DECENTRALIZING THE CHALLENGES OF POVERTY REDUCTION IN THE DRC

by Wim Marivoet

Résumé

Par l'approbation de la nouvelle Constitution par la population congolaise en 2006, la République Démocratique du Congo s'est engagée dans un processus de décentralisation administrative qui redécoupera les 11 provinces actuelles en 26 nouvelles. À part les considérations concernant la faible capacité institutionnelle ainsi que l'insensibilité aux conditions locales qui caractérise ce processus, on connaît très peu de chose par rapport aux défis des futures autorités provinciales. Sur base de l'Enquête 1-2-3, exécutée pour la rédaction du DSCRP, cet article aspire à contribuer aux besoins en information des responsables locaux, nationaux et internationaux. En traçant des profils géographiques de bien-être, de pauvreté et d'inégalité, on a pu constater que les nouvelles provinces du Haut-Katanga, du Mongala et du Bas-Uele seront non seulement les moins pauvres, mais que la répartition des revenus y sera aussi (à l'exception du Haut-Katanga) la plus égale. De l'autre côté de l'échelle, on peut trouver le Sud-Kivu (parmi les provinces les plus affectées par le conflit à l'Est), ainsi que le Sankuru et le Tshuapa qui souffrent probablement de leur isolation physique au centre du pays. Ce qui est également remarquable est la faible position de Kinshasa par rapport aux autres provinces actuelles et futures.

1. INTRODUCTION

With the beginning of the Third Republic, manifest in the new and democratically-elected government in Kinshasa in 2006, the Democratic Republic of Congo (DRC) had hoped for mass influx of resources in the form of investments, aid and trade opportunities. So far, the international (largely Western) community has held back waiting for more stable signs of good governance and security. Indeed, as the DRC case clearly indicates, elections do not equal genuine democracy or stability. In a recent report by Human Rights Watch[1], the regime of Joseph Kabila was accused of repression and the elimination of political opponents, especially in Kinshasa and Bas-Congo where the President failed to reach an electoral majority. Furthermore, since 1996 the eastern part of the country has been the site of continuous hostilities between several well-armed Congolese and foreign rebel factions, where shifting alliances constantly redraw the battle lines and fuel further insecurity and instability[2]. China, in a different form, has already entered the stage by establishing very lucrative mining contracts with the DRC[3] to support its two-digit growth economy, and agricultural contracts to feed its ever-growing population.

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[1] HUMAN RIGHTS WATCH, *"We Will Crush You," The Restriction of Political Space in the Democratic Republic of Congo*, New York, 2008.

[2] For an extensive overview, see REYNTJENS, F., *The Great African War, Congo and Regional Geopolitics, 1996-2006*, Cambridge, Cambridge University Press, 2009.

[3] MARYSSE, S., GEENEN, S., "Les contrats chinois en RDC: l'impérialisme rouge en marche ?", *L'Afrique des Grands Lacs. Annuaire 2007-2008*, Paris, L'Harmattan, 2008, pp. 287-313.

The Western donor community's reluctance to begin releasing funds to the DRC exhibits its new aid paradigm, which makes its funding highly dependent on recipient achievements in 'good governance'. In line with this approach, decentralization became a very popular instrument of recipient countries to comply with these new rules of donor engagement[4]. Certainly, in specific circumstances and under certain conditions, decentralization should encourage more grass-roots political/social participation and commitment, more locally-adapted policies and, in consequence, more effective development outcomes. Presently, the DRC is engaged in a process of decentralization. Defined by the new constitution of 2006[5], it is expected to become fully effective at the latest three years after the inauguration of the Senate (i.e. January 2010). Not only does this process entail the transfer of a substantial number of functions from the central to the provincial level, it also provides for the division of the existing 11 provinces into 26. Little is known about the challenges these future provincial governments will face to generate well-being and fight poverty. The same holds true for the central government, which remains responsible for the crucial functions of ensuring stability and redistributing wealth between provinces. Plainly, with the unequal distribution of natural resources across the country, Kinshasa's principal challenge in the decentralization process will lie in balancing local and national interests, while, at the same time, guaranteeing the country's unity and stability[6].

The main objective of this article is to meet, in part, the information needs of local, national and international representatives in charge of defining socio-economic policies and strategies for the DRC at the provincial and country-wide level. In Section 2, we will start by analyzing the decentralization framework as described in the Constitution, along with some evaluative comments on potential dangers and opportunities. Section 3 will introduce the reader to our main data source (*Enquête 1-2-3*, henceforth 1-2-3 Survey[7]), and the methodology used to make the expenditure data provincially-comparable. In Section 4, we will sketch geographic well-being, poverty and inequality profiles for the whole DRC population in the years 2004-5. And finally in Section 5 we come to conclusions.

[4] BARDHAN, P., "Decentralization of Governance and Development", *Journal of Economic Perspectives*, 2002, Vol. 6, No. 4, p. 185.
[5] RÉPUBLIQUE DÉMOCRATIQUE DU CONGO, *Constitution de la République Démocratique du Congo*, Kinshasa, 2006.
[6] MARYSSE, S., "Decentralization Issues in Post-Conflict Democratic Republic of the Congo (DRC)", *L'Afrique des Grands Lacs. Annuaire 2004-2005*, Paris, L'Harmattan, 2005, pp. 205-206.
[7] INSTITUT NATIONAL DE LA STATISTIQUE DE LA RDC, *Enquête 1-2-3*, Kinshasa, INS, 2004-5.

2. OPPORTUNITIES AND CHALLENGES OF DECENTRALIZATION IN THE DRC

As highlighted in the introduction of this article, engaging in a process of decentralization has been a popular means for many recipient countries to align with the new aid architecture. As such, discretionary power over public budgets comes much closer to the people themselves. This should not only spark more direct participation in local decision making, but also increase community ownership over locally-devised programs and shorten accountability loops for those responsible for program execution. Moreover, due to greater knowledge of prevailing realities, these programs can be much better adapted and prioritized to meet local needs and preferences.

On a higher or macro level, this all sounds very appealing and relevant. However, when we move to the practical side of implementation, one must also make cost-benefit analyses as well as feasibility studies for the specific country under review. Whereas the first one tries to evaluate the increased costs of decentralization against the expected improved outcomes, the latter attempts to assess the institutional capacity of the administration to run such a process in the first place. In this section, we will argue that for a country like the DRC, the added value to decentralize its administration is enormous given its vast size, huge transaction costs and high social and cultural diversity. Alternatively, the timing to reconfigure DRC's public administration is anything but ideal, especially considering the very early stages of institutional development most of the country finds itself in. In this section, we shall discuss each of these elements in turn.

Regarding the relative costs and benefits of the envisaged decentralization, one may conclude that the DRC is among the most appropriate countries to undertake such a process. On the one hand, the country's economic geography provides an ideal example of what has become known as "Sub-Saharan Africa's proximity gap"[8]. Referring to Table 1, which attempts to illustrate this gap by means of a few selected indicators, one immediately sees the disadvantageous position of Sub-Saharan Africa (SSA) vis-à-vis other low and middle income regions in the world. In all categories, except for the national average distance to the capital, Sub-Saharan Africa (SSA) performs worse than the average of all low and middle income countries. Further, the DRC, in all categories, is substantially underperforming its own regional average (e.g. population, road and rail densities are much less than one third the corresponding densities of SSA). This results not only from the continental dimensions of the DRC, but also from the total neglect of the transport system's maintenance since independence in 1960. The same holds for the other two indicators in Table 1: national average distance to the capital

[8] For a very recent overview of the 'proximity gap' and its impact on transport costs, see Section 3 of NAUDÉ, W., "Geography, Transport and Africa's Proximity Gap", *Journal of Transport Geography*, Vol. 17, 2009, pp. 1-9.

city is almost 3 times as large as the region's average; and the population living within 75 km from a coast line is only 2%, compared to 34% for SSA as a whole. Whereas the former gives a sense of the remoteness of the capital, and what this may mean in terms of economic and social policies for the country, the latter points to the country's poor accessibility to global markets.

