

**An analysis of the socio-economic logics underpinning formal and informal
strategies for coping with economic hardships in South Kivu**

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Abstract

This chapter aims to analyse the strategies used by vulnerable inhabitants of South Kivu in the Democratic Republic of the Congo to cope with economic hardships. The analysis is based on exploratory qualitative research conducted in June 2011. Economic hardships are understood as financial pressures on the household that result from sudden emergencies or life-cycle events. We first describe commonly reported sources of economic hardships and then risk management and coping strategies. Strategies are grouped into three categories: individual strategies such as self-insurance and income diversification, collective informal and collective formal strategies. The socio-economic logics underpinning these strategies are then examined through the lenses of the Polanyi framework, which distinguishes between four types of economic integration principles: market, redistribution, reciprocity and householding. Our research results indicate a plurality of economic logics in strategies used by respondents as well as the predominance of reciprocity and householding principles.

Keywords: Risk; coping strategy; safety nets; informal insurance; micro-insurance, Polanyi; the Democratic Republic of Congo.

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1. Introduction: background and research objective

The inhabitants of South Kivu are vulnerable to poverty in the sense that they face high exposure to risks, shocks and stress on a daily basis, and have difficulties in coping without damaging losses (Chambers, 1989). In the absence of public provision of safety nets and limited market-provided finance and insurance services, in times of economic hardship vulnerable households have to depend entirely on private individual and/or collective protection mechanisms.

Researchers have paid increasing attention to social protection mechanisms in low income settings and in particular to mechanisms devised by vulnerable households and communities aimed at dealing with the harmful consequences of a shock (for literature reviews, see Alderman and Paxson, 1992; Besley, 1995; Morduch, 1999, Fafchamps, 1999, Dercon, 2005; Cohen and Sebstad, 2005; Collins *et al.*, 2009). Such studies have unveiled the existence of various mechanisms for coping with risks in rural and low-income settings as well as the potential and limits of strategies in terms of protection for the poor. Alderman and Paxson (1992) distinguish between risk management and risk-coping strategies. The former seeks to mitigate potential risks (*ex ante* strategies) through income diversification for example, whilst the latter deals with the negative effects of shocks after they occur (*ex post* strategies). Mitigating and coping strategies in neighbouring contexts have been documented in the literature. For example, Cohen and Sebstad (2005) explored the impact of shocks on poor households in Kenya, the United Republic of Tanzania and Uganda, and found that the poor have always used self-insurance mechanisms as a major way of coping with shock. Based on research in Ethiopia, Dercon (2005) reviewed the strategies used by households to avoid consumption shortfalls caused by risk.

The present chapter attempts to analyse the various forms of coping strategies, seen through the plurality of underpinning socio-economic logics. Following a substantive view of the economy that “derives from man’s dependence for his living upon nature and his fellows” (Polanyi, [1957], 1975: 243), Polanyi distinguishes between four forms of integration, (market, redistribution, reciprocity and householding, as noted in the introduction to this book), which are characterized by particular means of organization of production, financing, distribution and consumption of wealth and which in turn shape the social bonds and organization of society.

Polanyi stresses that “in any case, forms of integration do not represent “stages” of development. No sequence in time is implied” (idem: 256). He adopts a non-evolutionary vision of these principles of economic integration, as all societies use a multiplicity of means for economic transactions (Servet, 2009). Moreover, in a given economic transaction, “subordinate forms may be present alongside of the dominant one” (Polanyi, [1957], 1975: 256). These forms of integration are to be understood as “ideal types”, to quote Weber (1965), i.e. abstract constructions that enable researchers to position a specific economic transaction relative to each “ideal type”. The Polanyian view forms the basis for our analysis grid to highlight the socio-economic logics underpinning formal and informal coping strategies.

Beyond the goal of identifying the different principles prevailing in South Kivu, this chapter seeks to analyse the coexistence of several principles in a given practice or strategy to determine whether they are complementary or a source of tension. Polanyi highlights the fact that reciprocity can become more efficient if redistribution and market approaches are integrated as complementary logics: “reciprocity as a form of integration gains greatly in power through its capacity of employing both redistribution and exchange as a subordinate methods. Reciprocity may be attained through a sharing of the burden of labour according to definite rules of redistribution as when taking things “in turn”. Similarly, reciprocity is sometimes attained through exchange at set equivalencies for the benefit of the partner who happens to be short of some kind of necessities – a fundamental institution in ancient Oriental societies. In non-market economies, these two forms of integration – reciprocity and redistribution – occur in effect usually together.” (Polanyi, [1957], 1975: 253)

The chapter is organized as follows. Section 2 introduces the context and design of our exploratory research. Section 3 presents the main sources of economic hardships faced by respondents. Section 4 describes risk management and coping strategies used by households to alleviate financial pressure. We distinguish between individual strategies, informal and formal group-based mechanisms. Section 5 highlights the socio-economic logics underpinning the diverse strategies before concluding.

