



Paradox of the Abundance of Natural Resources and Economic Diversification: What Choice in the DRC?

Dr. Kangolo Lunkamba John ^{1*}, Tshibuabua Shamba Jean Calvin ², Haridi Musilimu Ernest ³, Mumbere Mulimirwa Mike ⁴, Kalongo Tshimbu Fiston ⁵

¹ Doctor of Business Administration, Management School of Switzerland /ESM, Lecturer at HEC-Kinshasa, Democratic Republic of Congo

² Teacher at the Higher Institute of Medical Techniques of Kananga and PhD candidate at the Faculty of Economics and Management at the University of Kinshasa/DRC, Democratic Republic of Congo

³⁻⁵ PhD candidate at the Faculty of Economics and Management at the University of Kinshasa/DRC, Democratic Republic of Congo

* Corresponding Author: **Dr. Kangolo Lunkamba John**

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Abstract

In this article, we theoretically evaluate the impact of natural resources on the growth and development of rentier economies, of which the DRC is part through the induced effects of Dutch disease, drawing inspiration from the economic situation of the Netherlands in the 1970s, due to the export of natural gas and by the effects caused by the deterioration of the governance of the country's various institutions based on the psychology of the leaders. The aim is to assess the choice of diversification of mining exports from the DRC as an alternative to escape the curse of natural resources. Industrialization and the change in attitudes of its leaders are fundamental and essential determinants of economic results and the export success of Congolese companies, beyond demographics, savings, physical capital and human capital.

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1. Introduction

The economic potential of the DRC is classified among the countries of the world, very considerable and abundant. With its surface area of nearly 2,345,000 km², immense and varied natural resources (wood, ores, fauna, flora, etc.), the country constitutes the heart of Africa whose specific weight of industry and the diversification of industrial activities are very low ^[1]. Recognized for holding an incredible diversity of minerals in large quantities, the DRC is said to contain 50% of the world's cobalt reserves, 10% of copper, 30% of diamonds, as well as significant potential in gold, uranium and manganese ^[2]. The country's economy is based on the extraction of underground wealth, structured around a thriving mining industry. Since 1980, the DRC has supplied 6% of global copper production ^[3] and extraction alone provided around 60% of state tax revenue ^[4], and the Congolese mining industry, although at low speed, retains enormous strength, on which the majority of economic and political actors are banking today to revive growth and emergence.

¹ UNIDO cited by BONGO BONGO & KITENGE N'LAYI, The deindustrialization of the Democratic Republic of Congo, explanatory factors and prospects for recovery, Volume I, IRES, Kinshasa, 2003, P. 5

² Hocquard, C., Information from the mining sector: example of the DRC, Democratic Republic of Congo, Bureau of Geological and Mining Research (BRGM), France, June 6 "http://www.culturek.net", 2006, P.9

³ Hasselback, D., « Africa's DRC back on map for miners, Financial Post, 5 mars, 2007

⁴ Karsenty, A., "Study to identify a program for improving para-fiscal and state revenues in the DRC, Study report, Ministry of Finance, Support Unit for the National Authorizing Officer of the European Development Fund (EDF-EU), CIRAD France, 2006

The “geological scandal”^[5] » which is the Congo is also the archetype of what some have called the “curse of raw materials”^[6]. The “geological scandal” is often associated with the Democratic Republic of Congo (DRC), a country rich in natural resources. This expression was used to describe the impressive diversity and quantity of mineral resources present in the Congolese territory^[7], something we take with reservation in our study. Otherwise, it could not be scandalous to discover the gift of nature, while a surprise of the discovery could be appropriate for this.

Regardless, we could stick to the general meaning of the expression. In 1892, the Belgian geologist Jules Cornet would have uttered this expression to account for the geological wealth of Katanga, a province located in the southeast of the DRC^[8]. However, it is difficult to precisely estimate these resources, as there is a lack of knowledge about underground resources across Africa. Initiatives such as the PROMINES project, supported by the World Bank, have sought to improve the management of the mining sector and establish new quantification and localization of resources.

Unfortunately, beneath these geological riches also lie mining scandals, which raise economic, social and political challenges for the DRC^[9]. Ultimately, the notion of a “geological scandal” reflects both the promise and challenges of exploiting natural resources in this country’s^[10].

