

Chapter 7

Influence of Economic Activities in Nigeria and the DRC: Could Bilateral Cooperation be Improved?

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7.1 Introduction

Nigeria has huge geo-resources including gas and is the 10th largest oil reserves in the world (PWC., 2019). It is the first economy of Africa (the most populated country in the continent), but this does not mean the people are out of poverty. The recent violent protests (ENDSARS) speak volume about the prevailing situation of economic inequality in the country. The petroleum industry makes an insignificant contribution to the economy of Nigeria ($\pm 10\%$ of the Gross Domestic product (GDP)) based on comparisons with other nations. Compared to other petrol states or oil-driven economy such as Kuwait (50% of the GDP), Saudi Arabia (42% of the GDP), and UAE (70%), one can say that the impact of oil activities in Nigeria is insignificant (Omoregie, 2016; Uwakonye, Osho and Anucha, 2006; PWC., 2019).

As far as Nigeria is concerned, the biggest hindrance to performance in the oil sector is insufficient or the lack of domestic petroleum refining capacity – it is similar to the case of former Zaire (Omoregie, 2016). In both Nigeria and the DRC, the difficulties are not of recent, although the situation is exacerbated by factors such as corruption, maladministration and conflicts (war/terrorism) – like the resource curse conundrum.

On the other hand, minerals in the DRC contribute up to 8% to the GDP (Tutalife and Jourdan, 2019) – all the same poorly. The DRC is among the potentially

richest countries in the world on the account of mineral deposits. However, it is also the country where the population live in extreme misery (Gregson, 2018) – below poverty line.

Against this backdrop, this paper reviews the literature in accordance to hermeneutics as a methodology, dives into specifics of both Nigeria and the Democratic Republic of Congo, derives meaning and infers knowledge in discussing findings from the literature before concluding. The following map shows the locations the two countries in Africa (Fig. 7.1). It is theorised that the bilateral cooperation between Nigeria and the DRC, if strengthened, would benefit not only the two countries and the region where they are found, but the entire Africa.

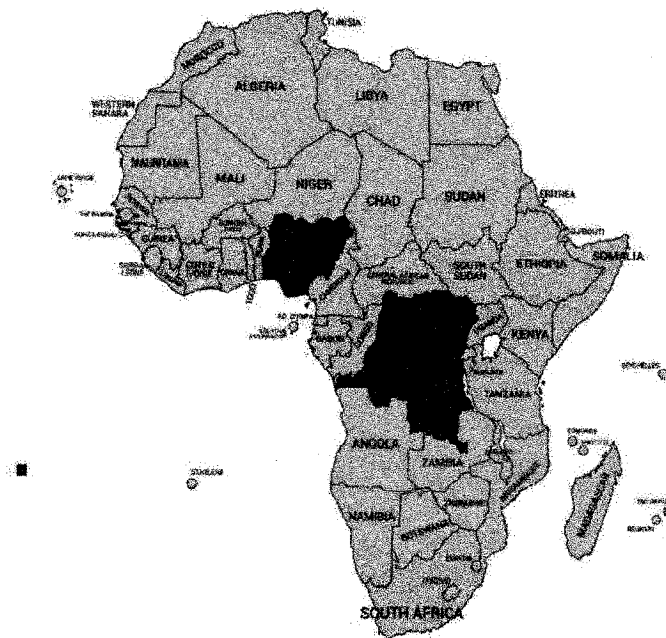


Fig. 7.4: The geographic location of Nigeria and the DRC in Africa

7.2 Literature Review

Nigeria as the biggest economy

Nigeria is the biggest economy in Africa, and the service sector is its largest sector of the economy, accounting for about 50 per cent of the total GDP. One of the fastest growing segments in services are information and communication, which together account for about 10 per cent of the total output. Agriculture, which in the past was the biggest sector, now weights around 23 per cent. Crude petroleum and natural gas constitute only 11 pe rcent of total GDP, while being the main exports.

Industry and construction account for the remaining 16 per cent of GDP (PWC., 2019; Uwakonye, Osho and Anucha, 2006; Omoregie, 2018). Fig. 7.2 shows the percentage of the total GDP for the sectors.

