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***“Multicracy”, Institutional inertia and the Political Economy of  
Underdevelopment: Rural Communities in South Kivu***  
*(Draft, July 2016)*

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## Abstract

Economic and political institutions are often judged by the farmers to be detrimental to their own welfare. However, recent history reveals a deep institutional inertia within many rural communities in Central Africa. The paper develops a framework to explain this socio-political inertia and its economic and political consequences. Traditional explanations focus on the peasants' inadequate bargaining power to force the elites to accept changes. The reasons invoked are the burden of poverty constraining peasants' expectations to the short run, the repressive nature of socio-political institutions to maintain the elites' privileges and the farmers' inability to develop autonomous collective organizations. However, they fall short of truly explaining the self-reproductive dynamics of these communities. To do this requires a model based on a rational costs/benefits analysis, specific to each class of agents, of their possible strategies for institutional changes. The model key features are the agents' structure characterized by heterogeneous elites forming a "multicracy" which faces competing rural households, the assets distribution (land, capital, finance, symbolic power) and the farmers' economic behavior constrained by the nature of their production, the capacity to commercialize (role of intermediaries) and the related market institutions (taxes, barriers to entry, size, location). It can be viewed as a "multi-game" framework, first among the elites, second among competing farmers and intermediaries, third between the "multicracy" and the rural households. Different dynamic equilibrium outcomes are possible, ranging from morphostatic self-reproduction to revolutionary paths. Empirical evidence supporting the analysis is based on farmers' data coming out of a research on market failures and peasants' welfare and on interviews of community leaders in three territories of South Kivu, Dem. Rep of Congo.

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***Introduction***

For decades now, small holders’ farmers in South Kivu are, for most of them, living in extreme poverty and are submitted to severe lack of public services, like health and education, infrastructures, environmental protection and insecurity. Nevertheless, rural communities are subjected to a governance system almost unchanged since the independence. Moreover, collective organizations are weak and collective action is very limited. Why has this status quo situation been prevailing over such a long time. The key research question is “why is it so? “. Why the absence of any significant institutional changes over the long period? Why such “institutional inertia”?

Arguments to explain this inertia abound. Common places arguments are the incidence of the wars and conflicts that have plagued this region for almost twenty years, the lack of resources implying a significant level of poverty which strongly limits the peasants’ decision time horizon, the autocratic political structure leading to predatory practices and “clientelism”. However, whatever truth those arguments may contain, they fall short of giving an adequate explanation of this inertia because they are considered separately as exogenous.<sup>2</sup> This paper develops an alternative analytical framework where some of these factors, instead of being taken as given, are the products themselves of the social interactions taking place within the community. To do so, we are using, somewhat loosely, the analytical frameworks of the institutions game theoretic approach and the Actors Dynamics System approach, both being adapted to the specific case of rural communities in that part of the Democratic Republic of Congo (DRC). The paper does not pretend to offer any innovative theoretical developments. But it offers new tentative explanations of this persistence of the institutional structure of the interactions processes at work among the actors of these rural communities. The analysis is developed around the concepts of “multicracy” and institutional game equilibrium.

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<sup>2</sup> See Basu (2000), p. 111

The outcome of this analysis shows that the stationary institutional equilibrium is the collective macro result of the specific strategies developed by the actors in the various “games” constitutive of the community social life because of the links and hierarchies among games that are implied by those strategies. Based on empirical observations, this result is confronted with reality. The empirical observations are based on specific surveys and interviews made by one of the co-authors, Alice Mufungizi, in three of the eight territories of the province (Kabare, Kalehe and Uvira) over a period of time extending from 2011 to 2016.<sup>3</sup>

Part I presents a brief description of the geographical and historical characteristics of the province of South Kivu. Part II presents a brief survey of the institutional game-theoretic approach that will allow us to identify the key elements for the understanding of the socio-economic structure and the related institutional processes of a typical rural community. This conceptual cum analytical framework and their stylized factual counterparts is used to discuss the issue of community development and institutional change. Part III, based on the content of Part II and on the empirical observations made in the three surveyed territories, offers a tentative empirical explanation of the institutional inertia observed in rural communities in South Kivu. In the conclusion, we are sketching some possible strategies to promote institutional change that would improve peasants’ autonomy and welfare.