2. The context of the study

Located in the Great Lakes region of Africa, South Kivu is a province of the Democratic Republic of Congo (hereinafter DR Congo) that borders Rwanda, Burundi and Tanzania. Its population is estimated at over 5 million, more than half of whom are younger than 15 years old.² Since 1996, the province has suffered two successive wars (in 1996-1997 and 1998-2003) followed by chronic instability. Since then, active groups of rebels episodically create pockets of insecurity. This fragile situation is reflected in the number of internally displaced people, which was estimated in 2012 to be about 800,000 in South Kivu province alone.³

In 2011, DR Congo ranked last in the Human Development Index of the United Nations Development Programmes (UNDP, 2011) and a national survey revealed that South Kivu is one of the 11 provinces with the lowest development indicators in the country: infant and child mortality rates are higher than the national mean (101 and 166 per 1,000, respectively, against a mean of 97 and 158 per 1,000 for the whole country), over one fourth of the population under 5 years is underweight, and almost half of the women are illiterate (INS and UNICEF, 2011).

Decades of wars and conflicts have damaged the country's physical infrastructure (especially that facilitating communication), ruined the formal economy and undermined the provision of public services, especially in the health and education sectors. DR Congo has a low annual gross domestic product (GDP) per capita, estimated at about \$200.⁴ Ironically, even though the country, and South Kivu in particular, is richly endowed with natural resources and valuable minerals (e.g. gold, coltan, cassiterite), precarious and informal income-generating activities are often the only sources of subsistence for the great majority of the population.

Our study is based on exploratory research conducted in the province of South Kivu in June 2011. We included in our sample an equal number of urban, semi-urban and rural locations, assuming that coping strategies in these locations would differ. Areas that were insecure at the time of our survey or were inaccessible by road were not considered. The

² *Inspection provinciale de la santé* (IPS) estimates for 2011, which were obtained in September 2011.

³ United Nations Office for the Coordination of Humanitarian Affairs (OCHA) estimates in March 2012 (see: www.rdc-humanitaire.net).

⁴ World Bank estimate for the year 2010, in current US dollars (see: <http://data.worldbank.org>).

following six zones were selected: Uvira, Kalehe, Kiliba, Kalundu, Mushinga and Bagira. Qualitative, face-to-face, semi-open interviews were conducted with 69 respondents (with an almost equal number of men and women) with a view to discovering existing strategies for coping. 12 focus groups were also conducted to uncover norms and beliefs that might influence the coping mechanisms present. The main topics discussed were events that caused hardships, perception of risk and strategies for coping.

3. Events exerting financial pressure on the household

Before enquiring about strategies for coping with economic hardships, respondents were asked to list events likely to exert intense financial pressure on the household. Previous studies have distinguished between “emergencies” that include all sudden-onset occurrences that threaten life, health or property; and “life-cycle events” that include expenditures on childbirth, marriage and education (Cohen and Sebstad, 2005; Collins *et al.*, 2009). The events reported vary in terms of predictability, frequency and financial pressure.

Serious injury/sickness appeared to be a frequent and unforeseeable cause of economic hardship reported by respondents. A member of the household who falls sick requires an immediate lump sum of cash to cover direct healthcare and transportation costs. Given the tight public budget, healthcare is largely financed by user fees. Thus, inpatient healthcare costs can impose a heavy burden on the sick and their relatives. Many of the sick cannot afford hospital care and this has led many hospitals to resort to the dubious practice of detaining patients until their bills are paid. Besides direct costs, when the person falling ill happens to be one of the household’s breadwinners, the lost income compounds the hardship. Respondents whose household member was hospitalized over a particular period had had to resort to more than one coping strategy to deal with the costs.

Faced with the unpredictable **death of a relative**, respondents incur expenses in meeting the immediate and unexpected costs of the funeral, including a coffin, which costs \$20–40, and food for the mourners over a traditional period of three days. Again, there may be an indirect financial impact of deprivation of income if the deceased happens to have been an income earner.

Despite higher predictability, life-cycle events such as a **birth or wedding** also exert considerable financial pressure on households. Wedding costs are overwhelming since, in accordance with social norms, they are celebrated with hordes of guests, even among the

poorest households. In addition to the ceremony, the traditional practice of giving a dowry to the bride's family of between 1 to 10 cows (1 cow costing \$400–600, depending on the wealth of the groom's family) adds to the expenses incurred.