Table 1. The proximity gap in Sub-Saharan Africa and the DRC

	population density (number of people / km²)	*road density (road km per 100 km²)*	*rail density (rail km per 100 km²)*	*national average distance to capital (km)*	*population living <75 km from a coast (%)*
	2006	**2000-06**	**2000-06**	**2000**	**2000**
World	371	91	2.7	359	55
High income	917	201	5.6	286	75
Low and middle income	117	42	1.7	392	46
East Asia & Pacific	118	31	1.1	433	72
Europe & Central Asia	68	53	2.6	430	17
Latin America & Car.	105	70	1.5	344	70
N. Africa & M. East	125	24	1.0	436	52
South Asia	463	74	1.5	376	33
Sub-Saharan Africa	96	24	1.6	376	34
DRC	26	7	0.2	1006	2

Source: WORLD DEVELOPMENT REPORT, *Reshaping Economic Geography*, Washington, World Bank, 2009, pp. 331-348.

Considering these combined factors, one can readily conclude that real market access for an average Congolese tends to be extremely low. However, depending on the exact location, variation in proximity may be considerable: whether they live close to a harbour in the west or in the more densely populated eastern part of the country; or whether they live near to a big city, a mining site or along one of the many tributaries in the Congo River Basin, each may matter a great deal in terms of economic opportunities. Moreover, after the Cold War, the state which was until then the only unifying actor to overcome sharp economic regional cleavages completely collapsed. As a result, small island states emerged along economic cleavages and reshaped local economic structures, which intensified the degree of fragmentation even more. In eastern Congo, this power vacuum led to a privatisation of the state's functions and a de facto criminalisation of its economy[9]. In the west, quite different responses to the state's absence arose.

DRC's complex cultural and social heterogeneity further adds to its profoundly fragmented identity (e.g. in the DRC, 4 national languages are

[9] REYNTJENS, F., "The privatisation and criminalisation of public space in the geopolitics of the Great Lakes region", *The Journal of Modern African Studies*, Vol. 43, No. 4, December 2005, pp. 587-607.

spoken and more than 400 different tribal groups exist). Nonetheless, intense commercial exchanges, political ideas, conflict or other forces may shape social realities that do not follow national, ethnic or cultural lines. For example, an inhabitant of Goma may be more interested in and generally will be better informed about what happens on the other side of the Rwandese border than what happens to his brother who may have moved to Lubumbashi. As a result of the processes of identity (re)construction (conditioned by the politico-economic realities sketched above) the DRC has become an amalgamated, cultural, economic and socio-political *mosaic* or *patchwork*[10].

Given these complex cleavages, decentralization might be a satisfactory approach to cope with the so-called proximity gap by formally transferring power and functions to more decentralized tiers of public administration which may be better integrated in terms of cultural and political ideas as well as accessibility to markets and public goods. To assess the viability of this idea, two main reservations should be considered. With the discussion of these reservations, it will become clearer how the new geographical partitioning will legally be conceived[11]. To be clear, in this article we will focus mainly on decentralization from a national and a provincial point of view, and not from that of the decentralized territorial entities (e.g. *villes* and *communes* for the urban sector and *chefferies* and *secteurs* for the rural areas) for which elections still need to take place.

The first main reservation would be how far the new administrative set-up will coincide with the existing structures on the ground, and whether this is at all desirable. Except for local officials, who at least are well aware of their own livelihoods, nobody really has a comprehensive country-level overview of where exactly all these multidimensional lines run or how these multifaceted local realities link up. Nonetheless, some pieces of information do exist: on the basis of road rehabilitation impact studies and projected statistics on food production and marketing, Tollens and Biloso[12] sketched a rough overview of the trade flows of the most important food items. Generally, one can say that food production in the eastern provinces nowadays is insufficient, whereas the western part of the country generates some surpluses. The ongoing conflict in the east, which discourages farmers from cultivating large plots or even compels them to work in the artisanal mining sector, is of course one of the main reasons for this current east-west dependency[13]. On the contrary, the Kivu

[10] POURTIER, R., "Reconstruire le territoire pour reconstruire l'État : la RDC à la croisée des chemins", *Afrique Contemporaine*, Vol. 3, No. 227, 2008, pp. 25-29.
[11] For the law on decentralization, as well as a first assessment, the author would like to refer respectively to DRC's Constitution (RÉPUBLIQUE DÉMOCRATIQUE DU CONGO, *op. cit.*, pp. 1-57) and the several preliminary "Lois organiques" dealing with the three layers of decentralization (i.e. state, provinces and decentralized territorial entities), and to MARYSSE, S., *op. cit.*, pp. 187-207.
[12] TOLLENS, E., BILOSO, A., *République Démocratique du Congo: Profil des marchés pour les évaluations d'urgence de la sécurité alimentaire*, Rome, Programme Alimentaire Mondial, Service de l'Évaluation des besoins d'urgence (ODAN), 2006, p. 93.
[13] TOLLENS, E., BILOSO, A., *op. cit.*, pp. 40-44.

region still seems to supply the west with meat and European-type vegetables (which need a more moderate climate). Of course, this domestic picture must be enhanced with information on cross-border trade which may highlight other even more important dependencies. Indeed, whereas at independence the country was producing enough sugar and palm oil for its own domestic needs, it is now importing large quantities respectively from Brazil, Malaysia and the European Union. Furthermore, wheat, rice, meat and fish are food items officially imported through Matadi harbour. Maize, conversely, is typically imported from neighbouring southern states to mainly serve the needs of Katanga and Kasaï. Now, how these trade flows exactly run depends significantly on the quality of the (very) local transport infrastructure, which may change seasonally due to land erosion (after rainfall or altering rivers levels), and on specific ('locally-imposed') duties and possible ways to circumvent them.

Demographic characteristics can also be derived from DRC's 1-2-3 Survey[14]. In Table 2 (last column), the inverse ELF index[15] – which is an indicator of the ethno-linguistic homogeneity of a society – measures for each province the probability of encountering someone from the same ethnic group. As can be seen, future provincial partitioning will not necessary result in homogeneous populations. Quite the contrary, only in Lualaba, Mongala and Haut-Lomani will a majority of the population belong to the same ethnic group (with inverse ELF indices of 51%, 67% and 72%, respectively). This being said, the ongoing partitioning of current provinces will, by definition, *not* take any of these local realities deliberately into account as they will generally follow the existing boundaries of the lower-level *districts*. In other words, and with a few exceptions, the former districts will simply become the future provinces, each with a provincial government and assembly. In the first two columns of Table 2 the 11 current provinces (including Kinshasa) are shown along with the 25 districts; the third column contains the names of the 26 future provinces (including Kinshasa).