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<sup>3</sup> Some of this material can already be found in Mufungizi (2016) and some are coming from new surveys.

## ***PART I: A descriptive analysis of rural communities in South Kivu***

### *1. The South Kivu context*

#### *i. Location and spatial administrative entities*

South Kivu is one of the 26<sup>th</sup> provinces of Democratic Republic of Congo (DRC), located on the eastern part of the country and bordered by Rwanda and Burundi. For most the eastern part of the province, the Lake Kivu and the Lake Tanganyika are natural borderlines. Being highly mountainous on its western and central part, the province has also agricultural plains close to the lakes. Because of absent or destroyed road infrastructures, there are no direct links to the western part of the country, aside from air transportation, which is costly. The province, which in the past was one of the main food products providers for the capital Kinshasa, is now isolated from it.

The spatial administration entities are: the province, the eight territories, two or three “chefferies” in each territory, several “groupements” in each chefferie and the many villages within the latter.<sup>4</sup> Those entities are barely connected, due to the absence of adequate road infrastructures and communication devices.

#### *ii. A brief recent history*

During the colonial period and the first twenty years after the independence, the province has always been considered as a privileged one. The moderate climate is favourable to the agricultural production and livestock breeding, the soil is rich in minerals (gold, coltan), land was initially abundant. But this situation has been degrading continuously. Population growth is too high and land quality decreases. For more than twenty years, the eastern part of the DRC and, within it, South-Kivu has been subjected to constant insecurity. South Kivu has been particularly plagued by repeated wars and guerrillas’ confrontations since 1996 up to now.<sup>5</sup> During the 1998 second war when Rwanda invaded the province, a significant amount of the

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<sup>4</sup> Utshudi (2009), 304

<sup>5</sup> South-Kivu was a victim of Kabila’s liberation war in 1996 that also involved Rwanda, his ally at that time, the Rwanda invasion in 1998, the RCD (Rassemblement Congolais pour la Démocratie) in 2002, Nkunda’s and Mutebusi’s revolts in 2004, and of the related armed groups instability in rural areas persisting up to now around the gold mining activities (Mayi Mayi, Raiya Mutomboki...).

productive capital (livestock, machines) was destroyed or taken away by the invaders. Inside the region, the FARDC, the government military forces, are themselves at the origin of the insecurity prevailing in many villages of Kalehe, the Ruzizi plain, Walungu, Mwenga... The civilian population has immensely suffered from atrocities perpetuated by these different groups: massacres, deportations and wide spread rape crimes have created a feeling of despair and abandonment. All along this period, the Catholic Church but also the powerful protestant organizations have been the voices of the population's resistance and have increasingly taken over the state duties in health and education.

## *2. Rural Communities in South Kivu, basic characteristics:*

As it is the case for the entire DRC, rural households constitute more than 70% of the population. Peasants are the vast majority of them. Small holders' farmers are predominant in the agricultural sector.<sup>6</sup> The local agricultural production is essential for supplying food products to the urban areas. Nevertheless, the region has also to resort to significant imports of food products from Rwanda and further, because of the insufficient local supply. The repeated wars and the permanent insecurities in and around villages have weakened the local economy and created significant food insecurity. However, given its important agricultural potentialities, the province should be able to satisfy most of its own food requirements and to export some surplus. Some exports are effectively taking place due to the excessive taxation which incites some peasants to sell their products in Rwanda and Burundi, where the burden of taxation is smaller. Finally, South Kivu is one of the three poorest provinces of the DRC where the poverty incidence is estimated at 84.7% (PNUD, 2009) of the population.

The agricultural production is decreasing from year to year. The land increasing overexploitation, the environmental degradation (erosion, infertility), the lack of adequate inputs (seeds, machines) and the limited parcels size are the main causes of that evolution. The rapid development of the mining sector has also contributed to that decline. Rural markets exchanges are still dominated by urban intermediaries. They are providing the commercial links between the country side and the city of Bukavu, the provincial capital. The farmers' production could not be commercialized without those intermediaries. This gives them a strong bargaining power when negotiating with the peasants.