Indeed, the mineral wealth of the DRC has been the object of all the covetousness of the African countries surrounding it, and especially of Western and Asian countries. And this thesis is anchored in the collective consciousness of the Congolese and many other African countries that the DRC is internationally coveted because of its wealth. Any acute political crisis leading to conflicts must therefore be explained on the basis of hidden international interests which manipulate nationals in order to satisfy their thirst for money or to establish their potential domination. It is the curse of natural resources.

This thesis proves useful for understanding, beyond the discourse of the well-being of all and the protection of human rights, the other less noble motives of intervention, domination and neo-colonization. The new project launched by the World Bank in 2016, entitled “1 BILLION CARD”, consisting of listing all of Africa’s wealth, is an opportunity that calls on all African countries to become aware of the value of their natural resources, because the imperialists, through the main international institutions, are looking for tricks to keep our countries in domination in order to stifle all industrialization projects in Africa.

This manifestation of the desire of the imperialists to maintain African countries in servitude, especially the DRC, with multiple reforms initiated by these international institutions in the mining sector, without major impacts on the industrialization of the country, pushes us to the following questions: how can the rentier nature of the Congolese economy impact the acquisition of a competitive advantage?

⁵ Formula attributed to Cecil Rhodes, founder, in 1880, of the South African company

⁶ Neary, J.P et Van Wijnbergen, S., *Natural Resources and the Macroeconomy*, Oxford, Blackwell et Cambridge, Mass, MIT Press, 1986

⁷ Victor Bouscarle, *Curse of natural resources*, *Le Petit Journal* of August 20, 2021

⁸ Thierry De Putter and Sophie Decrée, *The mining potential of the Democratic Republic of Congo (DRC) myths and components of a “mining dynamic”*, *congolèse conjonctures* 2012

Why can't the DRC manage its natural resources alone? what is the psychology and counter-psychology of the Congolese manager?

Our methodological approach consists of the theoretical analysis of Congolese companies in the mining sector to implement geopolitics towards geoeconomics in the DRC by raising awareness among decision-makers and readers on the cohesion and incentive of investment projects that must connect with realities., in order to succeed in the process of economic diversification.

2. Conceptual guidelines on the paradox of the abundance of natural resources

2.1 Dutch syndrome theory

There are quite a few models which have analyzed the various effects of an export boom upon the discovery of natural resources: the model applied by Gregory, R.G (1976) and Snappe (1977) to the Australian economy and this, was extended by Corden and Neary (1982) and Corden (1984). This model is located within the framework of a narrow open economy, which produces two tradable goods whose prices are exogenous and another non-tradable good whose price is flexible.

Thus, the economy is tri-sectoral: a booming tradable sector (B) (energy), a lagging non-booming tradable sector (L) (manufacturing) and the non-tradable sector (service). These three sectors each have a specific factor (capital) and a mobile factor (labour), the main hypothesis is full employment of factors in the economy.

However, two effects induced by the expansion of the booming sector which will be at the origin of the Dutch disease: resource reallocation effect and a spending effect. The first effect refers to a positive external shock which leads to a reallocation of resources which manifests itself in the movement of the mobile factor (work) towards the expanding sector (boomer) from the other two sectors. The second effect appears with the increase in revenues of the booming sector following the massive entry of currencies from the export boom, these currencies converted into local currency create periods of excessive demand in the economy and lead to an increase in spending in the service sector, this causes an increase in the price of these goods (relative to the price of tradable goods) and consequently a real appreciation of the domestic currency, this results in a drop in competitiveness (in value added and in employment) from other sectors, including: manufacturing and agriculture.

a) Loss of know-how as a negative effect of Dutch disease

Dutch disease causes economic destruction when it eliminates know-how, one of the main factors of growth. Technology is in fact, to a large extent, the result of the experience accumulated by firms in production, and therefore, it is a learning process, either through practice (by doing) or through use (by using)^[11].

⁹ Fear-Press – Congo Kinshasa. Without doubt, the DR Congo remains a geological scandal. Ironically, the B side of the coin reveals that beneath its copper and cobalt deposits many mining scandals are buried. President Tshisekedi denounced it to the Council of Ministers on September 17, 2021.