Payment of **school fees** was also frequently mentioned by parents as a source of financial stress. Due to the lack of public financing in the education sector, teachers' wages and the functioning of schools are supported entirely by the parents. This involves payments every three months of \$5–15 per child in primary school and \$30–60 per child in secondary school. If fees are not paid, children are temporarily sent home until payment is made. In large families, which are almost the norm in South Kivu – on average a woman has 8 children during her lifetime (INS and UNICEF, 2011) – school fees are a burdensome and predictable expense.

Beyond the events involving the household, frequently cited threats to the household's financial conditions stem from an **economic downturn** and **political instability**. Macro-level shocks may be accompanied by increases in transportation costs and other inputs that are likely to lower the profitability of small businesses or inflate prices. Weak security due to political instability also increases the risk of being displaced or a being a victim of robbery.

Adverse climatic conditions as well as animal and plant diseases are unpredictable and likely to shrink the revenues of households involved in farming or cattle-rearing activities. This is a type of income risk that is associated with the nature of household members' occupations.

4. Strategies for coping with hardship

To address the financial stress resulting from emergencies or life-cycle events discussed above, respondents make use of a wide variety of strategies. Based on the classification suggested by Alderman and Paxson (1992), on the one hand they can try to reduce the variability of income (risk management through income diversification); on the other hand they can cope with the risk through savings (self-insurance behaviour) or through risk-sharing among those outside the family. Because one strategy rarely provides the necessary sum of cash in a timely manner and thus fully protect the family against a shock, respondents acknowledged that they resorted to several means at the same time. Strategies vary in terms of the level of stress they impose on a household, as noted by Cohen and Sebstad (2005); low-

stress solutions are thus preferred over last resort options that are often associated with harassment and higher stress.

4.1. Individual strategies: self-insurance and income diversification

Individual strategies refer to actions that seek to reduce income variability through income diversification or smooth consumption through self-insurance. Self-insurance mainly refers to precautionary savings (Deaton, 1992; Dercon, 2002), “to accumulate in good times to build up reserves for bad times” in the words of a respondent. This precautionary strategy was widespread in our sample and households drew on savings to alleviate financial pressure in lean times.

The dominant forms of savings in our sample are instructive. Lacking options to secure cash savings, the majority of respondents acknowledged reifying them. Savings are converted into productive assets such as livestock (poultry worth \$5–10 each, goats worth \$30–50 each or cattle worth \$400–600 each) and plots of land. In the words of a respondent in Uvira, “having a goat is like having money in your pocket”. Added to this is the perceived advantage that such savings are inaccessible for immediate spending, thus reducing the temptation to spend. Reification of savings was found to be predominant among the rural poor, but, interestingly, it was also found to exist among urban interviewees who have access to microfinance institutions. Respondents from Uvira acknowledged possessing livestock or land plots in their native village, which are watched over by relatives, who in turn benefit from the by-products (milk or eggs) and the animals’ offspring.

Few respondents admitted to saving in cash at home. A commonly cited reason was the fear of robbery and the difficulty to turn down relatives’ demands for cash. This latter explanation was also given by Baland *et al.* (2011), who found loans from COOPEC in Cameroon that were fully collateralized by savings available on the borrower savings account. The rationale found behind this is that by taking a loan the borrower signals to his friends and relatives that he cannot respond to their demands and thus escapes solidarity obligations.

Whilst savings are used to smooth consumption, diversification of income-generating activities was a common strategy among respondents to reduce income variability. As pointed by Alderman and Paxson (1992), diversification smoothens the flow of income by reducing the risk in the income-earning process. Faced with irregular, insecure and low levels of income, the majority of respondents said they were occupied with more than one earning activity. They purposely sought multiple sources of cash flow. Examples from our sample

include the woman who cultivated the family plot in the morning and sold cans of petrol in front of her house in the afternoon; or the teacher who also owned a small grocery store in front of his house. However Dercon (2005) highlights the limits of this strategy, as it usually implies the choice of low-risk and low-return activities.

As a very last resort, respondents acknowledged having to fall back on local moneylenders on the streets to ride out transitory economic hardships. As moneylenders are known for charging exorbitant interest rates and for harassment in case of default, this option is associated with high levels of stress by respondents.