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<sup>6</sup> For a detailed description and analysis of the South Kivu economy, see Ansoms A. and Marivoet W., (2010)

In an effort to overcome these difficulties, peasants have developed multiple, rather small, organizations to attract NGO's projects since these are dealing with peasants' association. These associations should be the contacts with the customary chief as well as with the state administration. But, these contacts can only be made by going to the customary or the administrative hierarchy. However, given the difficulties of communication and the limited trust between the parties, this often does not realize itself.

### 3. *The economic and social structure*

Within the province, several ethnic groups coexist, although sometimes in a conflictual way.<sup>7</sup> The principal ethnic groups are the Bashi, Barega, Bahavu, Babembe, Batembo, Bavira, Bafuliru, Banyamulenge populations.

The rural communities' populations are young: the average age being around 40 years old. Households' size is typically large, eight or nine persons on the average, children being mostly under 15 years old.<sup>8</sup>

Birth rates are typically higher in rural communities than in an urban setting, but children's life expectancy is still low compared to our own countries. The same thing is true for the overall life expectation, being around 58-62 years old<sup>9</sup>. As a result, old age persons have a small share of the total population. In our surveys, persons of 60 years old or more represent 12.4percent of the population.

### 4. *The communities' governance structure*<sup>10</sup>

#### *i. Actors:*

The customary chief, the state administrator, the peasants and local peasants' associations, the intermediaries, the religious leaders and the "civil society" are the actors of the community.<sup>11</sup>

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<sup>7</sup> Mushukiwa (2006),

<sup>8</sup> It should be remembered that 40% of the DRC population is under 15 years old.

<sup>9</sup> World Health Organisation statistics, 2015. Visited site: [www.who.int/countries/cod/en/](http://www.who.int/countries/cod/en/)

<sup>10</sup> For the sake of simplicity, the "chefferie", the administrative level at which this study has been undertaken, is going to be called the "community" throughout the rest of the paper.

<sup>11</sup> We are not including the community representatives at the provincial or national assembly. They are not at all implicated by the situation in their district except during the electoral periods where clientelism dominates.

The traditional leaders, the state local representatives and the religious leaders are the most powerful actors within the community. However, these elites might have convergent as well as divergent interests. Facing them, the peasants, mainly farmers, are the subordinates of the customary chief and, to a lesser extent, to the state administrator. Between them, the intermediaries, traders and merchants are providing the essential links for the peasants' survival, between rural communities and the final consumers on the urban products markets.

The person who is the *customary chief*, called the "Mwami", obtains this position by hereditary lineage at the time of his father's death. His customary power gives him a moral authority. But as customary chief, he is also a state agent, depending on the State Ministry of Interior. In the accomplishment of his tasks, he is helped by the "chef de groupements" who are his subordinates, the "groupements" being the intermediate level between the territories and the villages. His duties are:

- Being a judge, the customary tribunal being the first resort for the peasants to settle their conflicts. If a court arbitrage is impossible, the peasants must go before a State tribunal. This is particularly important for land property rights and other land use issues. The Mwami *is the* land allocation and management authority. All the land areas, under customary rules, is under his responsibility.
- Being an actor engaged in community development. This implies essentially the day to day maintenance of local roads and the promotion of a few limited rural development projects.
- Being the *exclusive* local tax collector in the community, both the formal tax revenues, a share of them being returned to the province, the rest belonging to himself, and the informal ones.<sup>12</sup>

The *state administrator* is part of the State political and administrative structure, being the legal representative of the State designated by the *central government*.<sup>13</sup> He has a lifelong mandate. He is assisted by two assistant administrators and the "chefs de poste". The latter being his delegates at the community level. His main task is first to preserve the State authority, to exercise the law enforcement rules and to implement a good governance structure. The State

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<sup>12</sup> There are also provincial agents who are collecting taxes and excise duties for the provincial administration.

<sup>13</sup> The actual denomination is « administrateur du territoire ».

administrator has, as a second task, a humanitarian role to exercise in cases of natural catastrophes and human rights violation. Third, he is supposed to help peasants in acquiring improved seeds or better fishing techniques. Fourth, he should be concerned about the community global issues like environmental degradation, maintenance of the state schools and health infrastructures.