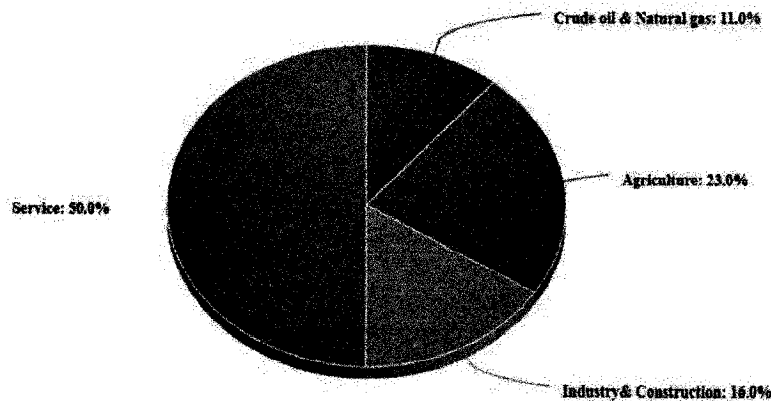


Fig. 7.5: Percentage of the total GDP for various sectors

Since 2004, the Nigerian economy contracted the most, shrinking by 6.1% in 2020's second quarter from 1.9% growth previously. Oil prices and lower levels of global economic activity are among the causes of poor economic performance in the country. In order to recover from above mentioned predicament, Nigeria projected to attain \$900 billion projected and a per capital income of \$4000 per annum (for 2020). Analysts suggest that if Nigeria produces as much as 2.5 million barrels per day, its economy would improve. The weakening of Naira led to cost-push inflation in Nigeria. Better management styles will take the country's economic performance a long way (Trading Economics.com-National Bureau of Statistics, 2020).

There was decline in the oil sector as well (6.6% from 5.1% in the first quarter, amid lower crude oil production; and 1.81 million barrels per day, down from 2.07 mbpd in Q1 and 2.02 mbpd a year ago). It happened that, for the first time, the non-oil sector posted the first decline since the third quarter of 2017 (-6.1% vs 1.6%), due to Covid-19 related causes. In summary, it can be said that, on a quarterly basis, the GDP shrank 5%, following a 14.27% plunge in the preceding quarter. Fig.3 shows fluctuations of the economic impact of trade in Nigeria dominated by oil (Trading Economics.com-National Bureau of Statistics, 2020).

Infrastructure Development and Maintenance in Tertiary Institutions in Nigeria

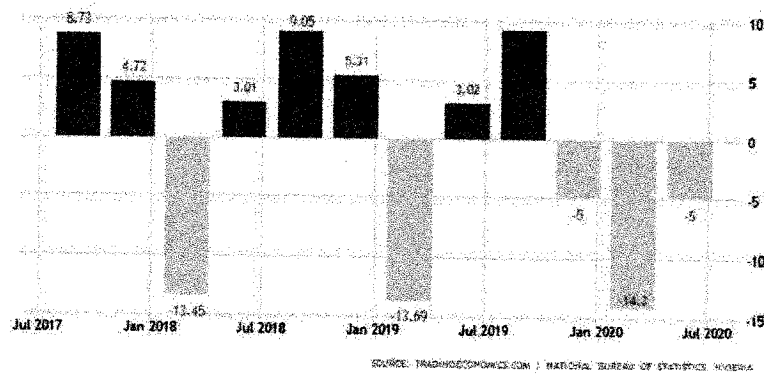


Fig. 7.6: Economic development in Nigeria

It is seen that since the advent of the corona crisis, the economy of Nigeria just like the rest of Africa was hit badly. The drawback to the oil industry is vandalism, theft and corruption. The Niger Delta region is affected by several constraints which in turn affect the oil industry. The negative performance is visible so much so that Nigeria and Congo are known to be under the resource curse situation. Whereas it is true, Nigeria still outperforms the DRC on many grounds. Fig.3 presents trends of economic development in Nigeria.

The Democratic Republic of Congo socio-economic challenges

Africa is endowed with numerous geo-resources (Davies, 2010) – and the DRC is no different. This predicament brings with it a plethora of problems (threats and stresses) that hinder environmentally friendly activities and the socio-economic development of the DRC – problems similar to those described under a resource curse situation (Scholarly Horizons, 2018; Gylfason, 2004).