¹⁰ Ministry of Mines (MoM) of the DRC, *MINING SECTOR GOVERNANCE PROJECT (PROMINES), POLICY FRAMEWORK FOR INDIGENOUS PEOPLES (CPPA)*, final draft April 2010

¹¹ Cohendet P., Gaffatrd J-L (1990), “Innovation and businesses”, *Economic Encyclopedia, Economica*

R.M. Solow's studies have demonstrated the crucial role of technical progress in economic growth, which is essentially due to the know-how held by firms, especially in the tradable sector ^[12], it is with this in mind that certain theorists (Krugman; 1987) have linked know-how to Dutch disease, this link manifests itself in the massive inflow of currencies which leads to a slowdown and a decline in economic growth after the destruction of the manufacturing and entrepreneurial sector. The expansion of the natural resource sector would therefore have a negative impact on economic growth, through know-how.

b) Influence of Dutch disease on growth factors

Dependence on the rentier sector has impactful effects on the factors of economic growth, namely: investment, savings, education and the opening of the economy to the outside world.

▪ **Influence on investment**

The impact can be significant when production factors are transferred from the manufacturing sector to the expanding resource sector. This transfer automatically reduces productivity and profitability of investment in the manufacturing sector.

It should be noted that despite the higher investment rates in the public-private partnership in the DRC, nothing portends rapid growth. These investments only benefit foreign companies operating without impact on local companies.

So, the high investment rate is not enough to ensure accelerated growth, the quality of investments is an important factor to take into account. The total factor productivity growth index is one of the measures of investment efficiency and the overall performance of the productive process. This index is calculated by relating production (or added value) to the factors used (labor, capital).

The decrease in total factor productivity is mainly due, according to Xavier Sala-I-Martin and Elsa Artadi ^[13] to the deterioration and political instability which characterizes all countries with an abundance of natural resources, the cumbersome administrative procedures and institutional obstacles which often deter private investors, the inadequacy of the education system in these countries to the needs of local businesses which represent a major obstacle to productive investment.

▪ **Influence on savings**

Given the scarcity of natural resources, saving is a significant element for a whole policy which aims to invest the rents from these exhaustible resources (the difference between the price and the marginal cost must be reinvested to keep the total stock in value) so that this exhaustion does not undermine future well-being.

For the DRC, several empirical studies demonstrate that the savings rate is much lower than those of other countries, especially the oil-producing countries of Africa. Analysts have tried to prove that this drop in savings rates is linked to the impact of annuity income on the interest rate. During periods of rising prices for its raw materials, the DRC benefits from significant revenues and the pressure on the financial markets

decreases, which causes the interest rate to fall and the economy engages in excessive consumption because individuals are content with the present moment like the Epicureans.

However, countries with an abundance of natural resources record a negative real savings rate. This rate is a sustainability indicator developed by the World Bank based on the work of certain economists, it is the real private and public savings of the country. Taking into account the depreciation of capital, investments in human capital (measured by education expenditure), the reduction in natural resources (mining and energy, and forestry), and the damage caused by environmental degradation (we can calculate this indicator using the following formula:

Adjusted net savings = Domestic net savings-energy depletion-mineral depletion-Net Forest Depletion-Pollution damage+ education spending.

Therefore, current generations in countries with an abundance of natural resources live to the detriment of future generations and do not reinvest the rent wealth.

▪ **Influence on education**

Human capital is an important factor for all economic growth policy. It is directly linked to the latter because it stimulates labor productivity by improving the efficiency of the workforce, encouraging the demand for democracy and promoting good governance.

Education facilitates the transfer of superior technology from countries in the North; it also has an impact on health and reduces inequalities between different social classes.

If we return to countries rich in natural resources, we notice that the majority of these countries suffer from the capital development dilemma. This remark is the result of the deterioration of the manufacturing sector in general, where human capital represents the linchpin of very considerable production. In this context, the need for human capital will decrease and investment in education will also decrease, and therefore the expansion of other sectors that require qualified skills is completely impossible and technological diffusion will be delayed.

2.2 Governance failure and the natural resource curse

The mental perversion of the ordinary Congolese, the subservience of the intellectual elite and the failure of political-administrative executives, could only lead to a drift in the governance of the country, with, in the end, the complete derailment of the state apparatus ^[14]. The Congolese looks like a zombie who crosses the space of his own life as if he were a stranger.

Hence the origin of a mentality, generalized among the masses, of capitulation and the quest for external assistance. We seem to be waiting for foreigners to come and take things in hand and fix the countries.