The state administrator is resorting to the provincial government to get some fiscal revenues. The effectiveness of his role and the results of his actions, if any, are thus very limited due to a severe lack of financial resources. He is constantly asking the provincial government for more resources but rarely obtains anything, the provincial government arguing that he is lacking himself resources.<sup>14</sup> This explains why the state administrator is very much dependent on NGO's projects that must obtain his approval before starting.

The *clergy* plays an important role within the community. With the customary chief, the priest and pastor are the second central figure, being a strongly respected moral authority. More than 80% of the population is of Christian allegiance and the parochial activities are important in social life. They include the "Justice and Peace" committee which, for the peasants, is an alternative to the customary tribunal, the schools, the health services, the social services to help the poor. Under the supervision of the churches, mutual health organizations and mutual solidarity organizations have been created. The churches are also involved in community development projects: improved seeds, better agricultural tools, training, microcredit, the setup of peasants' cooperatives.

*The civil society* is a formal structure, with an elected chairperson and composed of representatives of the various collectives. She is recognized by the public authorities and the community's actors and is supposed to be the common people's watchdog of the community issues and the ways they are dealt with by the more powerful actors. She is the advocacy collective for the defense and promotion of the common people's interests: insecurity, bad performances and lack of accountability of the public authorities, undue and unbearable taxes, land expropriations often inflicted to women, invalid incarcerations, insufficient help for the poor. However, the civil society has no executive power.

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<sup>14</sup> The central state is constitutionally required to pay back to the provinces 40% of the fiscal revenues that these provinces have collected. This has never been the case.

*ii. Institutions, interaction processes and rules*

Non-participatory governance and no required accountability rules from the customary chief are still the marks of the rural community in South Kivu, following in that long established traditions. But peasants' perception of their rights has evolved these recent years with the development of the civil society. There are two institutions where some collective interactions can take place.

In support of the objective of collective security, the UN mission in DRC has created at the local level the "Community Security Council", regrouping all the important community social actors: the customary chief, the state administrator, the military, the representatives of the "civil society" and the clergy. Its main objectives are the protection of the individual legal rights, the preservation of peace and security, the hearing of the people's grievances about the various extortion mechanisms that they are subjected to.

Aside from this council, exists also the notables' assembly. Notables are gathering regularly to discuss various community issues and problems. If they cannot solve these problems by themselves, they will address the competent public authority. However, more than 60% of peasants in our observations complain about the notable's intervention.

*5. Underdevelopment and Institutional Inertia*

*i. Agricultural production and commercialization: stagnation and poverty*

Smallholders' farmers are predominant in the agricultural sector. They are primarily cultivating for self-sufficiency. Only the surplus production is commercialized, if any. The peasant's average parcel size is quite small, less than a hectare. Traditional productions are cassava, maize, bananas and other vegetables. Yields are low as is labor productivity. Some of these productions, like bananas or cassava, are often affected by diseases and insects that jeopardize entire plantations of a community. Commercialization is difficult because of important transport and transaction costs. Market prices are determined by the merchants through a negotiation process that often turns out to be unfavorable to the peasants. The absence of credit

institutions makes the peasants even more vulnerable in the presence of adverse climatic conditions.<sup>15</sup>

*ii. Backward technologies, absence of innovations and environmental constraints: stagnation*

The relatively inert, static production and commercialization practices are important elements at the origin of poverty in rural areas. The limited number of adopted new techniques is another obstacle to promote agricultural development, despite the involvement of several associations in helping the peasants. The negative impact of adverse climatic conditions and of natural environment degradation, particularly land erosion, is getting worse during the recent years.

*iii. Lack of investments in Public Goods: roads, education, health, market organization and regulation*

For many years, the public authorities have no longer invested in the maintenance and improvement of public infrastructures and services. Main roads, bridges are often in such bad conditions that they are impassable, especially during the rainy seasons. State hospitals are under equipped and have often been transferred by the State to the Churches. Public schools can survive only thanks to the parents paying fees. Teachers' remunerations are extremely low. When markets infrastructures have been improved, they are deserted by the peasants because of the higher taxes to be paid.