Despite its potential, the DRC remains paradoxically, the country where the populace lives under the poverty line (< 1 \$ US). The resources which were supposed to bring wealth to the majority of the population turned out to be controlled by a tiny minority of politically connected individuals who not only run predatory systems that drain the economy, but also act in a way that impacts negatively to the environment. They leave open pits unattended (not rehabilitated) at the end of the mine lifespan costing the livelihood of the population living around mines and equatorial forest (Vangu, 2017; Davies, 2010; Coltan, 2018).

The post-independence DRC went through turbulent moments of anarchy and dictatorship (1965-1990) but in 1991 the democratic process reached its climax with the first National Sovereign Conference and the advent of a multiparty system which culminated in the first and second “democratic elections” respectively in 2006 and

2018 – polls that were disputed internally while the international community denounced serious irregularities. Far from being perfect, institutional democratic reforms, that is, State institutions, mining codes, MONUSCO involvement culminated in regulatory policies which could serve as a foundation for peace, efficient resource management, sustainable development and environmentally friendly actions. However, with over 17 000 troops (military and other combined on the ground) and with the biggest budget in United Nations (UN) Peace-keeping missions (over 1 billion USD per annum), the MONUSCO and the government struggle over two decades, together with other stakeholders, to restore peace and stability in the war-torn eastern DRC (The Defense Post, 2019).

For the DRC, a novel phenomenon kicked in through the discovery of important reserves of peat bog around the equatorial forest and the Congo River basin (Boma and Mahamba, 2018). Recent research attests to high quality peat bog having a bearing on climate change and playing a regulatory role in cooling down the planet earth. It's quite phenomenal as the DRC's peat bog effects come second to Amazonian in terms of environmental impact.

The Congo basin is rich in oil as well but not as rich as Nigerian Niger Delta region. Congo is said to have in reserves enough oil to serve the world for two days maximum, although it ranks at number 4 in Africa, after Angola.

Rapes as weapon of war, and armed conflicts that stem from the resource curse aspect of things (Gylfason, 2004), means that the peat bog (which lies in the underground) could at the same time be a sleeping detonator which is potentially destructive and jeopardising not only to the DRC but to the entire region, hence the need to capacitate polity through policy implementation for sustainability.

With 80 million hectares of arable land and over a thousand minerals and valuable metals under its surface, the DRC has the potential to become one of the richest African nations and a driver of growth for the entire continent according to the World Bank. Political instability and endemic corruption continue to frustrate that potential.

There is overlap between public policy and industry interests hence the need for collaborative synergy between stakeholders (Dietsche *et al.*, 2013). By putting together environmentally friendly policies and implementing them successfully (in the spirit of SDGs), countries like the DRC could as well embark on the right path to sustainable development (Davies, 2010). It is perhaps such a move that will preserve the DRC's environment from suffering continuous attacks from its neighbours who seek to tap into its mineral wealth. Rwanda and Uganda outperformed the DRC after they invaded it and allowed illicit trade to transit through their territories (coltan was at the centre of this blood commerce) in 2000, benefitting Kigali with up to 60% in global exports of tantalum in 2016 (Coltan, 2018).

Poachers, minerals thieves and other Mafiosi take advantage of disorder, war and mal-governance to plunder resources in the DRC. Vangu (2012) and Cotton *et al.* (2014) lament the mal-administration that characterizes the DRC's leadership on minerals secret deals and denounces international implications. Darwin *et al.* (2018) discuss the new mining code for the DRC and shows what poses problem to industries.

There have been coordination of efforts involving the government, African Union (AU) and UN to stabilise the great lakes region through peace keeping missions but in vain. Blanchfield (2020) presents the voluminous budget of the MONUSCO, a UN force, that delivered little on the ground (Blanchfield, 2020; United Nations, 2020). In order to redress the situation, beneficiation practices have become compulsory (i.e. downstream processing) in resource rich economies and like the DRC countries resort to fiscal policy to ban unprocessed raw materials of specific minerals from export (Östensson and Roe, 2017). In the DRC, nominal salaries are not indexed on the basis of the cost of living and a result variation in price increase leads to a drop in the purchasing power parity.

In Nigeria, it is becoming mandatory for companies to do downstream processing in a bid to create jobs and sustain the economy (Östensson, and Roe, 2017). Östensson, and Roe (2017) further states that export taxes on unprocessed products or outright bans are the most commonly used methods (Östensson, and Roe, 2017).

