ANKER LIVING INCOME REFERENCE VALUE

(REQUIRED LIVING EXPENSES FOR A FAMILY)

RURAL DEMOCRATIC REPUBLIC OF CONGO 2021

LIVING INCOME

CDF 380,033
PER MONTH
(US$193)

Photo credit: UK Department for International Development

Anker Living Income Reference Value[1]

Rural Democratic Republic of Congo 2021

1. Anker Living Income Reference Value for Rural Democratic Republic of Congo in 2021

The Anker Living Income Reference Value for 2021 for rural Democratic Republic of Congo (DRC) is CDF 380,033 per month (USD 193)[2] with a 95% confidence interval around it from CDF 325,801 to CDF 443,291. This is the estimated monthly cost of a basic but decent standard of living for a typical family in rural DRC in 2021.

> *"A living income is the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household. Elements of a decent standard of living include: food, water, housing, education, healthcare, transport, clothing, and other essential needs including provision for unexpected events" (Living Income Community of Practice).*

2. Anker Reference Value Methodology

Anker Living Income Reference Values utilize a new methodology developed by Richard Anker, Martha Anker, and Ian Prates. This methodology is based on a statistical analysis of 40 internationally comparable, quality-assured Anker methodology studies spread across low-income and middle-income countries carried out primarily under the auspices of the Global Living Wage Coalition. Anker Reference Values are internationally comparable, consistent with results from existing Anker living wage and living income benchmark studies and easy to update every year, and so are especially valuable for countries where it has not yet been possible to organize and fund a full quality-assured Anker methodology living wage or living income study.

Anker Living Income Reference Values represent a living income for typical families in rural (or urban) areas of low-income and middle-income countries. Since they are based on a statistical analysis, they have a margin of error for typical rural (urban) areas of a country which is generally around +/- 10% using a 95% confidence interval. Since Reference Values are not location-specific within countries and represent the situation in typical rural (urban) locations, the margin of error is likely to be larger for unusual locations with atypical living costs within a country such as large cities with high living costs, or poorer (richer) areas with relatively low (high) living costs and norms.

3. Country context: Democratic Republic of Congo
Geography and demographics

Located in central Africa, DRC is the second largest country in Africa (2,266,000 km^2), after Algeria. It is bordered to the north by Central African Republic and South Sudan, to the east by

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[1] Prepared by: Yapo G. N'Guessan, Richard Anker, Martha Anker and Azfar Khan.
[2] Exchange rate used to convert to US dollars is: US$ 1 = CDF 1973). This is the average exchange rate for the three-month period from March to June 2021 according to IMF data.

Uganda, Rwanda, Burundi and Tanzania, to the south by Zambia and Angola, and to the west by the Republic of Congo and the Angolan enclave of Cabinda.

DRC has a tropical and humid climate and its landscape is dominated by the central Congo basin with the massive expanse of the Congo rainforest, the second-largest rainforest in the world after the Amazon.

According to World Bank data, DRC has a population of around 89.6 million (14th largest in the world), growing at a fast rate of 3.1% annually due to a high fertility rate with women having an average of 5.8 births.[3] DRC has a youthful population (almost 46% of the population is under 15 years of age and 65% is under 25) and more than 54% of this population lives in rural areas.

Economy

With a gross national income per capita of $1,131 in international dollars (PPP) and $557 in USD in 2020, DRC is a low-income country. Because of poor governance and political instability with recurrent civil wars, DRC hasn't much profited from its tremendous natural resource endowments after its independence from Belgium in 1960. Between 1960 and 2000, real gross domestic product (GDP) growth rate was negative with an average annual decline of 0.1% while real GDP per capita growth average declined at the rate of 2.9%. With improvement in the political climate, the country experienced economic growth with both real GDP and real GDP per capita increasing at an average rate of 5.3% and 1.8% annually respectively from 2001 to 2020. In the midst of the COVID-19 pandemic, the economy has contracted with the real GDP declining sharply in 2020 by 0.8%. However, IMF projections suggest that growth is expected to rebound to 3.8% in 2021. Inflation rate has averaged 10.8% annually over the last 10 years and is projected by the IMF to be around 11% for this year and 7.5% in 2022 after decades of persistent hyperinflation (inflation rate averaged 100% and more during the previous decades).