4.2. Collective informal strategies

Clearly, mutual assistance operating among networks based on kin, community, neighbourhood and workplace appeared as a great source for coping in lean times for all respondents. Although some respondents referred to it as *solidarité africaine* (African-style solidarity), mutual support within families and kinship groups is observed in many traditional rural communities around the globe (Townsend, 1994; Morduch, 1999). Mutual assistance implies that when a member faces hardship, others group members express sympathy towards the one in need through in-kind or cash donations.

It should be stressed that the concept of solidarity does not presuppose it being driven by generosity or by self-interest, nor indeed by any other moral value. The social norms governing this mutual assistance are so intrinsically embedded in the community that donations only partially rely on individual choices or decisions. Norms, even though informal, are well-defined and collectively shared by all members of the network. Everyone more or less knows what he or she is expected to receive or to give according to social conventions. For example, as expressed by one respondent, “for a sibling’s wedding, one should donate a goat and packs of beer”. Informal mutual assistance also applies beyond that given to immediate relatives, although norms become less clear when there is only a distant relationship between the donor and the receiver.

At first sight the overwhelming cost of weddings hosted by the poor constitutes a puzzle. Commenting on high wedding costs found in Asia, especially in societies where dowry systems are added to the bill, Collins *et al.* (2009:106) argue that the enormity of weddings in the financial lives of Indians mirrors an aspiration to improve the social-economic standing through a “good marriage”. From our perspective, large hordes of guests also reflect a sophisticated risk-sharing strategy through which guests contribute to the costs

of the weddings by giving substantial gifts. The number of guests thus mirrors the surface of the family host's social network on which they might later draw down in case of lean times.

Indeed, survey respondents also acknowledged making use of their network to seek credit. Depending on the amount of money needed and the relationship ties between lender and borrower, a zero or moderate interest rate will be charged. In a few cases, a third person known by the two parties may witness the transaction. Collins *et al.* (2009) draws a useful distinction between “reciprocal” and “obligatory” lending. In the first case, the lender can expect the borrower to reciprocate the favour and lend to him in return when the need arises. In contrast, under obligatory lending, the creditor is unlikely to become a future debtor. The loan is rather steered by the lender's sense of obligation to help out the person in need. Such informal loans can be re-scheduled or even cancelled according to respondents.

As noted earlier, saving is a widespread precautionary strategy. Interestingly, a common form of this is the practice of collective savings known as *likirimba*, which is Swahili for a rotating savings and credit association (ROSCA). Similar to practices observed in Latin America, Asia and elsewhere in Africa (Lelart, 1995; Besley, 1995; Collins *et al.* 2009), *likirimba* involves a group of people who agree to contribute a fixed amount of money to a pot on a regular basis. At every meeting, the common pot is allocated to a different member on a rotating basis, so that at the end of the cycle each member has received one pot. Although the allocation of the pot usually follows a predefined order, a member in times of need can try to get priority in the payout order. Beyond the savings purpose, social cohesion within the group can generate additional aid transfers. Members of the group who gather on a regular basis may collectively decide to make a special contribution to assist a member in need.

A minority of respondents reported being members of mutual systems of solidarity (*Mutuelles de solidarité – MUSO*)⁵ in order to cope with hardships. Inspired by traditional ROSCAs, mutual systems of solidarity are similar to *likirimba* with the difference that they provide for savings accumulation, credit and social insurance. In practice, a MUSO is organized around two boxes: a “green box” for savings and a “red box” for social insurance

⁵ Originating from Senegal and inspired by traditional forms of collective savings, MUSOs were introduced in South Kivu in 2002. In 2011, there were estimated to be over 1,000 in number, with approximately 16,000 members (Bidubula, 2011).

(and possibly a third “blue box” for refinancing). According to well-defined rules of operation embodied in a constitution, each member of the union contributes two fixed sums of money at regular intervals – usually weekly or monthly – one to the savings and credit box and the other to the social insurance box. The MUSO is thus a tool that manages cash flows through self-organization of the members of a community based on democratic rules (Bidubula, 2011).

The group members collectively decide which shocks will be partially compensated by the social insurance (red box) at the time of constituting the group. Interestingly, events insured are generally similar to those that trigger assistance provided by the network, i.e. childbirth, wedding, funerals and sickness. In South Kivu, the average sum contributed to the red insurance box is \$0.80, but may rise to \$5 in some groups (Bidubula, 2011). Beyond the compensation embodied in the constitution of the MUSO, respondents also recognized the possibility of collectively agreeing on additional special donations to the member in need. In the words of a respondent: “In case of a birth delivery by one of our members, we usually add a *pagne* (a traditional length of fabric), a fistful of manioc meal and some dried fish”.