As the difference in the number of districts and future provinces suggests, a few exceptions to this rule exist. The most noteworthy is Bas-Congo which now consists of 3 districts but will remain one province after decentralization. This, of course, relates to the historical linkages of the old Kongo kingdom that existed long before colonial rule, and which now not only stretches through current Bas-Congo but also across the present borders of Congo-Brazzaville and Angola[16]. Next to this political element, the Congo River as well as the "route nationale 1", which connects the harbours of Matadi and Boma and the capital, will probably provide the best economically-

[14] See section 3 for more information about this survey.
[15] OKEDIJI, T. O., "The Dynamics of Ethnic Fragmentation, a Proposal for an Expanded Measurement Index", *The American Journal of Economics and Sociology*, Vol. 64, No. 2, April 2005, p. 646.
[16] The latter aspect also explains why Bas-Congo will be renamed 'Kongo Central'. Similar reasons may exist for other future provincial names.

integrated area of the country. As a result of keeping this province undivided, the legislator complied with prevailing political and economic realities. But as highlighted, this administrative adaption to local realities will be an exception to the rule, given the straightforward promotion of the district level. Another minor exception leaves North Kivu, Maniema and South Kivu as they are (the three actually formed the districts of the larger Kivu Province and were elevated to provinces in 1988). And finally, the districts of Plateaux and Mai-Ndombe will be merged again into one province called Mai-Ndombe.

Table 2. Territorial partitioning and the inverse ELF index

N°	*Current provinces*	*N°*	*Current districts*	*N°*	*Future provinces*	*Inverse ELF index*
1	Bas-Congo	1	Bas-Fleuve	1	Kongo Central	27%
		2	Cataractes			
		3	Lukaya			
2	Kinshasa	-		2	Kinshasa	3%
3	Bandundu	4	Mai-Ndombe	3	Mai-Ndombe	20%
		5	Plateaux			
		6	Kwilu	4	Kwilu	21%
		7	Kwango	5	Kwango	37%
4	Équateur	8	Mongala	6	Mongala	67%
		9	Équateur	7	Équateur	24%
		10	Tshuapa	8	Tshuapa	33%
		11	North Ubangi	9	North Ubangi	44%
		12	South Ubangi	10	South Ubangi	25%
5	Orientale	13	Tshopo	11	Tshopo	23%
		14	Haut-Uele	12	Haut-Uele	29%
		15	Bas-Uele	13	Bas-Uele	24%
		16	Ituri	14	Ituri	23%
6	North Kivu	-		15	North Kivu	42%
7	Maniema	-		16	Maniema	15%
8	South Kivu	-		17	South Kivu	29%
9	Katanga	17	Tanganyika	18	Tanganyika	50%
		18	Haut-Lomami	19	Haut-Lomami	72%
		19	Lualaba	20	Lualaba	51%
		20	Haut-Katanga	21	Haut-Katanga	11%
10	Kasaï-Oriental	21	Sankuru	22	Sankuru	48%
		22	Kabinda	23	Lomami	34%
		23	Tshilenge	24	Kasaï Oriental	11%
11	Kasaï-Occidental	24	Lulua	25	Lulua	44%
		25	Kasaï	26	Kasaï	39%

Source: RÉPUBLIQUE DÉMOCRATIQUE DU CONGO, *op. cit.*; DE SAINT MOULIN, L., *Atlas de l'organisation administrative de la République Démocratique du Congo*, Kinshasa, Centre d'Études Pour l'Action Sociale, 2005.

Thus, future provincial reconfigurations will, with a few exceptions, be insensitive to prevailing local dynamics. However, one can wonder if such sensitivity would be desirable at all, and if so, which type of sensitivity. For

example, given the secessionist movements in Katanga, South Kasaï and Bandundu during the First Republic, earlier legislators would likely be pleased to see the high degree of cultural heterogeneity at present within each of the future provinces, as this would imply a natural introduction of checks and balances to prevent similar separatist movements from occurring in the future. Moreover, the general food dependency seems to necessitate a more global approach than what the sum of 26 decentralized policies could potentially offer. Furthermore, if we look at the very unequal reserves of minerals throughout the DRC, a strongly decentralized administration with fiscal autonomy would have serious consequences for the economic development of each province. In this sense, cultural and economic diversity may not be something one should attempt to isolate within a set of discrete provincial administrations. Maintaining and fostering unity is also vital to the survival of the Congolese state and people. Of course, everything depends on the exact national functions to be transferred, and the precise legal stipulations imposed. To be sure, the final legislation governing relations between state, provinces and decentralized territorial entities have not yet come into effect, and are still subject to intense debate among the leaders of Congo's political class. Simply stated, the debate concerns opposing views of federalism and republicanism which date from independence and which have greatly influenced the formulation of the 2006 Constitutional Law[17]. One issue where this antagonism becomes palpable is the exact constitutional taxation framework in which future provinces will propose and apply their own tax policy(ies). Economically-advantaged provinces will obviously prefer the maximum degree of fiscal decentralization. Less-advantaged provinces will naturally prefer a much stronger federal government committed to a more aggressive policy on smoothing fiscal inequalities with equalization payments. This mechanism has already been embedded in the constitution with a so-called "caisse de péréquation" into which 10% of all national tax revenues are paid. The remaining 90% will then supply provincial (40%) and national (50%) budgets. According to Liégeois[18], the 10% portion will be insufficient for such a "caisse" to play its compensatory role, since nowadays just three provinces (i.e. Kinshasa, Bas-Congo and Katanga) collect more than 90% of overall tax revenues. As these fractions are now incorporated into the constitution, the ongoing debate now focuses on other issues such as the exact fiscal base *on which* and place(s) *where* these percentages would apply[19].

Another important factor is the potential conflicts between the policies/actions of provincial administrations and the myriad of local '*arrangements*' that have been made with people as compensation for the state's failure to provide public goods. In theory, such a legitimacy problem

[17] POURTIER, R., *op. cit.,* p. 32.
[18] LIÉGEOIS, M., *La Décentralisation en RD Congo, Enjeux et Défis*, Bruxelles, Groupe de recherche et d'information sur la paix et la sécurité (GRIP), 2008, pp. 11-12.
[19] KABAMBA, B., "La Décentralisation et la Santé", Presentation at the Institute of Tropical Medicine, Antwerp, 14 January 2009.

may not occur, as the provincial elections that took place during the second round of presidential voting gave rise to a new set of provincial assemblies charged with representing the people of their regions. However, the indirect elections that followed to appoint provincial governors and members of the Senate took place in a corrupt manner as the discrepancy with the presidential results shows[20].

The second key reservation we would like to stress – apart from considerations of local adaptability – is the country's ability (or inability) to successfully manage such a thorough reform of its public administration. As stated above, the DRC is still a premature democracy covered in a very thin institutional blanket. It was only in 2006 – after more than 30 years of dictatorship, a long and bloody transition period and strong pressure from the international community – that the Congolese public could again vote for their president. The institutional weaknesses stem not only from the country's present incapacity to control its army and restore national sovereignty in the Kivu region, but also from a variety of other problems. Firstly, since mid-2003 the DRC has reached the *decision point* regarding the HIPC-initiative, which guides the multilateral debt reduction of Heavily-Indebted Poor Countries. Barring the interim debt relief that coincides with reaching this point, the country has failed ever since to meet a set of further conditions which would result in the DRC reaching the *completion point* securing a corresponding (irreversible) debt reduction of more than $9 billion[21]. Secondly, in 2007 the Congolese authorities reached an $8.5 billion agreement with a consortium of Chinese public enterprises to exchange infrastructure development against mineral ores (e.g. copper, cobalt and gold). At first sight, this "win-win agreement" seemed highly beneficial to the DRC. However, under closer examination by Marysse and Geenen[22], China's more advantageous position in terms of real counter value, formal obligations and juridical power was revealed. Lastly, an assortment of other problems; from distortions in diplomatic relations over arrears payments to public servants to rampant corruption within certain public enterprises bedraggle the state.

All these examples point, in one way or another, to the institutional weakness of the country. Evidently, one may question how a decentralized public administration will be able to strengthen the state's institutional capacity, given the apparent anaemia of human capital and leadership at the national level. It is easily imaginable that a multiplication of administrative layers will result in nothing more or less than a multiplication of corruption by the same factor[23].