Many works on institutional economics show that the availability and productivity of resources used in productive processes are influenced by political decisions and by the institutional environment in general, a number of studies have linked the curse of natural resources political economy:

¹² Balassa B.(1964), « The Purchasing Power Doctrine : A Reappraisal journal of Political Economy 72, Pp. 584-596

¹³ Xavier Sala-I-Martin et Elsa Artadi (2002), Economie growth and investment in the Arab world

¹⁴ Tumba Bob Matamba (2006), The development of Congo: promises, failures and challenges, Calmec-Kinshasa, P. 121

mining and oil rent affects the political regime and often represents a blockage to democracy, it encourages rent-seeking behavior by the political class and opens the door to corruption.

Thus, it is necessary to analyze the impact of the endowment of natural resources on the quality of institutions as well as the mode of governance.

2.3 Relationship between natural resources and the quality of institutions

Some theorists, in the empirical literature, identify four main explanations for the phenomenon of the natural resource curse^[15], in particular: the Dutch disease which refers to the negative effects of the appreciation of the real exchange rate on the economy following a boom in the natural resources sector, the depreciation of human capital, the depreciation of physical capital and the depreciation of capital social.

Selon Woolcock Michael^[16], social capital is seen as the set of infrastructures and institutions of a society such as its culture, its cohesion, its legal system, its justice, its rules and its traditions.

Natural resources do not have a direct negative impact on economic growth, if these infrastructures and institutions are of good quality by promoting value-creating activities. Natural resources in turn promote growth. On the other hand, if they only favor predatory activities or rent-seeking behavior, they will transform its natural wealth into a curse.

All these attitudes will influence the democratic process and the establishment of the rule of law which are finally at the heart of an entire development policy. They will encourage the appearance of systematic corruption as a form of rent-seeking on a larger scale, affecting the entire system and involving a large number of government agents.

A rich literature highlights the inverse relationship existing between corruption and growth whose conclusions are shared by most theoretical and empirical studies, corruption, which is a form of rent-seeking behavior, has a negative impact on economic growth through its impact on the investment rate^[17], it reduces spending on education and health, increases the amounts allocated to public investment and reduces productivity.

However, several analyzes have shown the negative impact of natural resources on modes of political governance, they support the idea that dependence on the latter delays democratic reforms. This negative impact is due to the absence of accountability of those in power (absence of accountability).

2.4 Failure of the manager on development

Current economic theory states that the idea that broadly accumulative factors, namely demographics, savings, physical capital and human capital, are not the only indispensable determinants of economic outcomes, and that other factors such as institutions, history, distributional issues, culture, etc. are relevant to long-term economic

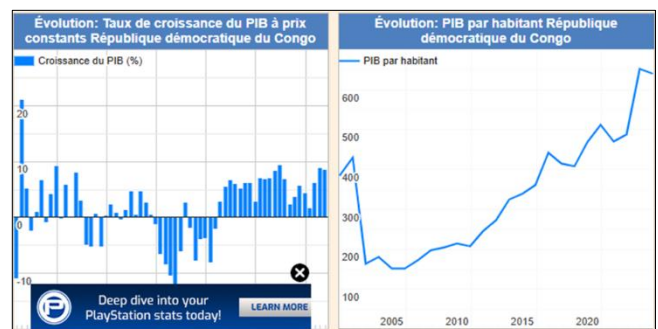
development^[18], on the one hand, and especially the empirical analyzes in this area, on the other hand.

These analyzes show how the quality of institutions can affect the economic development of a country, they seek to estimate a system of equations where the growth rate of GDP per capita is explained linearly by certain exogenous variables including the institutional quality variable. is among them. The results show that the institution variable (which is an endogenous variable explained by the key governance indices of the World Bank^[19]) has a significant effect on the growth rate of GDP per capita.

Table 1: Evolution of GDP in the DRC, values expressed in billions of Euros

Year	PIB annuel	Growth in %
2009	13.275 M€	2,9%
2010	16.235 M€	7,1%
2011	18.576 M€	6,9%
2012	24.617 M€	8,5%
2013	24.617 M€	8,5%
2014	27.024 M€	9,5%
2015	34.169 M€	6,9%
2016	33.110 M€	2,4%
2017	33.633 M€	3,7%
2018	39.904 M€	5,8%
2019	45.015 M€	4,4%
2020	42.677 M€	1,7%
2021	46.799 M€	6,2%
2022	62.490 M€	8,8%
2023	61.392 M€	7,5%