If a member needs a lump sum of cash, he or she can request a loan from the MUSO. Supplied with fixed and regular contributions, the “green box” develops into a credit fund once it has accumulated sufficient resources. Loans are granted to members only and, unlike credit in microfinance institutions, are not conditional on the provision of collateral: interpersonal trust and the proximity of members suffice for granting the loan. The “green box” shares similarities with accumulated saving and credit associations (ASCAs) or village savings and credit associations (VS&LA) found elsewhere in Africa (Collins et al., 2009). In 2010, the average amount lent annually was about \$1,450, and on average each member benefited from a loan of about \$58 over 6 months (Bidubula, 2011).

Rather than being charged an interest rate, the borrower reimburses the loan plus a fixed charge called PAF (participation aux frais – a contribution to costs) to the MUSO. Converted to monthly interest rates, PAF are exorbitant (from 3 to 10 per cent) but such informal loans are typically small and held for short periods, to deal with transitory lean times. This corroborates the conclusion of Collins *et al.* (2009:135) that “the interest rates may often be better understood as *fees* for a service than a *rate* for the use of money for a specific period”

Despite the disadvantages mentioned, such as the high cost, waiting time and the limited sum of money that can be borrowed, all the respondents agreed that the main advantages are flexibility and trusting relationships. In case of repayment problems, the member can always beg for the reimbursement to be re-scheduled.

Also noteworthy about these informal community-based groups is the development of collective income-generating activities. Monetary resources obtained through collective work, such as cultivating shared land, producing soap or constructing coffins, are then redistributed for the benefit of the members or deposited in either the insurance or credit box.

4.3. Collective formal mechanisms

A minority of respondents reported having voluntarily enrolled in community-based health insurance groups (*Mutuelles de santé* – MUSAs). To join such groups they had to pay a premium of \$3–\$6 per individual. However, the compulsory unit for enrolment is the household. After a three-month waiting period, subscribers are entitled to healthcare, provided they make a co-payment fixed at 50 per cent for primary healthcare delivered by nurses or general practitioners and 20 per cent for secondary healthcare at hospital, whilst the health insurance group pays for the remainder. The group also negotiates contract rates with healthcare providers.

Founded on the principles of risk-pooling and solidarity, community-based health insurance groups derive from private and collective initiatives that seek to improve the financial means to access healthcare services. Fonteneau (2004) identifies five common principles of such initiatives: (1) social protection through risk-pooling; (2) community-based dynamics; (3) participative decision-making mechanisms and collective management; (4) voluntary affiliation; and (5) a non-profit objective. In South Kivu, community-based health insurance schemes were initiated in 1997. Despite a trend of increasing enrolments, the low net enrolment rates jeopardize their financial viability.⁶

Only a few respondents in our sample acknowledged using the services of savings and credit cooperatives (*Caisses d'action mutuelle d'épargne et de crédit* – COOPEC). COOPECs are formal microfinance institutions located in urban areas in which people can make savings

⁶ At the beginning of 2012, the number of subscribers was estimated to be over 100,000 in 21 different MUSAs (Source: *Cellule d'appui aux mutuelles de santé*, Bukavu)

deposits. There are no restrictions in access to them beyond the payment of a membership fee of \$10-\$25. However, some respondents from Uvira expressed suspicion about their governance practices. There are also some geographic and financial barriers. For instance, members can only apply for credit if they provide material guarantees and in the event of default on repayments, the COOPEC confiscates the guarantees given as collateral. These seem to be the major reasons for the low membership of COOPECs.

5. Analysis through Polanyian lenses

The various forms of risk management and coping strategies are evidence of the existence of diverse underlying socio-economic logics highlighted by Polanyi, which are discussed in this section.

5.1. Household principle: putting savings to work

The principle of householding “consists in production for one’s own use. (...) Its pattern is the closed group. Whether the very different entities of the family or the settlement or the manor formed the self-sufficient unit, the principle was invariably the same, namely, that of producing and storing for the satisfaction of the wants of the members of the group” (Polanyi, 1944: 53).

As emphasised earlier, individuals who have access to bank savings accounts in COOPEC save partly in the form of land and livestock in their home village. In-kind savings that are kept in the institutional unit (the family, the clan) are embedded in the householding principle. Not only land and livestock, but also their by-products (e.g. eggs and milk) and animals’ offspring are seen as a means of protecting savings and contribute to satisfying the family’s or clan’s needs. The domestic unit is seen as a safe place to secure their savings and allowing members in the villages the use of the by-products is considered to be a way to fulfil social obligations towards those members.