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[20] REYNTJENS, F., "Democratic Republic of Congo: Political Transition and Beyond", *African Affairs*, Vol. 106, No. 423, 2007, p. 314.

[21] CASSIMON, D., KABUYA KALALA, F., NTOMONO-NZUZI, M., "En attendant Godot ? Pourquoi la réalisation de l'annulation de la dette reste-t-elle en suspense en RDC?", *L'Afrique des Grands Lacs. Annuaire 2007-2008*, Paris, L'Harmattan, 2008, pp. 315-329.

[22] MARYSSE, S., GEENEN, S., *op. cit.*, pp. 287-313.

[23] BARDHAN, P., *op. cit.*, p. 188.

Given these reservations, one might find it hard to retain any optimism regarding decentralization in the DRC. However, to the extent that these current and potential problems are based on inaccurate information and/or could be easily mitigated or countered, we might become interested in the difficulties faced by the national and 26 provincial governments in their struggles for wealth and poverty reduction. Inter-provincial inequalities and rivalries that could result from decentralized fiscal autonomy may become an issue of special concern to the national government. To shed light on these topics, we need first spatially (or geographically) well-ventilated data, and secondly, sound indicators of well-being to make such analyses. The following section introduces the reader to the methodology used to make inter-regional data comparable. In Section 4, we examine geographical profiles of well-being, inequality and poverty in the DRC.

3. DATA AND METHODOLOGY

The data on which our geographical analysis will be built in Section 4 come from a recent household and expenditure survey called *1-2-3 Survey*, which was executed in 2004-5 as an indispensable source of information to draft in 2006 the country's first Poverty Reduction Strategy Paper (PRSP)[24]. The numbers "1-2-3" refer to the subsequent three survey phases covering employment, the informal sector and consumption, respectively. Our well-being variable will be constructed mainly from Phase 3 data obtained from more than 12,000 households across the country. For developing countries, consumption data are commonly considered much more reliable than income data because of seasonality effects and the general reluctance of households to report income directly. Before we can scientifically employ the collected raw survey (consumption) data, it must first undergo several 'technical treatments or corrections'. These corrections generally attempt to make consumption data insensitive to contextual variation faced by different families. Since most of these technicalities go beyond the scope of this article, we would refer the interested reader to a specialized paper on the subject[25]. In the rest of this section, we will limit ourselves to summarizing the main issues at stake; along with some of our proposals to deal with them.

A common first step is to level the household's consumption according to its size and composition. In doing so, one attempts to accommodate economies of scale within the household, and correct for differences in needs between household members. That such corrections are essential can be seen in Table 3: mean household size seems to vary between 4.72 in Bandundu and 6.04 in Kinshasa. Furthermore, the number of children (<=6years) does not always correlate neatly with this mean household size. This adds very crucial information to the analysis: whereas Kinshasa families, on average, tend to be

[24] RÉPUBLIQUE DÉMOCRATIQUE DU CONGO, *Document de la Stratégie de Croissance et de Réduction de la Pauvreté (DSCRP)*, Kinshasa, 2006.
[25] MARIVOET, W., DE HERDT, T., *Poverty Lines as Context Deflators* (forthcoming 2009).

larger, the individual members also seem to be older (compared to the national average). The reverse seems to hold for Katanga.

Table 3. Variations in demographic composition of households for the 11 provinces

province	*mean household size*	*mean number of children (<= 6 yrs.)*
Kinshasa	6.04	1.25
Bas-Congo	4.78	1.08
Bandundu	4.72	1.17
Équateur	5.92	1.47
Orientale	4.74	1.16
North Kivu	5.62	1.49
Maniema	5.41	1.20
South Kivu	5.73	1.52
Katanga	5.24	1.43
Kasaï-Oriental	5.62	1.57
Kasaï-Occidental	5.52	1.58
total	5.33	1.35

Source: Own computations based on the 1-2-3 Survey data.

However, the question as to which parameters one should use in practice to make these corrections is much less straightforward. For our methodology, we opted to use a household equivalence scale of the form $(N_A+\delta N_C)^{\theta}$, where the two effects of size and composition are parameterised separately[26]. Following Drèze and Srinivasan[27], the consumption needs of children under 6 years of age were set to $\delta=0.7$ times the needs of an adult; and to control for economies of scale we set θ to 0.85.

A second factor corrects for differences in price levels throughout the country. In fact, one is interested in the real purchasing power of families rather than proxies of their nominal incomes. Given the vast size of the DRC and the serious and widespread degree of economic fragmentation, correctly determining this factor is a huge challenge, but is crucial to accurately represent variations in Congolese living standards. The challenge is thus twofold. On the one hand, it is not clear where exactly we should draw the boundaries of internally well-integrated markets for which price convergence might be assumed. And, on the other hand, the survey does not provide reliable price information on all commodities, especially when non-food items and their varying qualities are considered. Neglecting both issues is certainly no option, given the enormous price variations observed within the data for some of the

[26] CUTLER, D.M., KATZ, L.F. (1992) cited in: LAMBERT, P.J., *The distribution and redistribution of income*, Manchester, Manchester University Press, 2001, p. 16.
[27] DRÈZE, J., SRINIVASAN, P.V., "Widowhood and poverty in rural India: Some inferences from household survey data", *Journal of Development Economics*, Vol. 54, 1997, pp. 217-234.

most common Congolese food items. For example, maize flour is 2.5 times more expensive in the city of Kinshasa than in Lubumbashi. This factor even increases to 4.7 for cassava flour between the same localities; and to 9.0 for cassava leaves between Kinshasa and the villages around Bukavu, each time Kinshasa being the more expensive. Therefore, if one does not compensate for differences in purchasing power, one risks underestimating (or overestimating) the living standards of those people who face relatively low (or high) prices. To be sure, if one would like to compare the results in Section 4 with those summarized in DRC's PRSP (2006), one should be aware that the latter figures seem to have been poorly adjusted for differences in local price levels, and thus results in quite different estimates[28].

A third factor involves the integration of spatially varying needs into our well-being analyses. We relied above upon equivalence scales to level the differences in needs between adults and children. Differences in needs may stem not only from age, but also from where one lives. For example, whereas the inhabitants of Kinshasa need mosquito nets to protect themselves against malaria, rural dwellers on the higher, and thus colder, Batéké plateau (situated only a few hundred kilometres to the east of the capital) are protected against this menace by topography. Obviously, one can easily imagine other examples that illustrate the argument that equal degrees of well-being in different places may often require a varying mix of resources (type and quantity)[29].

Now, to cope with the challenges of spatial variations in prices and needs, we chose to construct a series of poverty lines for a certain number of well-defined localities within the country. Ideally, each of these poverty lines would reflect the *local* pricing of the *same* level of well-being. However, due to data limitations and a lack of consensus on what would constitute a minimal level of well-being, shortcuts were sometimes necessary and a certain number of assumptions had to be made. Ultimately, the poverty lines gave rise to a set of deflators[30], with which expenditure data could finally be equalized. A nice spill-over of working through poverty lines compared to general price indices is that one focuses on the budget allocation of the poor, rather than the mean consumption pattern in each locality [31].

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[28] Essentially, when it comes to measuring poverty, the only correction enforced on the data to correct for different price levels seems to relate to the discretional use of an urban and a rural poverty line; the former being 57% higher than the latter. Moreover, no equivalence scale to accommodate for differences in household composition and size seems to have been applied. See: RÉPUBLIQUE DÉMOCRATIQUE DU CONGO, *op. cit.,* pp. 22-23.

[29] This insight has been convincingly introduced into development thinking by Amartya Sen. See, for example: SEN, A., *Choice, Welfare and Measurement*, Oxford, Basil Blackwell, 1982, pp. 353-369.