DRC's economy relies heavily on the mining sector that, in 2017, accounted for 17.4% of total GDP, 55,2% of total government revenues, 99.3% of total exports, and 25% of total employment.[4] The country is the world's largest producer of cobalt and also produces large quantities of copper, diamonds, gold, oil, tin, tantalum, tungsten and zinc. Agriculture sector continues to be the main source of employment with 64% of total labor force and contributing to 20.3% of value-added GDP in 2020.

Poverty

According to the latest available poverty assessment document in DRC (2016)[5], based on the national poverty line, the poverty rate decreased from 69.3% in 2005 to 64.0% in 2012. In absolute

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[3] https://data.worldbank.org/country/CD

[4] Initiative pour la Transparence des Industries Extractives (ITIE), 2020.
https://eiti.org/files/documents/rapport_assoupli_itie_rdc_2018_2019_1er_semestre_2020_adopte.pdf

[5] World Bank, République démocratique du Congo RDC – Évaluation de la pauvreté (2016),
http://documents1.worldbank.org/curated/en/341621571238168904/pdf/Congo-Democratic-Republic-of-Poverty-assessment.pdf

numbers, however, the total number of poor increased by 7 million, due to the rapid population growth. Poverty reduction was somewhat greater in rural areas (from 70.5% to 64.9%) compared to urban areas (from 66.6% to 62.5%).

Moreover, there are disparities in the distribution of poverty across geographic regions in DRC. The province of Bandundu has the highest poverty rate (77.2%), followed by the province of Equateur (76.4%), and the province of Kasai Oriental (75.9%). The provinces of Nord-Kivu and Bas-Congo have the lowest poverty rates at 49% and 49.3% respectively. The poverty rate in Kinshasa, the capital city, home of 16% of total population, is 52.8%, and the province of Sud-Kivu has a poverty rate of 62.9%. It is important to note that when poverty incidence decreased between 2005 and 2012 in most of the provinces, the number of poor increased in the provinces of Maniema, Kasai Oriental and Kasai Occidental by 14.2%, 17.3% and 25.7% respectively. Based on the World Bank $1.90 (PPP) poverty line, close to 77% of people in DRC were considered as poor in 2012.

Standard of living

With the December 2002 peace accord that formally ended hostilities of the last major crisis after decades of recurrent civil wars and mass violence that claimed millions of lives[6] and destroyed the economic fabric and weakened the country's institutions, DRC experienced a sustained economic growth allowing the country to invest massively in rebuilding its public infrastructure. However, this economic recovery was not strong enough to improve the well-being of the population to any significant extent. The weak economic performance along with prolonged political instability, poor governance, weak state institutions and rapid population growth, are the main factors that explain the existence of persistent poverty of the Congolese people.[7] Hence, living conditions have improved but remain far below world standards, even below the average for Sub-Saharan African countries. DRC is considered a post-conflict and fragile country, ranking 175 out of 189 countries on UNDP's Human Development Index for 2020.

For example, taking World Bank figures, life expectancy at birth increased from 50 years in 2000 to 60.7 years in 2019, but under-five mortality rate is still very high at 88.1 per 1,000 live births. In the same period, expected years of schooling improved from 7 to 9.7 years and mean years of schooling increased from 3.3 years to 6 years. But according the MICS 2019 data[8], primary and senior secondary school completion rates were quite low at 67% and 31% respectively. Moreover,

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[6] Kingdom of Belgium, Foreign Affairs, Foreign Trade and Development Cooperation, Joint evaluation of conflict prevention and peace building in the Democratic Republic of Congo, 2011.

[7] World Bank, 2018, Democratic Republic of Congo Systematic Country Diagnostic.