It has long been argued that diversification of income-generating activities is a way to reduce risk, but some income-generating activities can also be seen as a way to diversify production for one’s own use. A share of production will serve the family’s or clan’s needs while the rest is for sale on the market. As highlighted by Hillenkamp in this book, production and consumption are closely interlinked under the householding logic, and they are shared

within the whole family, even if this is partially based in rural areas and partially in urban settings

5.2. The key role of voluntary and semi-voluntary reciprocity

Following Polanyi's analysis, we distinguish between semi-voluntary reciprocity within "more permanent communities such as families, tribes or city states" and voluntary reciprocity within "less permanent ones that may be comprised in, and subordinate to, the former". In his words, "kinship, neighbourhood, or totem belong to the more permanent and comprehensive groupings; within their compass voluntary and semi-voluntary associations of a military, vocational, religious or social character create situations in which, at least transitorily or in regard to a given locality or a typical situation, there would form symmetrical groupings the members of which practice some sort of mutuality" ([1957], 1975: 253).

5.2.1. Semi-voluntary reciprocity inherited from social norms

On those occasions that are governed by social conventions, e.g. births, weddings and funerals, relatives, friends and neighbours are expected to express their solidarity by donating in cash or in kind an amount that is considered socially acceptable. Enforcement of social obligations is accomplished by publicly announcing or recording each contribution in writing, thus facilitating the identification of individuals who fail to honour their social obligation.

Although the word "solidarity" is often used to explain such donations, "under a voluntary guise they are in essence strictly obligatory" to borrow Mauss's words (1923). Mauss insists, "gifts" call for "counter gifts". Exchanges are based on the principle of a "socially acceptable" counter gift, regulated by social norms, rather than perfect equality (Polanyi, [1957], 1975). As one survey respondent commented, "It is not a gift, it is a debt". This logic can even trap households in reciprocal relations. It can perversely lock people into patterns of counter-gift donations, to which they keep complying even during times of hardship and which may require them to cut down on some of their basic consumption requirements. However, despite continuous social pressures, this act is still one of individual liberty, as indicated by another respondent, "It is not always easy to give, and not everybody will donate something."

The need to comply with social norms clearly influences the decision as to which kind of crop to cultivate. For example, banana plantations are especially well developed, as they enable the production of traditional beer – a gift well appreciated for ceremonies. Forms of

savings are also motivated by these insurance practices. Everybody shares a responsibility in insuring the members of their group. As an example, growers often save part of the crop, when possible, to comply with this obligation of semi-voluntary reciprocity.

5.2.2. *Voluntary reciprocity: self-help groups*

Some people voluntarily choose to form or join informal self-help groups. This decision is often motivated by the perception, in the words of a respondent, of “stronger, easier and faster solidarity” compared with semi-voluntary reciprocity. Even if these groups are still embedded in neighbourhood or clan ties, they result from individual decisions to join a specific group.

Reciprocity is the governing principle of the *likirimba* and the MUSO systems. Based on geographic proximity, affinity and trust, members voluntarily choose to create, as highlighted by Servet (2007), “interdependent and complementary relationships”. The members collectively and autonomously decide on: (1) the size of the group, (2) selection of the members, and (3) the level and frequency of contributions. *Likirimba* and MUSOs perform more than just an economic function: beyond savings, credit and insurance, these groups crucially serve to create and maintain social cohesion. For example, one female respondent said that she and all the members of her group bought the same *pagne*, thereby reinforcing the identity of the group.

At the time of forming or joining a self-help group, the selection of trustworthy partners is essential. Since enforcement is guaranteed through social control, future partners should be people whose culture is shared and whose behaviour can be predicted (Collins *et al.*, 2009: 53). This also means that groups are personalized and exclusive (Hoddinott, *et al.*, 2009). This was similarly found in our sample: transfers embedded in reciprocity appeared to be insulated, leaving the poorest households with poor social networks with a low capacity to deal with hardship.

Mutual ties uniting members lead to the flexible application of rules. For example, in a MUSO, when the red box is empty or no compensation is foreseen for an event that is causing hardship for one of the members, other members gather and collectively decide whether there is a need for solidarity. Similarly, when a member has a repayment problem, the group may decide to soften the loan conditions. Some groups have initiated collective income-generating activities with the benefits being redistributed or channelled to the red or green box. MUSOs are therefore not just a way to circulate money; they can also be a place where production activities are developed. Voluntary reciprocity strengthens social relationships and feelings of

mutual belonging and local identity. Beyond providing a coping mechanism, this social role is of key importance in a population that has suffered two decades of wars and conflicts.