[30] RAVALLION, M., LOKSHIN, M., "Testing Poverty Lines", *Review of Income and Wealth*, Vol. 52, No. 3, 2006, p. 399.

[31] While making international poverty comparisons, the same argument has promoted the so-called PPPP-project (Purchasing Power Parities of the Poor) by the World Bank. See: REDDY, S., POGGE, T., *How Not to Count the Poor*, www.columbia.edu/ %7Esr793/count.pdf (last consulted: 13 January 2009), 2005, p. 35.

All of these steps are dealt with in greater detail in the above-mentioned paper. What the reader should remember, moving to the next section, is that this methodology has resulted in a proxy-variable for well-being that allows for more accurate spatial comparisons. This variable (henceforth 'income') can be understood as the daily disposable income in Congolese Francs[32] of an equivalent adult inhabitant of Kinshasa in November 2004.

4. GEOGRAPHICAL PROFILES OF WELFARE, INEQUALITY AND POVERTY

In this section, we present some geographical profiles with respect to the income distribution from the 1-2-3 Survey of 2004-5. In light of the ongoing process of decentralization, we hope to respond to some of the information needs of future provincial governments, and those of the existing national agencies in charge of the overall development strategy.

Given the wide range of possible decompositions through which income distributions can be spatially analysed, we will limit ourselves to three levels of geographical partitioning: (i) the sector division (*villes*/*cités*/*villages*); (ii) the 11 current provinces; and (iii) the 26 future provinces. The following questions will guide us through this section:

1. Which regions can be considered better off than others; and how robust are such statements in light of the many divergent ways of defining "better off"?
2. Which regions are poorest; and how robust are these poverty rankings considering the high normative content typically comprised in any poverty line?
3. How equal/unequal is the Congolese society and its constituent regions; and what would this mean in terms of the country's stability and unity?

In considering these questions, we will try to relate some of the results with rare and fragmented data from other sources[33].

In addressing the first question, we will draw mainly on the literature of *welfare dominance* initiated by Kolm[34], Atkinson[35] and Shorrocks[36]. This work provides a framework to verify, under increasingly stringent conditions, whether one region can be considered better off than another from a social planner's perspective. In assessing income distributions, a social planner is

[32] At that time, $1 approximately equalled 400 FC.

[33] The technical computations for this section were mainly executed using DAD (Distributive Analysis/Analyse Distributive) software, which is a free and open source software designed by Jean-Yves Duclos, Abdelkrim Araar and Carl Fortin (see: www.mimap.ecn.ulaval.ca).

[34] KOLM, S.-C., "The optimal production of social justice", in MARGOLIS, J., GUITTON, H. (eds.), *Public Economics*, London, Macmillan, 1969.

[35] ATKINSON, A. B., "On the measurement of inequality", *Journal of Economic Theory*, Vol. 2, 1970, pp. 244-263.

[36] SHORROCKS, A. F., "Ranking income distributions", *Economica*, Vol. 50, 1983, pp. 3-17.

typically concerned with two distinct elements: (i) how large is the overall 'cake,' and (ii) how is the cake distributed among members of society. Whereas the former values efficiency, the latter introduces a notion of equity. Generally, both elements enter the specification of a social welfare function (SWF), but in varying degrees – mirroring the many divergent opinions of how a *good* society should look. The power of the welfare dominance framework lies in its ability to rank different income distributions without fully specifying the SWF. Of course, when a SWF is fully described, a complete ranking of income distributions will always result. The drawback, however, is that no unanimity will exist with respect to the exact specifications of that SWF (i.e. the exact mixture of efficiency and equity considerations). A definitive ranking of *empirical* distributions might still occur under much less stringent assumptions, for which unanimity is more easily obtained. Therefore, one will naturally start from the weakest condition, and gradually attach more stringent assumptions to the SWF[37] until dominance occurs.

Now, applying this framework to our dataset, we discovered no *first order stochastic dominance* with respect to any of the three types of partitioning. This means that, when social planners who could only agree on the "soft" principles of *paretianity*[38] and *symmetry*[39], none of the regions in each of the three geographical variables (sector, 11 provinces, 26 provinces) can be ranked as better (or worse) off than any of the other categories of the same variable. In other words, this implies that two different social planners, adhering to the above-mentioned principles, might still rank the same income distributions of the three sectors, 11 current and the 26 future provinces differently. Consequently, one typically strengthens the set of social welfare functions by adding the *transfer*[40] principle. Again, there was still no *second order stochastic dominance* between the three sectors or between any of the 26 provinces. However, we could find welfare dominance within the series of our 11 current provinces for 19 of all 55 pair-wise combinations. Indeed, if our social planner is not inequality preferring, Katanga and South Kivu will always be considered better and worse off, respectively, than any other of the 9 provinces, notwithstanding the *exact* degree of inequality aversion s/he would support. In other words, whether our social planner is only concerned with the income of the poorest individual (i.e. Rawlsian leximin) or only with the mean income no matter how it is distributed (i.e. classical utilitarianism), or any equity-efficiency consideration in between, Katanga (South Kivu) can be

[37] More specifically, the increasingly stringent assumptions are typically attached to the underlying utility function of the SWF. Moreover, in this discussion on welfare dominance, we will permanently limit ourselves to the set of additively separable SWFs.

[38] The *paretianity* principle implies that when, *ceteris paribus*, an individual's income increases, social welfare should increase as well.

[39] The *symmetry* principle presumes that when people exchange their income with other people social welfare should remain the same

[40] The *transfer* principle requires that a transfer from rich to poor should always increase social welfare. In fact, this means that the social planner supports some degree of inequality aversion when assessing an income distribution.

considered welfare superior (inferior) compared to the other 9 provinces. These observations can be linked to events in the field: whereas South Kivu is located within the humanitarian triangle Butembo-Kindu-Kalemie (to demarcate the most affected ongoing conflict area), Katanga (and especially Lubumbashi) has been shown to proceed at different speed compared to other regions.

Now, instead of further checking for *third-order stochastic dominance*[41], we would like for a moment to focus exclusively on classical utilitarianism, which is a much more specific but also very common type of SWF that gives the same welfare weight to any person's income. Following this inequality-neutral position, we can not only rank distributions according to their respective mean incomes, but also verify our data consistently against other information sources. In Table 4, we first see the dominant income position of Katanga (with a daily mean income of almost 770 FC). Next are the provinces with an average income around 670 FC (i.e. Kasaï-Oriental, Maniema, North Kivu, Orientale, Équateur). This group is then followed by two provinces (Bas-Congo and Kasaï-Occidental) with an income just above 600 FC. Finally, the 3 remaining provinces (i.e. Kinshasa, Bandundu, South Kivu) seem to lag further behind in a more scattered fashion.

To the extent that nutritional data can be considered a substitute for income, similar conclusions with respect to the relative position of these 11 provinces could be drawn. First of all, as Table 4 also indicates, our own survey reports a much higher mean caloric intake per equivalent adult for the Katangese families than for those living in South Kivu, 3723 kcal (highest) and 1484 kcal (lowest) respectively. Regarding the other provinces (except for Kasaï-Oriental), differences between the caloric- and income-based rankings remain limited to only small changes which respect the general classification sketched above. In addition, when diet quality considerations are introduced by means of a diversity score card[42], we notice a similar trend: South Kivu has the second-lowest diet diversity (after North Kivu) and Katanga positions itself within the top four. Furthermore, in a recent global report on food security and vulnerability[43], South Kivu displayed the highest percentage of households with a poor alimentary diet (12%), which is twice the national average and consistent with our observations. This is also true, in general, for all other provinces except for Katanga, where an almost equally high percentage of poor alimentation (11%) was observed, and for Kasaï-Occidental, which seems to be the most food secure province following the same report.