Source: World Bank 2024



Source: World Bank Idem

Fig 1: Graphs of the evolution of GDP per capita growth in the DRC

According to the BCC report^[20], the economic growth rate increased from 8.8% in 2022 to 7.5% in 2023, due to the poor performance of the extractive industries (whose growth rate of the extractive sector increased from 22.3% in 2022 to 15.4% in 2023). Growth in non-extractive sectors increased from 3.1% in 2022 to 3.6% in 2023, driven by agriculture (+ 0.45%), construction and public works (+ 0.57%), and transport and telecommunications (+ 0.61%). Growth was

¹⁵ Parnis eux Thorvaldur Gylfason (2001), dans son article "Natural Ressources and Economy Growth : What is the connection?" Working Paper 530, Center for Economic Studies & Ifo, University of Munich

¹⁶ Dans son article « Social capital and Economic Development: toward a theoretical synthesis and policy

¹⁷ Mauro (1995), Corruption and growth, The Quarterly journal of Economics, Vol. 110, N°3, PP. 681-712

¹⁸ Albert Tcheta-Bampa (March 2010), Irreversibility of development and Quasi-reversibility of underdevelopment, Public Economy, Organizations & Institutions (SEPIO) seminar, University of Paris 1, P.2

¹⁹ Which are political instability, government effectiveness, corruption control, law enforcement, regulatory framework and property rights

²⁰ Economic outlook in the DRC 2024, Driving the Transformation of Africa through the Reform of the Global Financial Architecture. [afdb.org https://www.afdb.org/fr/pays-afrique-centrale](https://www.afdb.org/fr/pays-afrique-centrale) (accessed 07/28/2024 at 3:57 p.m.)

also supported by exports (+17.3%) and investments (+9.2%). Inflation increased from 9.3% in 2022 to 19.9% in 2023, due to the depreciation of the Congolese franc against the US dollar (-21.8%) and supply constraints in food and in energy. As a result, the Central Bank has maintained its prime rate at 25% since August 2023 to curb currency depreciation caused by financing the budget deficit due to poor governance.

Gross domestic product (GDP) measures the national income and production of a given country. Gross domestic product (GDP) is equal to the total expenditure on all final goods and services produced within the country during a specified period of time.

In short, the negative impact of natural resources on the growth rate is the result of the lack of governance measures which are the main mechanisms of transmission of the resource curse.

3. From geopolitics towards geoeconomics in the congolese context

Based on the France 24 report of April 28, 2024, a “CARD to 1 Million” project has been launched since 2016 by the World Bank for the census of all of Africa’s natural wealth. We have noted that the continent is coveted because of its natural resources by the main financial institutions of the Western bloc, namely the World Bank.

3.1 Why can't the DRC manage its natural resources itself?

In 2016, the World Bank decided to finance a project aimed at making a complete list of the natural resources of the African continent, while behind this project lies a Western desire to know what the African subsoil really weighs and the desire to take measures so that the strategic natural resources of the African subsoil do not escape the institutions which would have financed geodetection, research and the directory of these riches.

It emerges from this new Western policy, first of all, that we have returned to the ideas of the early 1960s, where the first conference on Trade and Development (UNCTAD, 1964) had the slogan “Trade not aid”. , then, and here we anticipate certain comments on the following points, that total Western aid to Africa has decreased per year compared to that granted to Ukraine and the State of Israel.

The new policy is therefore mainly a boost for natural commercial interests; for the rest, Western commitment is rather symbolic. Finally, it is important to note that support for democracy and the defense of human rights is relegated to the bottom of the new policy, moreover not supported by any commitment in financial terms.

Therefore, in relation to the DRC, its raw materials from the Congolese subsoil are the main elements by which the attitudes and/or behaviors of economic and political actors around the world are organized.

If we take the Congolese map of raw materials and the Congolese geographical map, of the places of concentration of international civil, geopolitical and geostrategic conflicts in the DRC, we realize a perfect correspondence, the map of strategic sites of raw materials (East of the country, greater Katanga and a little Kasai) corresponds foot by foot to the map of the wars taking place in the DRC, to the map of the

conflicts that the Congolese populations undergo on a daily basis. So that, quite naturally, the map of natural resources explains the map of the Congolese wars. This is the model for understanding the destabilization of eastern DRC, of which we must be aware of the distribution of strategic resources.