Can the fixed charge (*“participation aux frais”*) of a MUSO be considered a price? This is a tricky question. Members stress that this charge cannot be attributed to an anonymous price resulting from demand and supply equilibrium (Bidubula, 2011); it is more a way of socializing part of the benefits resulting from the members’ economic activities. It is thus more the subjective meaning given by members themselves to the amount of money that can shed light on the nature of this fixed charge. The monetary contribution can also support reciprocity logics.

MUSOs are supervised by local NGOs, which also provide technical support, and the NGOs in turn are funded by international donors. However our research revealed, in general, a bottom-up dynamic: first, people get together to develop self-help groups and only later do they seek technical support from an NGO. How can this logic, which links grassroots groups and NGOs, be explained in terms of Polanyi’s framework? Based on Gardin (2006), it could be considered as “unequal reciprocity”, defined as solidarity between groups, one of which is unable to give back a counter-gift. This type of reciprocity occurs when a group or an organization (here the NGO) helps another group (here the MUSO) in order to satisfy the latter’s social demands. However, symmetry between groups, which requires voluntary interdependence and complementarity and cements reciprocity (Servet, 2007), can be contested. Following Lemaître and Helmsing (2012), it would be more appropriate to describe the relationship between NGOs and MUSOs as being based on a redistributive logic, according to which international and local NGOs serve as intermediaries: they receive flows from civil society organizations and government agencies based in the North, which they redistribute to institutions in the South. Lemaître and Helmsing (2012) refer to this as “voluntary redistribution” – voluntary because the money collected by civil society organizations is not from compulsory contributions, and redistribution because it is not based on symmetry characterizing the logic of reciprocity. “The resources are collected by a central entity, which has the responsibility to allocate it according to some criteria” (Lemaître and Helmsing, 2012). This is a debate about the blurred frontiers between reciprocity and redistribution which has already been underlined by Mauss (1923) and Polanyi (1944, 1957). In some ways, it may be said that reciprocity, which is the guiding principle of a MUSO, is framed by redistribution logics.

5.3. The redistribution principle

Obligatory lending, when the creditor is unlikely to become the debtor in the future, is entrenched in the redistribution principle. Whereas reciprocity relies on a pattern of symmetry among the actors, redistribution presupposes the presence of an allocative centre. In contemporary societies, the state is the redistributive centre through the provisioning of public services. In South Kivu, characterized by the quasi absence of public services provision, the centre can be personalized by the figure of a well-off merchant who stands above the rest of the community. His social prestige derives from his “generosity”, which attracts about him people seeking help. The sense of obligation and the desire to maintain social prestige steer the rich man’s donations or obligatory lending. However, as stressed by Polanyi (1944), distribution may often cover up exploitation or political power games, since by the manner in which goods are redistributed, power can also be increased.

5.4. MUSAs and COOPECs: at the crossroads of reciprocity, redistribution and market, complementarity or conflicting logics?

MUSOs are self-help groups that are largely autonomous from the NGOs that offer them technical support and they are mainly based on logic of reciprocity. MUSAs, on the other hand, are developed in a much more top-down manner. They have been, and still are, fostered by NGOs active in the health sector with a view to improving access of vulnerable populations to healthcare. With the withdrawal of the state and the lack of adequate healthcare policies and services, international and national NGOs are trying to fill the gap. NGOs seek to develop MUSAs in a systematic way and on a large scale, since the rapid growth of the system is considered to be a key factor for the success of the strategy. It is well known that insurance is more effective when the risk is shared by a larger pool of insured people. Thus, isolated MUSAs are more vulnerable and networking between them is a way to strengthen their viability. Moreover, if MUSAs are numerous and well organized, they are more visible and they have more power to negotiate with healthcare providers. Given all these elements, MUSA could be considered as being embedded in a redistributive logic, which, nevertheless, is still voluntary, as the centre (the NGO) cannot force the population to enrol in this insurance system. The development of MUSAs is clearly driven by the social and political objectives of improving access to healthcare. For example, premiums are the same for all, and are not fixed according to the risk of the beneficiary as would be required by market logic.

However, ideally, MUSAs should rely on symmetry, implying voluntary interdependence and complementarity among their members. At least this is the spirit of the

model (Fonteneau and Galand, 2006). However, if the movement is expanded too rapidly, it could weaken the self-help dynamics embedded in reciprocity. As underlined by Nyssens and Vermer (2012), a compromise needs to be found between the expansion and professionalization required to reach economic efficiency on the one hand and safeguarding a bottom-up approach to preserve their social efficiency on the other.

