Bank and IMF often ignore these rent-seeking factors when implementing programs through the state government.

Secondly, the World Bank does not account for historical implications when forming programs. When the Bank, "...ignores diverse historical trajectories in its drive to prosecute governance template in all states..." (Chêne 2013) it is setting up its programs for failure. In particular, its investment into mining provinces, such as the Gécamines in the southeastern Katanga,

has engendered regional and ethnic conflicts. By coordinating mining investment loans through the corrupt government, Kabila has profited off conflicts by militarizing aspects of mining (Chêne 2013).

IOs' fundamental misunderstanding of Congolese history, as well as the diversity of African history as a whole, reveals program oversights within debt relief and development structures (Harrison 2007). Rather than implementing broad one-size fits all programs throughout sub-saharan Africa, the IMF and World Bank must tailor their programs specifically towards the DRC's needs. We will explore this concept further when looking towards solutions.

Similarly, the UN peacebuilding missions following the first and second Congo Wars failed to acknowledge the micro influences of conflict within the DRC, and therefore ultimately failed to effectively promote peace in the region and sometimes even exacerbated the violence (Autesserre 2010). The United Nations stabilization mission MONUSCO (previously MONUC) is the current peacebuilding mission in the Democratic Republic of Congo. Despite being one of the largest UN peacekeeping missions, MONUSCO has failed to prevent conflict in regions, like North Kivu, because of stalled peacekeeping deployment, as well as the under-deployment of forces. Rather than promoting stabilization, MONUSCO augmented destabilization by promoting

things like free elections, instead of confronting problems of conflict head-on (Tull 2009). This security and human rights perspective augments the DRC's political and economic problems.

### *INGO Criticisms*

On the non-profit side, the competitive and self-surviving structures through which INGOs operate negate the very root of their mission: to better serve the Congolese people. The highly competitive nature of relief aid and high pressure to get more contracts creates more instability, and ironically thwarts development within the DRC and regions where INGOs largely operate. Aid organizations are often funded by private transnational groups as contractors. These contracts are typically short-term, meaning organizations are perpetually bidding for new contracts by pursuing easily attainable projects with results that will attract donors. In this sense, donors have marketized transnational aid by requiring neoliberal agendas be implemented by their contractors. Moreover, as the market becomes inundated with INGOs, organizations are forced to compete against one another in a free market fashion (Cooley & Ron 2002).

The prevalence of non-state actors can also undermine the authority of the government. While international organization may be providing social services, they have done so by privatizing these industries and thus shutting out the government and given more power to

international, and typically Western, bodies. This means that the state is unable to govern properly, creating a reliance on INGOs (Buscher & Vlassenroot 2010). Ultimately INGOs have failed to develop the country.

Many Congolese are aware of these negative externalities, criticizing the ever looming presence of INGOs who work without taking into consideration the needs of the Congolese people. In fact, many disapprove of their presence in their towns and villages (D'Onofrio 2016). The profits of economic and humanitarian aid non-state actors eventually helps to benefit the powerful elite by generating profit opportunities around humanitarian hubs. Congolese citizens in the INGO hub of Goma recognize the profit-making patterns of INGOs, referring to their actions as *commercialisation de la crise* or commercialization of crisis. In this sense, INGOs serve the international donors who fund them before serving the needs of the Congolese (Buscher & Vlassenroot 2010).

### **How to Cope with the Foreign Aid Issue**

#### *Facilitating Growth without Foreign Aid*

The view that foreign aid is the only way to facilitate economic development is not shared by all economists alike. It is doubtful that IOs and INGOs can facilitate growth without also combating corruption and neo-colonial structures within a country. From this perspective, the most efficient and effective way to develop is to do so