Boma and Mahamba (2018) elaborate on the discovery of the biggest peat bog reserves in the DRC and demonstrates its impact in preserving the ecosystem and regulating the climate by alleviating its warming. It is understood that while peat bogs are a blessing, they could be an explosive if left unattended, hence, the need to cooperate with nations to save this second lung of the planet earth that the DRC's Congo River.

There have been research that sought to study the different ways to increase industrial capacities in the operations by looking into ways to mitigate and alleviate the negative impact caused by climate change issues (9th International Conference on Sustainable Development in the Minerals Industry, 2019). There have also been many studies that address that challenge in Nigeria.

The east of the DRC is rich in minerals such as gold (Busane-Aganze, 2014) but also other strategic minerals such as coltan, cobalt, copper to name but a few. There are minerals resources almost in all the 26 provinces of the DRC. The disputed new mining code was meant to generate more income to the country and to manage both the industrial and artisanal mining activities (Darwin *et al.*, 2018).

7.3 Research Questions

The research questions for this work are as follows:

1. To what extent do economic activities contribute to the economy in the DRC?
2. To what extent do economic activities contribute to the economy in Nigeria?
3. What is the socio-economic impact of geo-resources activities on the DRC?
4. What is the socio-economic impact of geo-resources activities on Nigeria?
5. What nexus could be envisaged?
6. What comparisons could be made and what lessons could be learned?

7.4 Research Methodology

Qualitative methodology was used to explore and further investigate the construct. A systematic review of available literature was done to identify any possible gap in the discourse. Of particularity to this study is the ability of the researchers to tape into both the francophone and anglophone literature in reviewing narratives and establishing, thereafter, nuances of forms and contents for better understanding. The fact that the researchers originate from both countries was to their advantage. This study used hermeneutics as a methodology. There are researchers who used similar methodology in studying socio-economic research problems just like theologians do. Hermeneutics is about studying a phenomenon from its context and derive meaning and conclusion from the situation.

7.5 Discussion of Findings from the Literature

Nigeria and its socio-economic development

To answer the question, to what extent does economic activities contribute to the economy in the Nigeria?, we could say that to a greater extent given the lack of or the weaker diversification of the economy in this country. Table 1 presents oil and corona effects on the Nigerian's economy.

Table 7.1: Oil and Corona Effects on the Economy

Year and Quarters	Percentage of Contractions or Upswings	Situational Analysis Aspects		
2015	6.36%	Pre-Covid	Oil driven	Lack of diversification
2015 Q3	6.49%	Pre-Covid	Oil driven	Lack of diversification
2018	2.28%	Rise	Oil driven	Lack of diversification
2019	2.55%	Advance	Oil driven	Lack of diversification
2019 Q3	2.28%	Rise	Oil driven	Lack of diversification
2020 Q1	1.87%	Covid-19 related	Fall in oil price	Trade restrictions
2020 Q2	6.1%	Shrunk still subdued oil prices and low econ. activity	1.9% shrunk in prior period, Covid-19 related	Steepest contraction since Q1 2004

Source: National Bureau of Statistics, Nigeria

The DRC and its socio-economic development

Despite efforts by the government, the complexity of the systemic problem in the Congo makes it harder to control the situation. Based on human development index, the DRC remains one of the poorest in the planet (UNDP, 2018). Table 2 presents some information about the DRC.

Table 7.2: Facts about the DRC

Geo-resources	Quantity	Implications
Mineral resources	34 trillion USD	Potentially the richest in the world
Cobalt	45% of global reserve	1 st producer in the world (2016) = the global capital of cobalt
Diamond	¼ of global reserve	Largest reserve in Africa
Copper	10% of global reserve	Industrial scale mining
Coltan	10%?	80% global production
Gold	?	32% of growth production
Petroleum	4 th largest producer in Africa	After Nigeria...Angola

Source: <http://www.drcminingweek.com/>

As shown in Table 7.2, the DRC's underground mineral deposits are evaluated to be in excess of 34 trillion USD according to official sources released recently – making it potentially the richest country in the world mineral wise. Despite being endowed with numerous resources, the DRC is ranked second last of the least developed countries in the world – what a paradox! The DRC is endowed with numerous geo-resources including strategic minerals such as copper, cobalt, uranium, coltan, tin, diamond and gold, the value of which is currently evaluated to be in excess of 34 trillion US dollar (DRC mining week, 2019; Cotton *et al.*, 2014). Previous evaluations reportedly was 24 trillion USD worth of mineral deposits in that country (Vangu, 2012).