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[41] This is done by reducing the set of possible SWFs to those adhering to the principle of *diminishing transfers*, which is much more controversial and less intuitive than the other principles.

[42] For the exact calculation of these diversity score cards, we took inspiration from ARIMOND, M., RUEL, M. T., *Dietary Diversity, Dietary Quality, and Child Nutritional Status: Evidence from Eleven Demographic and Health Surveys*, Washington D.C., Food and Nutrition Technical Assistance (FANTA) Project, Academy for Educational Development (AED), 2004, pp. 22-24.

[43] WFP, MINISTÈRE DU PLAN, INSTITUT NATIONAL DE LA STATISTIQUE, *République Démocratique du Congo : Analyse globale de la sécurité alimentaire et de la vulnérabilité*, Rome-Kinshasa, 2008, p. 63.

Table 4. Mean income and caloric intake per equivalent adult for the 11 provinces

province	*mean income*	*mean caloric intake*	*N*
Kinshasa	561	1816	1106
Bas-Congo	604	3165	781
Bandundu	478	2561	1565
Équateur	659	3496	1129
Orientale	663	3487	1614
North Kivu	667	3214	932
Maniema	672	3484	335
South Kivu	341	1484	795
Katanga	769	3723	1941
Kasaï-Oriental	679	2870	986
Kasaï-Occidental	604	2814	902
total	619	2958	12086

Source: Own computations based on the 1-2-3 Survey data.

In moving to classical utilitarianism, we took a rather limiting stance by weighing every individual's income in our SWF in exactly the same way. However, for poverty analysts, who are typically much more concerned about the well-being of the poorest members in society, these utilitarian insights should at least be complemented with an analysis of poverty. Moreover, even at fairly modest poverty lines, much more than half of the Congolese population is deemed to be poor, which would prompt anyone to pay much more attention to this particular part of the income distribution. To illustrate this degree of poverty in more detail, we again employed our three geographical variables to run an equal number of decompositions. Most naturally, we chose the Kinshasa poverty line (as obtained through our methodology described under Section 3: this line corresponds to 589 FC ($1.47) per day per equivalent adult, and should cover basic food and non-foods needs). Since all consumption data have been deflated according to the relative proportion between each locality-specific poverty line and the Kinshasa reference, the same 589 FC-line can be applied equally to the entire income distribution. Table 5 subsequently decomposes poverty along the 3 sectors and the 11 provinces using three different poverty indices from the Foster-Greer-Thorbecke family (FGT(α)). The overall construction of these three aggregate measures of poverty is essentially the same. For an α equal to zero, all poor people will be weighed as one, no matter how poor they are. By consequence, FGT(0) – also called the *poverty headcount* – will simply register the proportion of poor people in society. When an α equals one, FGT(1) will weigh all poor people according to their relative income gap (i.e. the relative difference between the poverty line and the poor person's income). As a result, this poverty index is sensitive to the general depths of poverty. Finally, for an α equal to 2, FGT(2) will weigh all poor people according to their *squared* relative income gap. This essentially

means that incomes (further) below the poverty line will receive exponentially more weight in the calculation of the aggregate poverty measure. As such, inequality among the poor becomes important too. Whereas FGT(1) is also called the *poverty gap index*, FGT(2) is often referred to as the *poverty severity index*.

Table 5. Spatial poverty decompositions for sector and 11 provinces (z=589 FC)

	population share	*FGT(0)*	*FGT(1)*	*FGT(2)*
sector				
villes	0.227	0.59	0.23	0.11
cités	0.077	0.59	0.18	0.08
villages	0.696	0.62	0.24	0.12
province				
Kinshasa	0.104	0.69	0.28	0.15
Bas-Congo	0.058	0.61	0.18	0.07
Bandundu	0.115	0.78	0.29	0.13
Équateur	0.104	0.52	0.17	0.07
Orientale	0.119	0.54	0.19	0.09
North Kivu	0.081	0.53	0.21	0.11
Maniema	0.028	0.54	0.18	0.09
South Kivu	0.071	0.91	0.46	0.27
Katanga	0.158	0.51	0.16	0.07
Kasaï-Oriental	0.086	0.58	0.23	0.12
Kasaï-Occidental	0.077	0.60	0.24	0.13
total	1.000	0.61	0.23	0.11

Source: Own computations based on the 1-2-3 Survey data.

From Table 5, the overall poverty headcount for the DRC (following our computations) is 0.61, the poverty gap index 0.23, and the poverty severity index 0.11.

Firstly, with respect to the decomposition along our three sectors, there is hardly a difference between the headcount estimates ranging from 0.59-0.62 whereby absolute contributions are largely in line with the relative population shares of each sector. However, when we move to the FGT(1) and FGT(2) estimates, we notice that the *cités* (which are the smaller cities in the DRC, housing less than 100,000 dwellers) are, on average, substantially less poor than the other two sectors, meaning that poor people in those smaller cities generally have an income closer to the poverty line than poor people in other sectors. However, given the large number of Congolese living in rural areas (70%), the contribution of this sector to overall poverty remains predominant.

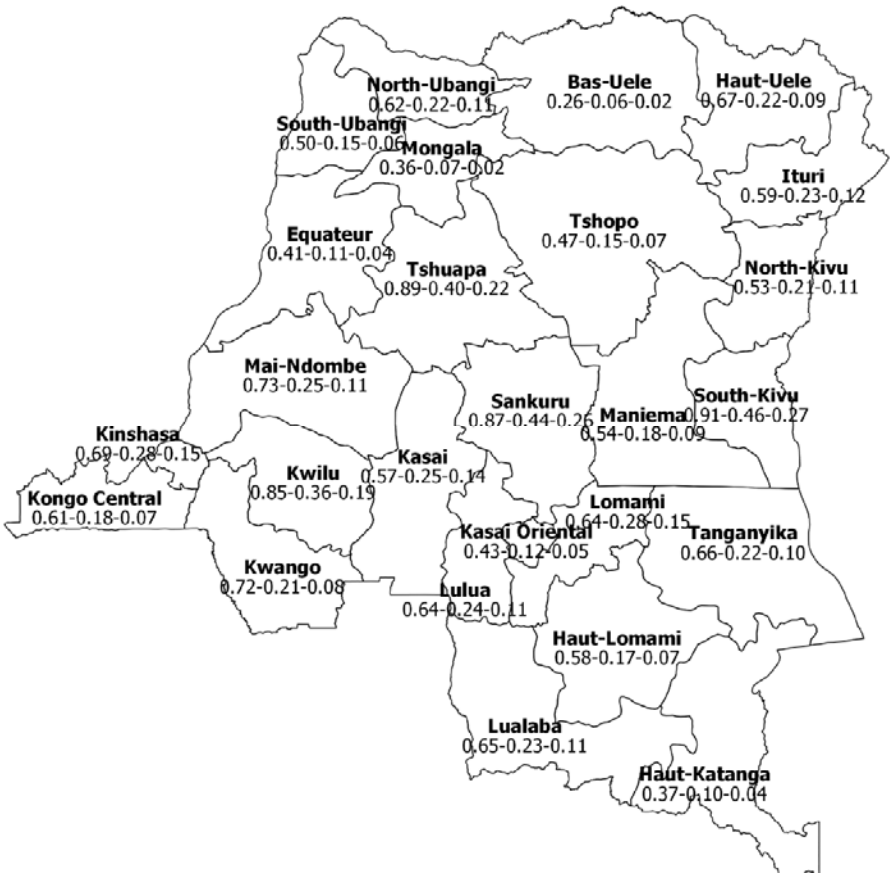
Secondly, when we look at the poverty decomposition of the 11 current provinces, we see variation in all three poverty estimates: 0.51-0.91 for FGT(0), 0.16-0.46 for FGT(1) and 0.07-0.27 for FGT(2). Each time, the