[8] DRC Multiple Indicator Cluster Survey, 2019, https://mics-surveys-prod.s3.amazonaws.com/MICS6/West%20and%20Central%20Africa/Congo%2C%20Democratic%20Republic%20of%20the/2017-2018/Snapshots/Congo%2C%20Democratic%20Republic%20of%20the%2C%202017-18%20MICS%20Snapshots_French.pdf

living conditions are more problematic in DRC rural areas where barely 1% of people have access to electricity and more than 68% do not use improved water sources.[9]

Labor market

The working age population (15-64 years) was around 46 million in 2020. However, the World Bank 'Job Diagnostics' country publication points to a high proportion – almost one-third of the working age population being out of the labor force, which may be explained by lack of employment opportunities giving rise to inactivity which grew particularly among women and the young[10] and the 2013 ICLS definition of the labor force which excludes unpaid activities such as subsistence work. According to ILOSTAT modeled data, labor force participation rate for ages 25+ in 2012 (before the change in labor force definition) was 89.1% for rural males and 82.9% for rural females.

Employment is dominated by the informal economy, which accounts for nearly 88.6% of the total, including 59.7% in agricultural activities and 28.9% in the non-agriculture sector. The formal sector employs at most 11.4% of the total, mainly to be found in public administration, parastatals and the private formal sector.[11] The World Bank statistics based on ILOSTAT database give the unemployment rate at 4.6% for 2020 while the broader definition of unemployment records it at 11.3%.[12] Unemployment is essentially an urban phenomenon with 83% of unemployed persons found in urban settings; rural unemployment rates for 2019 were only 1.4% for males and 0.6% for females for ages 25+ according to ILOSTAT data. The World Bank Jobs Diagnostic study gives a figure of 45% for 2012 for underemployment, with underemployment being higher in the rural areas - and among youth - than in the urban areas.[13] ILOSTAT indicates time-related underemployment rates in 2019 of 13.1% for males and 13.0% for females.

Overall, the huge youth bulge presents a problem but also an opportunity. The opportunities manifest in the young new workers improving the quality of the labor force. The problems, of course, lie in the pressure on the government and the private sector to create quality jobs apace with the growth of the labor force.

4. Family income ladder and gaps to a living income, rural DRC

The figure below provides a family income ladder for DRC and so context on gaps to a living income. It compares the Anker Living Income Reference Value for a typical family in rural DRC to three other family income indicators, i.e., family income at World Bank poverty line of $1.90 per person per day, average household consumption expenditure and family income if working members earn a minimum wage. The Anker Living Income Reference Value is higher than all three of these income indicators. It is 12% higher than the family income at the World Bank $1.90 poverty line for low-income countries such as DRC, and 23% higher than the approximate average monthly household consumption expenditure. It is seven times the income of a typical