What about the underlying logics of COOPECs? Cooperative principles, such as voluntary participation, rules collectively decided by the members and the social objective of serving the interests of the members, ideally require symmetry, voluntary interdependence and complementarity, which are fundamental to the logic of reciprocity. Like MUSOs and MUSAs, most COOPECs also receive technical support from NGOs. At first sight it would seem that reciprocity and redistribution are complementary logics in COOPECs and MUSAs: their organizational principles reflect mutualism, and the financial and technical support of NGOs reflects redistribution. However, our observations do not confirm this hypothesis. Interviews with members of both MUSAs and COOPECs show that they tend to follow market logic: membership fees are seen as prices, members consider themselves as clients and the movement of goods and services (i.e. savings and credit products, insurance) is seen more as a form of market exchange than as part of an integrative system founded on reciprocity. Moreover, as redistributive resources coming from international cooperation are sometimes insufficient, some potential members are not admitted due to their lack of solvency: financial viability supplants the objective of serving the interests of the whole community. Indeed, COOPEC and MUSA members are often the richest among the poor and underserved people are excluded as they cannot pay membership fees or lack the material guarantees required when applying for credit.

5.5. Market strategies: a logic of “customer ties”

Polanyi (1944 and 1956) distinguishes between different types of market, namely long-distance trade and local markets. Following Servet (2009), we distinguish between “marketplace” and “customer ties”. According to Servet (2009: 82), “the anonymity that prevails in the marketplace at one point in time is supposed to neutralize social identities and differences between actors”. In a logic based on customer ties, “sellers discriminate between buyers in an attempt to generate loyalty and sustain the relationship” (idem: 83). Of course, the two logics can coexist, but at some point one prevails over the other. In the informal sector, the logic of customer ties is still prevalent, as observed on local informal markets in the region, which leads to the conclusion that it is very different from the logic of anonymity

that characterizes the logic of the market. This observation recalls the distinction made by Braudel (1985) between capitalist markets and local markets. The local economy is the sphere of everyday economic life. Those active at this local level are peasants, craftsmen and small sellers – which Braudel refers to as “les acteurs du bas” (actors from the bottom) – the cement of the society. Even the logic of small street moneylenders offering loans at huge interest rates and on which poor people fall back in time of need is entrenched in “customer ties” rather than anonymity.

6. Conclusions

In South Kivu, conflicts and volatile security have resulted in the provision of poor public services. Faced with a high degree of uncertainty and risks, households protect themselves by relying on diverse private strategies, ranging from individual arrangements (precautionary savings and income diversification) to informal and formal group-based-mechanisms. All respondents combine more than one strategy to cope with lean times, since one mechanism rarely provides sufficient sums of cash in a timely manner. Shocks faced by people are often imperfectly handled and expose households at risk to increased vulnerability.

From our analysis of the forms of integration, reciprocity appears to be the dominant principle underpinning strategies for coping with economic hardships in South Kivu. It appears in two forms: semi-voluntary reciprocity drives mutual support occurring along the lines of family and kinship, whilst voluntary reciprocity underpins informal or formal group-based mechanisms. For many respondents, networks seem to be vital sources of assistance in times of misfortune. Group-based tools provide mutual insurance mainly against idiosyncratic shocks such as illness, childbirth, weddings and deaths, but leave households with weak responses when an entire community is confronted with a common shock such as political instability or an economic crisis).

The householding principle appears to drive some savings decisions. In-kind savings in the native village is a way for urban people to fulfil their obligation towards the members of their group. As stressed by Polanyi, the institutions in which reciprocity and householding are embedded have not only an economic function (such as production and exchange); they may also fulfil religious, social or political roles. Economic activities are associated with a desire to establish a social bond between the partners and maintain social cohesion.

Within MUSA and COOPEC, reciprocity and redistribution logics do not appear to be complementary: rather they seem to compete with each other. In the absence of state intervention, redistribution implemented mainly through NGOs is perceived as an exogenous force. While these institutions are entrenched in symmetry, voluntary interdependence and complementarity of their members (principles that are fundamental to the logic of reciprocity), they are often initiated in a top-down manner by NGOs, which weakens the self-help dynamics and interpersonal trust that characterize reciprocity. According to Fafchamps (2004), interpersonal trust arises from repeated interaction among people in the community and personal acquaintance. By the same token, redistribution and market mechanisms rely on institutional or generalized trust. However, decades of wars and conflicts have deeply weakened such generalized trust. The lack of generalized trust is an impediment to the good functioning of economic practices entrenched in these two logics.

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