3.2 Psychology and counter-psychology of the congolese manager

The dominant attitude of the DRC towards its natural resources is to be an exporter of its raw materials. It organizes the collection of these raw materials in their raw state, which go back to North American industries and Asian industries, where these materials are transformed into finished products, which are sold to the Congolese and Africans, sometimes at 20 or 90 times more expensive.

The economy of the DRC, like that of other African countries, has remained an economy of collection, exploitation and extraction of natural resources. Why this state of affairs?

Several factors are highlighted, including:

- The slave trade: as the Congo was subject to regular warfare and was unable to develop to achieve industrialization. It was prevented from industrializing by the colonialist, but the industrialization developed by the latter was not for the development of the Congo. This is why TIKER TIKER describes the industrialization process triggered in Congo in the 1920s as early ^[21]. Since he believes that “the industrialization movement which took place in the Congo took place in an economy entirely of substance”. It is not, he continues, stimulated by the internal conditions of development and is therefore not the deployment of endogenous forces but of external action foreign to internal development.

If the DRC were industrialized, it would be Europe and America, Asia and Oceania, which would come to buy in the DRC because all the raw materials produced by the country could be in deficit or deficiency in these continents. There would have been an inversion of the market, and as they will all come to buy the finished products in the DRC, it is the latter which would concentrate the surplus value and/or the added value of the work;

- The leaders, vessels of the colonizer who are imposed in the DRC, must follow the directives of the imperialists. This is why the imperialists maintain their military presence on Congolese territory and neighboring territory to monitor the leaders of the country they have imposed.

They have maintained the correspondents at the head of the structures of media domination in the country, such as the Voice of America, the BBC, France 24, the RFI, etc., in particular to maintain media repression accompanied by a cultural control by creating literary prizes, scientific prizes, economic prizes and any other form of prizes to favor those who are intelligently compatible with their vision of domination. It is this category of intellectuals to whom these prizes are awarded;

- The nature of education: the nature of education programs that do not meet the real needs of development

²¹ TIKER TIKER, Unequal development of the Zairian regions, In Economic and social notebooks, IRES, January, June, 1982, P.105

based on industrialization. These are programs imposed by the dominator in several forms, including LMD, PADEM, etc.

Many Congolese intellectuals admit to having studied in schools or universities where there were no laboratories even though they studied natural science, applied sciences and technology. Care was taken to systematically dilapidate the experimental knowledge structures of the Congolese elite.

Numerous studies, notably that of Théodore W. Schultz, have sufficiently demonstrated that the quality of the human factor is a determining element for economic growth ^[22].

If it wants to have an efficient and autonomous industry, the DRC must promote its education system with a view to improving the scientific and technical skills of its population.

Economic diversification remains the palliative solution against the curse of the abundance of natural resources.

4. Economic diversification in the DRC: Alternative fight

The heavy dependence on an extractive sector has a negative effect on the competitiveness of other manufacturing or industrial sectors, which directly affects the parameters of economic development, including: investment, savings and education.

Given the dimension of the perverse effects of the mining sector on the economy and governance, the Congolese State dependent on natural resources for its budget has implemented, during the last decade, various economic diversification strategies, in order to reduce its dependence, towards mines in accordance with WTO guidelines ^[23] from the second trade policy assessment.

Generally, the empirical literature shows that China, India, Brazil, Korea, Vietnam, Indonesia and Mexico have significantly succeeded in diversifying their economies and their export sectors, particularly that of industrialization, in In the 1960s, about 80% of developing countries' exports were commodities, whereas today 80% of their exports are industrial products. They are perfectly integrated into global production networks in various sectors, and they participate in the rapid development of South-South trade.

However, other countries have not gone as far in creating efficient industries, but they have exploited their potential to develop the development of their natural resources; these countries remain very largely dependent on the extractive sector, even their Industrial exports are only poorly processed primary products.

What choice of diversification of mining exports in the DRC to escape the curse of natural resources? we first focus on the question of the need for export diversification which goes hand in hand with strong long-term growth and then strategies of both vertical and horizontal diversification, in order to highlight certain characteristics by the nature of development of the environment, which have limited and tainted this process of diversification in the DRC until these days.

4.1 Need for export diversification

Numerous economic contributions have shown the reasons and advantages provided by diversification in terms of reducing macroeconomic risks, since a country whose economic activity is diversified appears less sensitive to cyclical shocks, as soon as the latter hitting different sectors are not not positively correlated with each other ^[24], in addition the majority of countries rich in natural resources, especially net oil exporters, tend to place their assets abroad, obviously putting their future at an unacceptable strategic risk, etc.