[9] Deuxième Enquête Démographique et de Santé-EDS, Ministère du Plan, Ministère de la sante, 2014.
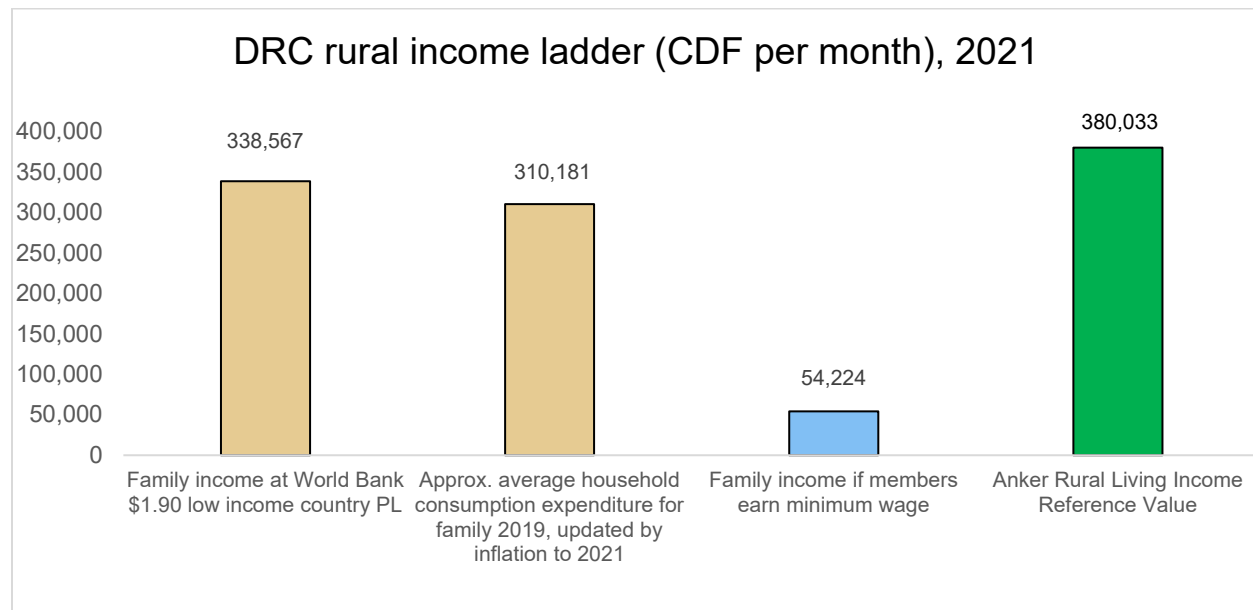[10] World Bank (2017), "Jobs Diagnostic: Democratic Republic of Congo", IBRD, Washington DC, 2017, p. 26.
[11] ILO (2019), *State of Skills: The Democratic Republic of Congo*, Geneva. See p. 11.
[12] https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=CD
[13] World Bank (2017), op.cit., p. 25.

rural family (with 1.77 full-time equivalent workers) earning the minimum wage. Note that to more precisely measure living income gaps for specific rural locations in DRC, further analysis and quality-assured full Anker methodology studies would be needed.

DRC rural income ladder (CDF per month), 2021

	Family income at World Bank $1.90 low income country PL	Approx. average household consumption expenditure for family 2019, updated by inflation to 2021	Family income if members earn minimum wage	Anker Rural Living Income Reference Value
Value	338,567	310,181	54,224	380,033

Notes: [a] The World Bank poverty line for DRC was estimated using the World Bank poverty line for low-income countries ($1.90 PPP) as DRC is a low-income country according to the World Bank. Note that since DRC is one of the poorest countries in the world, this 1.90 PPP poverty line is probably too high for DRC as indicated by the 1.40 PPP poverty line for DRC estimated by Jolliffe & Prydz (2016) of the World Bank. [b] Source for average household consumption per capita value is from the World Bank World Development Indicators. [c] Reference family size used is 6. It is in between: (i) the rural child mortality adjusted total fertility rate of 6.2 (based on 2014 DHS data that we adjusted downward to take into consideration the downward trend in fertility and child mortality indicated by 2018 World Bank data) which implies a family size above 8, and (ii) an average rural household size according to DHS 2014 data of around 5.2 excluding single person households and especially large and probably extended family households. [d] Number of full-time equivalent workers in reference family of 1.77 is used. It is based on ILOSTAT data. It uses ILO modeled rural labor force participation rates (LFPRs) for 2019 for rural males and females ages 25+; ILO modeled unemployment rates for 2012 for rural males and females ages 25+; and ILO modeled part-time employment rates for 2019 rural males and females ages 25+ that were adjusted to take into consideration the likelihood of higher rural than urban part-time employment rates. [e] Anker Living Income and Living Wage Reference Values are estimated directly based on statistical analysis and therefore do not have an explicit number of full-time workers per family or reference family size (although rural reference family size falls from 6 to 4 with development in Anker living wage benchmark studies). [f] National minimum wage was last increased in 2018. There has been around 25% inflation since then.