*iv. Difficulties in developing collective action: the "cooperative paradox"*

Cooperatives have a positive impact, recognized by many, on farmers' production and commercialization and as a consequence on rural households' living standards.<sup>16</sup> They are providing continuously available and improved seeds, micro credit, training for the use of better techniques and commercialization support. However, despite these positive contributions to improve peasants' welfare and enhance community development, cooperatives are paradoxically rather few and undeveloped in South Kivu. There are several causes for this. Membership fees, even minimal, are the first obstacle for the poor peasants. The relative competition existing among farmers for the commercialization of their surplus production has

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<sup>15</sup> Mufungizi (2016)

<sup>16</sup> see for example Mufungizi (2016b)

always maintained a rather individualistic common behaviour marked by relative distrust. The lack of support from customary and public authorities reinforces the fragility of the cooperatives movement.

v. *Market imperfections*

Rural markets are quite imperfect because of the importance of transactions costs related to taxes, intermediaries' behaviour and other commercialization obstacles due to the lack of adequate roads conditions and of storage infrastructures.<sup>17</sup> Merchants' collusive behaviour is another important source of market imperfections.

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<sup>17</sup> A detailed description and analysis of agricultural markets imperfections can be found in Mufungizi (2016a)

## ***PART II: The conceptual and analytical framework<sup>18</sup>***

### *1. Rural community development and institutional change: a suggestive model*

A “community” is defined as a network of individual and collective actors, linked together because sharing some, but not all, common rules, beliefs and, in some case, interests. They are differentiated by some key general characteristics like wealth, essentially land ownership, productive activities, political and social status, family size, age and educational level. Frequently engaged in various exchange processes among themselves and with the overall socio-economic environment, they make decisions based on their own individual preferences, given various types of constraints.<sup>19</sup> We call them “actors” instead of the usual term “agents” to emphasize that individuals as well as groups are defining themselves by their own strategies in structuring and transforming society. They do so not only by producing, consuming and investing but by creating or changing the rules and norms which make social life ordered. This key point is developed below.

#### *i. Actors’ behavior and their institutional constraints*

It is classic to assume that all actors exhibit self-interested behavior. But such a behavior is framed by both exogenous variables (climate, key location characteristics, personal characteristics, etc., mostly the products of history) and by a set of norms, rules and beliefs which, among other things (like trust), contribute to solve coordination problems faced by the community. This implies that the actors *themselves* are endogenous because they are generated by existing patterns of social interactions. Their socio-economic status and related behaviors are determined by their own past strategies that gave rise to a set of norms and rules that have been and still are defining them as “social actors”.

In such a world, institutions are the laws and formal regulations, informal rules, norms and conventions that make up a durable structure to the social interactions among the members. They are assumed to be known and their consequences understood by all community members

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<sup>18</sup> What follows in Part II is based on Acemoglu (2009), Basu (2000), Baumgartner, T. and al, (1986), Bowles (2004) and particularly on the path breaking paper of Aoki (2007),

<sup>19</sup> Bowles op.cit, 474.

(common knowledge).<sup>20</sup> They can be *exogenous* constraints imposed on the individual actors' decisions in the various economic games that they are engaged in. But, as we will see later, specific institutions are not exogenous constraints *for the community as a whole* but can be conceived as the equilibrium outcomes of underlying “game-form” interactions among actors of that community.<sup>21</sup> In that sense, one can say that institutions are *endogenously* produced.

It might be useful to distinguish, as Basu (2000) does, different types of rules:<sup>22</sup>

- a. Rationality-limiting norms: constraints on the choice set of some actors and, as a consequence, making some equilibrium game outcomes unfeasible.<sup>23</sup> These rules are produced by the power exercised by some agents on others. They are frequent in rural communities.
- b. Preference-changing norms: rationality-limiting norms that, being used repeatedly and at length, are internalized to such an extent that they are modifying our preferences. The effectiveness of this norm is, by definition, temporary once it is completely internalized. You “like” what the norms have been telling to do making them progressively unnecessary. In rural communities the traditions are often at the origin of these types of rules.
- c. Equilibrium selection norms: often the outcomes of coordination games have multiple equilibria, stable or unstable. These norms are making feasible only one of these equilibria. They are “guiding” the community interactions. They are frequent in rural markets type of organization.