The application of the diversification policy in the DRC promotes domestic investment capable of replacing the income from natural resources which has long been considered the only source of foreign currency supply. These latest reflections in terms of risk management and distribution can be extended to the question of the confrontation of an economy with technological changes or the arrival of new competitors, which brings us back to not limiting risk mitigation caused by non-diversification only in developing countries, but it is also the case for the various developed countries which place themselves at the frontier of technological advances.

Quite a few analyzes seem to highlight a positive relationship between diversification and economic growth, just as theories of growth and development have highlighted the contribution of diversification to the development process ^[25], for example the theory of internal growth emphasizes the importance of know-how in the manufacturing sector in order to achieve economic growth, that is to say that the diversification of exports should result in an acceleration of the process of diffusion and transfer of knowledge and technology in the economy contributing to greater productivity and stronger and sustainable growth ^[26].

On the empirical level, several studies have also confirmed a positive correlation between economic diversification and growth measured by income per capita, particularly in the countries of the South, namely Berthélemy J.C and Chauvin S. in "Structural Changes in Asia and Growth Prospects after Crisi", working document of the CEPPII-Center for Prospective Studies and International Information, No. 00-09.

4.2 Diversification strategies

Each country in the South with an abundance of natural resources is called upon to refine strategies for diversifying its economy to enhance and transform its natural wealth into real wealth. This country must pursue a public spending policy which aims to perpetuate dependence on its resources, this is the vertical strategy (which favors sectors or companies in particular), on the one hand, or investing to reduce costs and increase productivity in the extractive sector, and on the other hand the horizontal strategy (which is based on macroeconomic stability, openness and a generally partial role of the State).

The choice between these two strategies is the subject of various debates and opinions are divided on how they can be reconciled.

²² Schultz Théodore, there is only wealth in men: human investment and quality of the population, Bonnel, Paris, 1981

²³ WTO (2016), Trade Policy Review Report: The policy statement submitted by the Democratic Republic of Congo is reproduced in document WT/TPR/G/339.

²⁴ Bank of France, Franc zone report-2007, P.114

²⁵ Jean Claude Berthelemy (May 2005), International Trade and Economic Diversification, Political Economy Review, volume 115, P.592

²⁶ The United Nations Economic Commission for Africa-regional office for Central Africa-the economies of Africa (2010), Mobilization of internal resources and diversification of economies in Central Africa-JE Published in 2010, P.212

4.3 Scope of export diversification in the DRC

When we refer to the experience of the aforementioned countries (Asian, Caribbean and Latin American countries), the diversification process of the DRC allows us to contrast the facts.

Indeed, the aforementioned countries have managed to successfully complete a diversification process thanks to an internal dynamic supported by a strong presence of the State. We must qualify the presence of the State, because it does not in itself explain the success of these countries; it is the form of State intervention which is the factor of success ^[27].

According to the analysis of BONGO BONGO & KITENGE N'LAYI, the Congolese economy is effectively deindustrialized ^[28]. This deindustrialization is accentuated by the disorderly industrial development strategy, without cohesion or coordination, which cannot in any way lead to the emergence of an integrated, solid and competitive industry.

Investment policies in the DRC have excessively favored large-scale vertically integrated projects, but very little horizontally integrated ^[29]. This project-based approach is not profitable for the industrial sector, because the projects are concocted individually, without cohesion between them.

4.3.1 Lack of cohesion at the reform policy level

The execution of the "five projects of the Republic", the reconstruction program on which the head of state was elected in 2006, the "modernity of the country's infrastructure", the 2011 program and the "development of 145 territories", program of the current president since 2024. These programs focus on: infrastructure, job creation, education, water and electricity and, finally, health.

Thus, on September 17, 2007, the DRC signed with China the largest African cooperation and economic partnership contract, the famous "Chinese Contract" or "Contract of the Century". This is a barter contract – infrastructure for minerals. The Chinese are committed to building infrastructure for the DRC worth an estimated \$9 billion in direct compensation for mining resources (eight million tons of copper). Thus, a mining joint venture, SICOMINES, was created by the two partners (2/3 for China, 1/3 for the Congolese part). It is the profits of this company which will be used to reimburse. Once the debt has been cleared, the result should be shared according to the shares of each contractor in the joint venture. This contract had been a source of intense and contradictory debates inside the Congo, but above all of turmoil in the circles of donors and international financial institutions ^[30]. From an economic point of view, international institutions warned the DRC that this contract would increase the debt and could once again jeopardize the future of reconstruction and increase the risk of the macroeconomic framework slipping. Not wanting a Chinese contract, the IMF and World Bank tried to block this investment, arguing that the DRC could not enter into a new arrangement with a preferential creditor when it still owes its traditional Western creditors 11.5 billion dollars. This did not allow the DRC to conclude – as agreed – a program with the International Monetary Fund (IMF) under the PRGF.