using protectionist policies like import substitution industrialization model (ISI). South Korea, for instance, developed by using short-term protectionist policies to grow a the country's industrial sector, while lowering tariffs on exports in order to compete in the global market. In 1972, under the military dictatorship of General Park Chung-Hee, the Five Year Development plan was implemented in order to rapidly develop the economy (Chang 2008). Specifically, the plan followed similar patterns to those of ISI development by raising tariffs on foreign imports in order to boost production of both primary and manufactured goods. Under these conditions, South Korea transformed its economy from poor and underdeveloped to a flourishing economy competing on an international scale (Chang 2008). It should be noted that the United States and Great Britain implemented similar policies during the industrial revolution to help develop their infant industries (Chang 2008). The DRC could possibly benefit from similar export-oriented protectionist development structures in order to develop their economy. However, it is unlikely that the corrupt and mismanaged Kabila government would be able to coordinate efforts in order to implement these protectionist policies.

FDI is a more viable option towards developing the country without IOs. In fact, China capitalized on the DRC's abundance of natural resources in 2007 when it signed the

Sino-Congolaise des Mines (Sicomines) deal. Under this agreement, mineral mines within the Katanga Province are financed by large loans from the Bank of China (Exim bank) and FDI from private industries like Chinese Railway Seventh Group Co. Ltd. (CREC7), one of the main investors of Sino-Congolese relations (Chang 2008). In exchange for access to the DRC's abundant raw materials, Chinese companies, funded by loans from the China Exim Bank, will help to build the DRC's infrastructure and ultimately help to develop the country (Jansson 2011). This arrangement between China and the DRC is part of China's Go Global strategy, China's initiative to invest in relatively virgin markets (Jansson 2011). The Sicomines agreement, specifically, marked China's biggest agreement with another African nation. The arrangement is seen as a win-win or both countries since China is able to extract resources from the DRC while building the country's infrastructure and helping it to develop (Greene & Marysse 2009).

However, this agreement is too fraught in controversy, as some view the Sino-Congolese relationship as exploitative and even post-colonial in its nature, unequally benefitting the Chinese (Geenen & Marysse 2009). The agreement has been heavily criticized within the international community, even by controversial organizations like the IMF. They argue several flawed factors of the Sino-Congolese agreement make the agreement unequitable. These include

possibly unpayable loans, the seeming exploitation of Congolese resources and labour for little in return, and working with the corrupt government in the process. In terms of exploitation, the DRC may once again be falling trap to the “resource curse,” meaning that due to its vast amounts of natural resources, the DRC is perpetually exploited by more powerful actors who seek to profit off their land. Since the Chinese are repaying the Congolese in the form of infrastructure investment, new infrastructure can in turn be used to export the very minerals being mined (Greenen & Marysse 2009). With all of this in mind, it is clear to see that there are neo-colonial structures at play.

#### *Increasing Aid and Facilitating Growth through Partnership*

Often, INGOs are not doing nearly enough to cope with the extreme poverty within the DRC. Economist Jeffrey Sachs argues that in order to truly deal with extreme poverty, rich foreign governments providing aid must step up and increase investment. They are currently not providing sufficient investment to make a lasting effect on the growth of developing nations. He cites Kenya, which only receives \$100 million a year despite the country’s high levels of poverty. The country would fare better with an investment of \$1.5 billion per year in order to fight high levels of disease, low literacy rates, poor agricultural systems, unclean drinking water, and more. Sachs saw this level of poverty first

hand while collecting data on the regions where specifically Kenya was failing to develop. He concluded that IOs and INGOs must increase their aid and investment in five key areas: agriculture, health and education, electricity, transport and communications, and access to safe drinking water. This type of specified investment will help to facilitate growth in underdeveloped countries, like Kenya and the DRC, by freeing up space for the individual and society as a whole to develop skills which can be focused towards economic development through industrialization (Sachs 2005).

The IMF recently expanded development goals with its Millennium Development Goals program. This program seeks to provide assistance in areas such as maternal health, combating HIV/AIDS, curing malaria and other diseases, child mortality reduction, environmental sustainability, universal primary education, gender equality, and the elimination of poverty and hunger (International Monetary Fund 2017). While these developments have been marginally beneficial, it should be noted that the IMF still primarily focuses on infrastructure, debt reduction, and government restructuring with its development projects.