## ii. *Actors and Games*

A group is a structured (organizations) or informal set of individuals having basically common interests and social and cultural affinities. Individuals as well as groups interact continuously. They do so in the various spheres of social life, called by Aoki (2007) “domains”. We will distinguish the economic, the political and the social ones. Within each of them, games take

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<sup>20</sup> The shared complete understanding of the *true* consequences of institutions is a somewhat restrictive assumption. New institutions might have *unexpected* consequences and actors exhibit bounded rationality, both sources of uncertainty. We do not deal with this aspect of institutional implementation.

<sup>21</sup> Aoki, op.cit. (2007), 2, 6, Bowles, *ibid*, 47. The term “game-form”, coined by Aoki, suggests that actors, because of their bounded rationality, might not perceive that some interactions are “game-like” situations.

<sup>22</sup> Basu (2000), op.cit, 72-73

<sup>23</sup> Everyone will remember the “Prohibition Act” which is a good example

place and produce outcomes. It is quite clear that there is some arbitrariness present in those distinctions because of the games linkages discussed below. Allocation of resources, determination of incomes and wealth through repeated market exchanges or otherwise are usual outcomes of games taking place within the *economic* sphere. Choice of representatives, delegation of authority, accountability rule for the government and its administration, provision of public goods (like infrastructures, health and educational services) are usual examples of games outcomes in the *political* domain. Examples of outcomes of games taking place in the *social* domain are the socially accepted identification and recognition of individual status, symbolic or religious behavior, codified patterns of interaction (marriage, solidarity rules, respect of the elderly and so on).

All these games, whatever is their supposedly primary domain, are linked together creating interrelations between the domains and as a consequence determining the overall institutional architecture of the rural community.<sup>24</sup> In particular, it makes possible to identify a possible multi-level hierarchical structure of games among the different domains as the results of those linkages. The outcome of some games might give, directly or indirectly, more power, increased privileges or, on the contrary, stagnant incomes or discrimination against actors, who are also engaged in other games. In addition, some outcomes might have more macro consequences than others, affecting one way or the other a larger number of individuals and as a consequence induce spill-over effects in many other games. A particular case of this arises when the outcome creates externalities where the actor at the origin of this process does not bear some of the costs (monetary or not) related to his strategy (free riding). Some other actors, possibly also engaged in other games, have to bear these costs.<sup>25</sup>

In brief, actors (customary chiefs, state representatives, religious leaders...) engage in social interactions related to exchange processes and leading to outcomes *in an institutionally given context* but also, in sociopolitical exchange processes *within that same context*, leading to outcomes bearing *on the maintenance or transformation of these existing institutions*. Both exchange processes entail consequences of possible of *institutional change*. In the former, institutions are exogenous, in the latter, they are endogenous. A specific example of games

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<sup>24</sup> Aoki, op.cit., 14-15

<sup>25</sup> A well-known example of this is *The Tragedy of the Commons*

linkages and the resulting games hierarchy is related to the concept of “multicracy” and its relations to the other actors of the community.<sup>26</sup>

*iii. Multicracy:*

As is well known, games might produce multiple non cooperative Nash equilibria. Prisoner’s dilemma games, the best known example of this, abound in social life. These equilibria, outcomes of games, can induce increased inequalities in the economic domain (taxes incidence for example), but also in the political and social ones. As examples, power relations might be affected, increased power for some, social status changes and increased submissive behavior for others.<sup>27</sup> In autocratic regimes, tax revenues partly determine the political power that can be exercised by the autocrat. In non-autocratic regimes, heterogeneous elites share, directly or indirectly, the possibility of extracting revenue from others, of imposing some action on others (military enrollment, customary rituals and forced discrimination against others). This might require for them the building of *coalitions*. “Coalitions” are important for these elites to preserve their advantages in terms of dominance over a complex structure. Other actors might resist and fight the exploitative processes and their associated rules that they are subjected to. To do so efficiently, they might also want to collude in order to gain a better control of their socio-economic environment. These “collusion games” operate across the economic and the political domains.<sup>28</sup> The outcome of a “collusion” games is the creation of an actor of its own. There is a specific game of this type going on among these elites.<sup>29</sup> We call its equilibrium outcome a “*multicracy*”. The multicracy as such, like the autocrats, does not have complete power over the entire community. First, she is constrained by *exogenous* factors (economic as well as political) coming from its environment. But second, she is herself engaged in various games with other actors of the community itself and, because of this, might have to face multiple constraints linked to the outcomes of these games.<sup>30</sup>

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<sup>26</sup> The notion of “games hierarchy” is discussed above on p. 14

<sup>27</sup> The power of an actor is at the same time a behavioural characteristic and type of social relation.