highest poverty estimate is registered by South Kivu, and the lowest by Katanga, observations which are completely in line with the welfare results obtained above. Yet, due to its large population share, Katanga province is the second-largest contributor to the overall poverty headcount (after Bandundu) – an observation that becomes invalid when we consider the other two poverty indices FGT(1) and FGT(2). If we look at the other 9 provinces in the country, we may be surprised with the weak performance of the capital's province (e.g. for the poverty headcount as well as the poverty gap index, Kinshasa is the third-poorest). Moreover, if we consider the poverty severity index, Kinshasa even becomes second-poorest. Many knowledgeable observers will be struck by these findings, presuming that Kinshasa is the only area in the country where poverty would not be that pervasive. However, in the computational exercise to level expenditure data, we noticed a marked difference in cost-of-living data between the *Kinois* and the other inhabitants of the country. For some daily food items, such as cassava, maize and rice, we observed prices in Kinshasa which were 2 to 9 times higher than elsewhere (see also Section 3). This, of course, can be explained by: (1) Kinshasa's very high dependence on imported food, mainly from Kwilu, South Ubangi and Mongala[44], and (2) its ever-growing population (presently around 7 million inhabitants). Standard economic theory simply suggests that prices will go up and purchasing power down thus lessening the living standards of the *Kinois* (who might become more affected by poverty). On the other hand, Orientale, North Kivu and Maniema – notwithstanding the fate they presently share with South Kivu in the ongoing civil conflict – seem to be doing relatively well in terms of all three poverty estimates.

Thirdly, given the enormous size of some of the current provinces, sub-division along the new provincial boundaries will finally help trace the exact locations of poverty. Indeed, by examining the poverty estimates in Figure 1, we could see that Tshuapa and Sankuru are joining the club of the extremely poor provinces by displaying estimates close to those of South Kivu (i.e. well above FGT(0)=0.85, FGT(1)=0.40 and FGT(2)=0.20). A "disadvantaged economic geography" supports these observations: both regions are poorly populated and quite isolated within the country's *Heart of Darkness*. By consequence, their relative contribution to overall poverty is quite limited compared to the much more densely populated province of South Kivu.

[44] TOLLENS, E., BILOSO, A., *op. cit.,* p. 44.

Figure 1. Spatial poverty decompositions for the 26 provinces (z=589 FC; FGT(0-1-2))



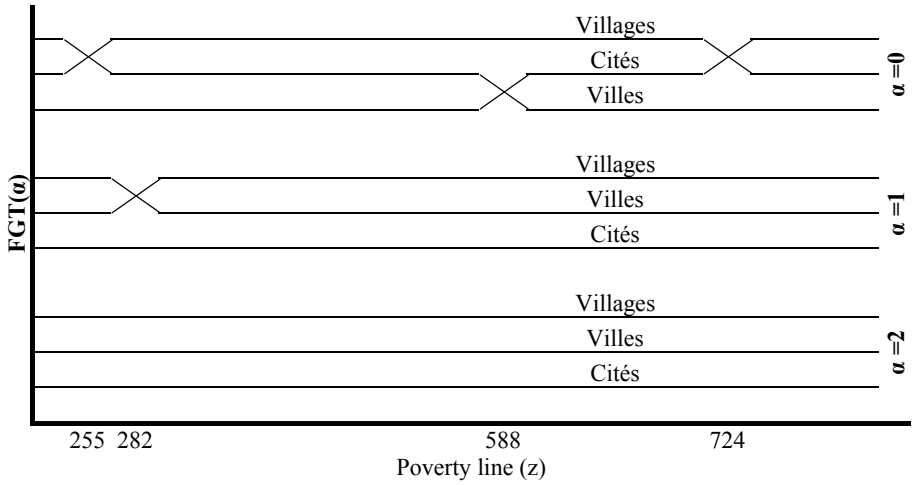
Source: Own computations based on the 1-2-3 Survey data, the Africover dataset and QGIS software.

When turning to the least poor provinces, we could also qualify much better the former result of Katanga being the province that defies any comparison. Certainly, poverty is distributed unequally throughout the province. Whereas Haut-Katanga registers a poverty headcount of only 0.37, the other three constituent regions (Lualaba, Haut-Lomami and Tanganyika) are doing much worse displaying a poverty headcount between 0.58-0.66. In other words, what makes Katanga the least poor province in the former decomposition is due mainly to the performance of Haut-Katanga. This, of course, can be traced back to the remnants of the glorious mining industry which was located in these southern regions along the copper belt, and which have always functioned as the financial backbone of the Mobutist regime. However, other future provinces will perhaps outperform Haut-Katanga (i.e. Mongala and especially Bas-Uele have poverty estimates well below Haut-Katanga's). This should not surprise for Mongala, given the province's strength

in cereal cultivation (mainly maize and rice), and its central position along the Congo River between two major clients, Kinshasa and Kisangani[45]. We have no corroborating information for Bas-Uele, though it may explain why Orientale province, of which Bas-Uele is a part, had relatively low poverty estimates, notwithstanding the conflicts in the east.

Of course, poverty estimates are dependent on the exact choice of the poverty line. Since no agreement generally exists on this, researchers often test the robustness of poverty profiles for varying poverty levels *and* estimates. That such an exercise of poverty dominance is very relevant, but also cumbersome when too many groups enter the comparison, can be illustrated again using sector poverty decomposition. In Figure 2, one can read on the Y-axis the FGT poverty estimates for an α=0, 1 and 2, for each of the three sectors, and for poverty lines ranging from 250 to 850 FC. Hence, the poverty estimates of Table 5 could be retrieved by freezing the poverty line exactly on 589 FC.

Figure 2. Sector poverty dominance for FGT (α)



Source: Own computations based on the 1-2-3 Survey data.

Now, due to two FGT(0)-crossings at 588 and 724 FC, the sector poverty profile, as described above, only holds within the same interval. If, on the other hand, one would opt to lower the poverty line to the internationally-agreed standard of "$1-a-day" (which has been slightly inflated to $1.25 following the new ICP data of 2005[46]), one enters a new profile where the proportion of poor in the smaller cities (*cités*) falls below that in the bigger cities (*villes*). This new profile then remains valid until a new crossing at 282

[45] TOLLENS, E., BILOSO, A., *op. cit.*, p. 43.
[46] RAVALLION, M., CHEN, S., SANGRAULA, P., *Dollar a Day Revisited*, Washington, D.C., World Bank Policy Research Working Papers, No. 4620, 2008.

FC. Now, given the fact that our poverty line (589 FC or $1.47) and the one used for international comparisons ($1.25) give rise to two different poverty profiles, no targeting priorities can be set between these two urban sectors when it comes down to reducing the country's poverty headcount. Yet, it remains undisputable that: (i) the rural sector is the poorest as measured by all three poverty estimates within a range of 282-724 FC; and (ii) the poor in the biggest cities (apart from their exact number; i.e. the poverty headcount) are clearly worse off in terms of FGT(1) and FGT(2) than the poor in the smaller cities (*cités*)[47]. If we extend this exercise to the other two geographical decompositions, we would see that the poverty line interval, in which the FGT-profile remains constant around our 589 FC-line, shrinks to only 19 FC for the decomposition along the 11 current provinces and to less than 10 FC for the 26 future provinces. In other words, the geographical poverty profiles are all three (highly) dependant on the exact choice of the poverty line itself. This should compel researchers to better specify the poverty profile used by including other socio-economical factors.