#### *INGO Cooperation*

In addition to increasing and specifying the use of aid, IOs and INGOs can facilitate growth by working with citizens themselves. By working with those within developing countries or

domestic NGOs, foreign aid organizations can better account for the needs of those they are serving. In the case of Mumbai, the local NGO Society for the Promotion of Area Resource Centres (SPARC) and Railway Slum Dwellers Federation (RSDF) came together with the World Bank in order to improve the city's urban transportation. Partnerships like these could help to create progressive and effective economic development programs. We have seen the growth of domestic nonprofits within Goma. For example, *Tout pour la Paix et le Développement* successfully assisted in the return of refugees (Buscher & Vlassenroot 2010).

In addition to working with the Congolese themselves, INGOs would benefit from working with one another. As previously mentioned, non-state actors compete with one another for contracts under the competitive market based system. In turn, they are ostensibly working against one another for similar goals. Rather than competing, INGOs would operate more effectively by shoring up their resources and working together. Since different organizations have different capabilities and advantages, a joint effort would have more to offer the Congolese people than separate operations. Moreover, the IMF and World Bank could better implement development goals through increased coordination with local INGOs.

## Conclusion

While the DRC has seen growth over the past fifteen years, the country has yet to industrialize. Fraught by one of the most exploitative and traumatic colonial experiences in history, and one of the most violent and widespread wars in Africa's recent history, the Democratic Republic of Congo has faced numerous barriers to development. As a means to ameliorate widespread poverty, both state and non-state actors have contributed significantly to investment into the country through foreign aid. As a result, the DRC is gradually coping with political instability and poverty. However, the country is still far behind several Sub Saharan African nations. The IMF and World Bank, have failed to serve the interests of the Congolese by in three ways. For one, they implement neoliberal policies that endanger the developing nation. Second, they do not account for government corruption when implementing programs through the government itself. And third, they ignore historical and ethnic conflicts by executing programs in highly volatile areas, which often further destabilizes regions. Non-state actors similarly implement aid in structures that adversely impact Congolese in two ways. First, the highly competitive nature of INGOs slows development.

And second, INGOs push out local government and fail to work with Congolese citizens they are serving. These problematic structures thwart the equitable and effective disbursement of aid amongst all citizens of the DRC.

Despite problematic structures within foreign aid investments, foreign aid is a necessary tool toward developing the DRC. With the help of large scale infrastructure and development projects by the IMF and World Bank, as well as small scale development projects by INGOs, the DRC's economy has grown significantly in the past few years. After analyzing the benefits and drawbacks to foreign aid investment, it is clear to see that foreign aid is a necessary tool to promoting development. However, current aid structures fail to equitably develop the DRC. Moving forward, the IMF and World Bank must work on small- scale programs by implementing bottom-up approaches rather than top down structural adjustment programs. Furthermore, INGOs must coordinate development and humanitarian efforts amongst one another as well as with the Congolese.

As global inequality decreases, it is important that we do not ignore the countries left in the dark, but rather strive to invest in equitable and inclusive solutions towards development. The Democratic Republic of Congo is oftentimes one of these forgotten nations. The country has continued to struggle

towards development progresses at a much slower rate than most other developing Sub-Saharan African nations. While complicated and controversial, foreign aid is a vital step towards economic growth. However, the neo-colonial structures within IOs and INGOs must be amended in order to reach sustainable development solutions. That means confronting structural issues within these organizations head on, and comprehensively addressing the issues rather than ignoring them. With more critical and detailed evaluations, those solutions will come to light. The case study of the DRC is only one example of how unbalanced and inequitable aid programs neglect the lives of the citizens they are working to improve. Moving forward, we can look to the inequities in countries like the DRC and the solutions mapped out here as blueprints to follow when pursuing economic development globally.

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