<sup>28</sup> The classical example of this is the building of farmers’ cooperatives as discussed later on.

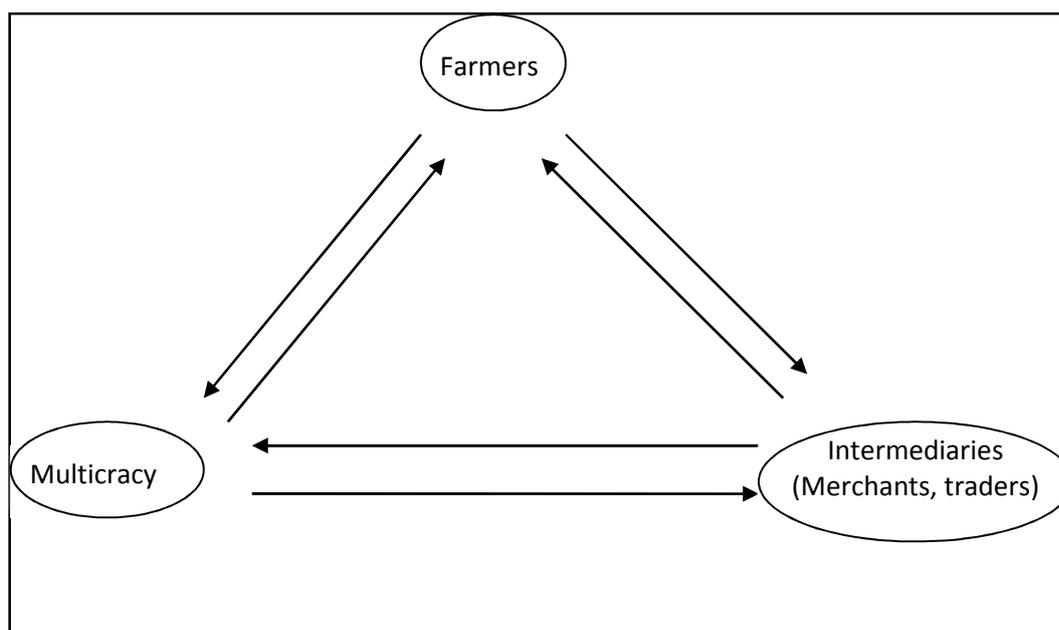
<sup>29</sup> In the economic domain, we would call this type of games cartels or collusion.

<sup>30</sup> Acemoglu (2009), op.cit., 865

iv. *The basic interactions in a rural community: a triadic model*

To make more readable the complex structure of actors, games and domains detailed above, we can use and adapt the triadic model discussed by Basu (2000) to offer a sketch of the basic interrelations at work within a typical rural community (figure 1).<sup>31</sup>

**Figure 1: A triadic structure**



Source: adapted from Basu (2000), 149, figure 6.1

In a triadic setting, three actors (or groups) are interacting: the members of the multicracy taken as a group, the merchants and the farmers. They all interact together. Below are examples of the possible actors' strategies and games outcomes of a triadic structure as shown in Figure 1:

- *Multicracy versus Farmers*: security, status and power (political and social domains), land use and land conflicts arbitrage, taxes, privileges, gifts, public goods (health, education, transport, storage), markets regulations, (economic domain)
- *Farmers versus Merchants*: commercialization rules (prices, quantities and transaction costs), market organization and regulation (economic domain)

<sup>31</sup> Basu (2000), 132-134, 147-151.

- *Merchants versus Multicracy*: security (social domain), markets organization, public goods and taxes as transportation costs (economic domain)

The importance of making explicit this triadic structure, whatever simplification it entails, is to show the inherent interrelations between actors and games. Because of this, power relations for example are always contestable like any other rules. They can be reinforced or destroyed by the possible collusion among the two other actors. A member of the multicracy might attribute privileges to others (inside or outside the multicracy) to get support from them but at the same time becoming more dependent from them and/or possibly exacerbating conflict relations with others. For example, the existence of a third party who can exercise arbitrage over conflicts existing among the two others, will gain prestige, therefore increasing their capacity to extract value from others actors (exploitative outcomes). In a more general “n actors” community structure, the possibility of spillover effects exponentially increases.