United Nations Development Programme (UNDP, 2018) shows the DRC's HDI ranks 176th of 178 countries making it one of the worst performers although its score improved the most in two decades. Based on the GDP however, the DRC seems to do well – the GDP is not a good indicator of economic development as it does not take into account the standard of living and social distribution of generated income. Gregson (2018) states that the DRC ranks second last in the world among the poorest on economic ground as more than 80% live under the poverty line with less than \$1.25 a day. The country has a poverty rate that ranges between 71.3% and 80%. Over 60% of the country's 77 million population still live on less than two dollars a day. To answer the question, to what extent do economic activities contribute to the economy in the DRC, we could say, at least 8% of the GDP in 2019 (Tutalife and Jourdan, 2019).

Nigeria and the DRC: Similarities and Dissimilarities

The problems of mal-administration, bad governance and corruption negatively affect both Nigeria and the DRC. Table 7.3 presents synoptically some of the similarities and dissimilarities about the two countries.

Table 7.3: Nigeria vs. DRC: Economic Similarities and Dissimilarities

Similarities	Dissimilarities
Rich geo-resources	DRC has more variety of resources and mores reserves except for oil
Challenges include poverty, maladministration, corruption and terrorism	The Boko Haram is more important unlike the Ugandan terrorists based in the DRC
Relatively weak institutions	Nigeria seemed to be on a better footing Democracy wise than the Congo but all the same as volatile as the DRC.
Very unequal distribution of income	May be only 1000 families share the bigger portion of the economy of the DRC unlike Nigeria where more millionaires are found in Africa. Still the majority live under misery.
Popular with hundreds of tribes	The DRC has +- 450 tribes and languages and Nigeria a few hundreds.
Poor economic performance under Covid-19 predicament	True for both countries
Ineffective curbing of Covid-19	True for both countries

Source: Vangu, 2012; Isheloke and vonBlottnitz, 2020; SDIMI, 2019

There are many regulations susceptible of paving the way to socio-economic and sustainable development but there is little implementation on the ground due to mal-administration and a nexus of factors sometimes beyond the control of the state. Country so rich in geo-resources are jeopardised by poor governance (Gylfason 2004) and plot of international dimension (Isheloke and vonBlottnitz, 2019; SDIMI, 2019).

Poverty in the DRC is as rough as 80% of the population and could be more if one takes into account those who stopped looking for any job. Over 20 years, the DRC has never seen peace spreads to all its corners and warlords have found satisfaction in illicit trade of raw materials and timber thus destroying fauna and flora. This reckless behaviour has a myriad of consequences to the biodiversity and ecosystem of the DRC. This destruction sends shock waves to life in general, impoverishing the populace even more. Recent research demonstrates that poor community who do not have access to electricity, water and other vital amenities are also more vulnerable to the novel Corona Virus disease (Covid-19).

This paper, therefore, seeks to address the multi-faceted challenges and threats that Nigeria and the DRC face. A number of Recommendation are proposed for

consideration in looking for adaptable solutions to their specific problems and invite more engaged bilateral co-operation.

7.6 Conclusion

This research explored some aspects of the socio-economic impact of economic activities in Nigeria and the DRC. The geo-resource rich countries suffer due to corrupt practices and mal administration of cash by public and private officials. Regardless of the policies the officials continue to indulge in mediocracy which only a holistic approach to problem-solving could attempt to resolve through, for example, a multi-sectorial engagement – to address a country-specific, different but very systemic problem in the two countries. It should aim to salvage both the economy and the environment going forward and to build capacity for sustainable development. It is hoped that, this paper will establish the nexus between policies and economic activities in both Nigeria and the DRC, and by so doing, encourage bilateral co-operation between the two countries.

7.7 Recommendation

We recommend Nigeria and the DRC to revisit their bilateral co-operation and encourage exchange programme that will help the two economies to learn from each other in the attempt to circumvent the resource curse conundrum they seem to have been plunged into by decades of mal-administration, corruption, war/terrorism and many other predicaments. The two countries could exchange expertise to build capacity for mutual economic development and to boost the chances of their respective regions and Africa to rise up to the challenge.

Conflict Of Interest

There is no conflict of interest based on this paper or what we do.

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