Finally, we would like to address our third question with respect to inequality. Table 6 presents the standard Gini coefficient ($\rho=2$) decomposed along the 11 current and 26 future provinces; each time generating a within component (W), an in-between component (B) and an interaction effect (I). The Gini coefficient, as one of the most widely used inequality indices, is always a figure between 0 (perfect equality) and 1 (perfect inequality), and the same counts for all constituent components. Whereas the B-component measures the degree of inequality due to mean income differences between regions, the W-component aggregates all regional inequality present within each region, weighed by their respective population shares. Finally, the I-component should be understood as the remaining inequality which is not captured within the former two components, and which is due to inter-*personal* inequalities observed *across* regions.

Now, when looking at Table 6, the overall inequality for the DRC equals 0.350 and is slightly more pronounced in 5 of the current provinces with Kasaï-Oriental being the most unequal (0.39). Alternatively, Bas-Congo and Bandundu have much lower inequalities of 0.273 and 0.269 respectively. For Bas-Congo this may relate to a stronger sense of political identity (as highlighted in Section 2) whereby redistribution could be more acceptable. For the many poor of Bandundu it may, on the contrary, illustrate a shared coping strategy resulting in a general *nivellement vers le bas*. If we compare the decomposition schemes between current and future provinces, those concerned with the country's stability and unity will, at first sight, be worried about the B-component going from 0.097 to 0.133. However, it is only natural that this component increases when more groups (i.e. more provinces) enter the

[47] And this observation holds over an even more substantial range than the one of rural poverty dominance.

decomposition profile[48]. Ultimately, when the number of groups equals the number of individuals in society, the B-component will necessarily coincide with the overall Gini coefficient.

Table 6. Spatial Gini decomposition (ρ=2)

11 provinces	*Gini*	*absolute contribution*	*26 provinces*	*Gini*	*absolute contribution*
Bas-Congo	0.273	0.001	Kongo Central	0.273	0.001
Kinshasa	0.366	0.004	Kinshasa	0.366	0.004
			Mai-Ndombe	0.299	0.000
Bandundu	0.269	0.003	Kwilu	0.281	0.000
			Kwango	0.218	0.000
			Mongala	0.221	0.000
			Équateur	0.271	0.000
Équateur	0.291	0.003	Tshuapa	0.273	0.000
			North Ubangi	0.338	0.000
			South Ubangi	0.277	0.000
			Tshopo	0.307	0.000
Orientale	0.331	0.005	Haut-Uele	0.283	0.000
			Bas-Uele	0.220	0.000
			Ituri	0.367	0.002
North Kivu	0.353	0.003	North Kivu	0.353	0.003
Maniema	0.323	0.000	Maniema	0.323	0.000
South Kivu	0.297	0.001	South Kivu	0.297	0.001
			Tanganyika	0.259	0.000
Katanga	0.355	0.011	Haut-Lomami	0.350	0.001
			Lualaba	0.308	0.000
			Haut-Katanga	0.352	0.003
			Sankuru	0.337	0.000
Kasaï Oriental	0.390	0.003	Lomami	0.361	0.000
			Kasaï Oriental	0.356	0.001
Kasaï Occidental	0.357	0.002	Lulua	0.323	0.000
			Kasaï	0.379	0.001
Within-Group	---	0.035	Within-Group	---	0.018
Between-Group	---	0.097	Between-Group	---	0.133
Overlap	---	0.217	Overlap	---	0.200
Gini		0.350	Gini		0.350

Source: Own computations based on the 1-2-3 Survey data.

Yet these concerns can still be checked by comparing the regional Gini coefficients of current provinces with those of smaller future provinces. In this respect, we would like draw the reader's attention to the disintegration of Katanga and Kasaï-Oriental. For these provinces we see that the Gini coefficients of the smaller partitioning are all lower than those of the larger current province. Therefore our concern in these two cases for stability and

[48] SHORROCKS, A., WAN, G., *Spatial Decomposition of Inequality*, Helsinki, UNU-WIDER Discussion Paper No. 2004/01.

unity may be justified. If a province is divided into more economically homogenous sub-regions, interregional income differentials will become more pronounced and accompanying social tensions potentially rise. This would be all the more relevant when such partitioning coincides with a substantial transfer of power and (fiscal) autonomy, as currently envisaged under the upcoming decentralization. In this context, some of the disputes over the precise site of a relocated Kolwezi are understandable: though some would like to create a 27th province incorporating some of the surrounding rural areas, the inhabitants of Lualaba certainly want to retain it in their own province, which aligns with constitutional prescriptions[49]. Further, looking at Bas-Uele and Mongala in the new (decentralized) configuration, we see that these provinces are amongst the most equal in the country (which might explain in part their relatively low poverty estimates as discussed above).

5. CONCLUSION

In this paper, we have tried to show, by means of the so-called "Sub-Saharan Africa's proximity gap", that DRC's provincial administrative decentralization can be considered, *prima facie*, quite promising. Indeed, the present DRC can be characterized, based on its adverse economic geography and its specific historic experiences, as an extremely fragmented patchwork of cultural, socio-economic and political entities. Hence, formally transferring power to those smaller political entities may substantially increase development taking root due to better conceived and responsive policies for specific local problems. Yet how, exactly, this decentralization should reconcile or balance both national and regional interests remains unclear, especially given unequal economic opportunities and the many challenges that exceed the provincial level. Furthermore, it doesn't seem that the legislator will be very sensitive towards prevailing local conditions considering the largely mechanical promotion of districts to provinces. Another aspect that may affect successful decentralization concerns institutional capacity: doubts are not only raised by the poor track record of the Congolese national administration to properly guide this process, but also by the uncertain competences of future provincial authorities.

Yet, as long as national and local authorities are able and willing, they should, according to this article, focus mainly on the rural sector. Over a substantial range of reasonable poverty lines (282-724 FC), the rural sector houses the most and the poorest of the poor. Remarkably, we observe that smaller DRC cities (less than 100,000 inhabitants) are generally less poor than the biggest cities (*villes*), whose FGT(1) and FGT(2)s are much closer to those calculated for the rural sector. When decomposing poverty along the current

[49] NZUZI, D., "Polémique au Katanga sur le découpage territorial : les jeunes de Lualaba dénoncent le torpillage de la Constitution par l'association réclamant la province non prévue de Kolwezi", *DigitalCongo.net*, 7 juin 2008.

and future provincial lines, we see that South Kivu, Tshuapa and Sankuru are among the poorest provinces. Whereas unsatisfactory market integration might explain the poor performance of the latter two provinces, the ongoing conflict in the eastern part of the country is a natural explanation for South Kivu's high degree of poverty. Surprisingly, we could not develop or read similar poverty profiles for North Kivu and Ituri, which are also involved in the conflict. Another surprising finding is Kinshasa's relative poverty position vis-à-vis other provinces. Out of the 11 current provinces, Kinshasa is third poorest in terms of the poverty headcount and poverty gap index and second poorest on the poverty severity index after South Kivu. In terms of explanations, we earlier mentioned the capital's very high cost-of-living, which resulted from a combination of high (food) dependency and population demand (i.e. more than 7 million inhabitants). On the other side of the income spectrum, we find not only (Haut-)Katanga, in line with expectations, but also Mongala and Bas-Uele. Mongala benefits from its position along the Congo River, and both these provinces are also amongst the most equal, which might explain their lower poverty rates. Studying the inequality profiles of Katanga and Kasaï-Oriental, we note the potential instability that may occur when provincial partitioning follows a more socio-economic design. This should be of special concern to the national government charged with ensuring unity and stability.

Antwerp, June 2009