Remember that when the Chinese contract was signed, the DRC was in discussions with international institutions, within the framework of the HIPC initiative. One of the conditions for the DRC to access the completion point, obtain debt relief of 9 billion USD and conclude an agreement on a three-year program with the IMF (FRPC), was the change in the conditions of the contract with China. The file concerning the completion point and access to debt cancellation was blocked for almost two years because China and the DRC each held to this contract. The first need mining resources for its industry and the second needing infrastructure for its development. A year later, finding itself between a rock and a hard place, the Congolese government, in need of liquidation and international legitimacy, has only submitted to the demands of donors. Thus, an Amendment to revise the contract was signed on April 22, 2008 between China and the DRC under pressure from international institutions and with IMF experts as observers ^[31]. Also the slowness of structural reforms was lifted by publishing on July 7, 2008 four laws on the new legal framework for State Portfolio companies.

Beyond the approach chosen by the current regime to review this Chinese contract where major adjustments have been made; the macroeconomic recovery indices of the DRC mining sector have not yet had the best results. Despite disappointing financial results, the different categories of actors are already inanimate to recognize that the challenge is great in the DRC to match the objectives of resumption of investments with those of a fair sharing of mining revenues between investors., the State and other stakeholders.

The policies promoted by international institutions, based on a liberalization of legal frameworks and a strategy of privatization of state mining companies, would have precipitated the accelerated destruction of the productive industrial sector. And the arrival of private foreigners, mostly with operating permits and little generation of jobs for the local workforce, would not have helped ensure a creative economic transition in the value chain.

This analysis shows that the reform process designed, proposed and implemented by international institutions seems to have ignored the complexity, the specificity of the Congolese context and the dynamic of operationalization of general financialization.

5. Conclusion

We have not emptied the question of our research on our simple findings, but nevertheless, we appeal to the conscience of our readers that the development and competitiveness of our local companies as well as their export performance, constitute a factor very serious about the growth and economic development of our country.

Economic diversification is an alternative to transform the rentier nature of the Congolese economy in order to impact the acquisition of a competitive advantage. This process is not easy, it makes not only necessary but obligatory the bringing together of various and sometimes very essential factors for success and export success.

Theoretically, the DRC must acquire and maintain a competitive advantage in its mining sector where it is better

²⁷ Benabdallah. Y, The Algerian economy between reforms and opening: what priority? P.1

²⁸ BONGO BONGO & KITENGE N'LAYI (2003), THE deindustrialization of the Democratic Republic of Congo, Explanatory factors and prospects for recovery, P.123

²⁹ I'm going, P.124

³⁰ MARYSSE Stefaan and GEENEN Sara (May 2008): "Chinese contracts in the DRC: Red imperialism on the march?", in L'Afrique des Grands Lacs. Yearbook 2007-2008, Paris, L'Harmattan, pp.287-313 available at <http://congominer.org/reports/1276-les-contrats> Chinois-en-rdc-l-imperialisme-rouge-en-marche consulted on April 11, 2021

³¹ The same

off compared to its rivals, or by better placement in productive and commercial activities by controlling the five forces of competition (PORTER model), or by developing one's resources and skills (resources and skills model).

To succeed in the fight against the curse of natural resources and economic diversification, it is necessary to transform these natural riches into real wealth through the coherence of investment projects and incentive practices which must constitute the basis of demanding actions and programs. policies. The psychology of the ruler remains an element of synergy, proving that his attitude and/or behavior can allow the establishment of a system for operationalizing good practices.

Most of these practices involve changing mentalities, such as ^[32]: leaders must fundamentally change their attitudes by ceasing to rely on the disinterested help of international institutions on the one hand, and on the other hand relying on effective regimes where the people are led either through laws or by men by avoiding loyalty to the Head of State than to the Republic where physical infrastructure, energy transport, education and communication must be the priority.

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