One should be aware that this simple description of the triadic structure is a *static* one. This triadic structure among actors suggests the possibility of a *hierarchical ranking* of the various games.<sup>32</sup> To convey this idea, let us give a somewhat but not totally unrealistic example where the source of the change comes from an exogenous shock. The multicrats are allocating the land among the farmers or are employing farmers on their own land. All the other farmers are cultivating their own parcels of land. However, new profitable opportunities are open to the large scale land owners because of the arrival of a new member in the multicracy, the agrobusiness industry. This industry has to conclude agreements with other members of the multicracy to define rules about land transfer and land purchase. The outcome of the game would likely be the design and implementation of land-lease contracts between land owners and the industry or unfortunately land ownership transfers when property rights are not well defined or transgressed: this is the well-known land grab issue.<sup>33</sup> Such a new situation will completely transform the rules of the games between the multicracy and the farmers as well as the games between the merchants and the farmers. This latter game and its possible outcomes will increasingly be *dominated* by the outcomes of the former; itself being transformed by the

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<sup>32</sup> The pioneering work on multi-level hierarchical systems is Mesarovic M, et al. (1970), centered on the mathematical formalization on hierarchy and coordination. For the development of this approach for social systems as a whole, see Burns et al. (1985) and Baumgartner et al. (1986) among others.

<sup>33</sup> For an overall well documented discussion of this issue, see Ansoms and Hilhorst (2016)

outcome of the “within multicracy” games between the agribusiness industry and the landlords.<sup>34</sup> The issue of *institutional change* arises immediately.

## 2. *Institutional Change: possibility or impossibility? A rural community stylized example*

### i. *Actors' strategies*

Understanding what drives institutional change might give some insights on the reasons why institutions don't change. This in turn might explain why some inefficient institutions do not change despite the fact that they are at the roots of underdevelopment. What strategies followed by the different actors given their own specific objectives and the interrelated outcomes among games, are conducive to economic changes and institutional transformation or on the contrary blocking them? And, in both cases, what institutional changes might be induced by either economic growth or economic stagnation?<sup>35</sup>

To proceed along this line of arguments, we need to have beforehand a more detailed description of the resources endowments, objectives and strategies of the different class of actors.<sup>36</sup> Wealth covers physical, human and social capital. The rate of time preference indicates the patience (low rate) or impatience (high rate) of the actors in collecting their gains associated with the outcomes of the games.

- *The Multicracy*: it is a collusion game among the elites, structured by its members' individual strategies. Its objective is to determine collectively and often tacitly the acceptable institutional change of the rural community.
  - a. Customary chief: high rate of time preference, wealth (land, sociopolitical power)
    - Objectives: maximizing “profits”, preservation of status and relative power
    - Instruments: share of tax revenues allocated to the community, public goods supplied, land use management (allocation and conflict resolution)
  - b. State Administrator: medium-low rate of time preference, no significant wealth

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<sup>34</sup> It should be noted that this process of land grabbing has been going actually without almost no consultation of the local population; see Ansoms and Hilhorst (2016)

<sup>35</sup> This dynamic process is an example of the so-called “feedback loop” concept developed in social systems theory, Baumgartner et al. (1986), 7-10, 319-320.

<sup>36</sup> Of course, this simplifies the complexity of real life situations and is only meant to be illustrative.

- Objectives: good relations with the state hierarchy, political apparatus and the other multiracy members, overall community support
- Instruments: level of provided security (the military and the rebellious armed groups), approval of popular NGO's development projects, monitoring of local state activities (schools and hospitals)
- c. *Religious leaders*: low rate of time preference, moderate wealth (land, small productive activities)
  - Objectives: secure their own property rights, population support, maximizing revenues for projects development
  - Instruments: mobilization of labor resources, providing and monitoring community level private common goods (church' health and education services)
- *Merchants, traders*: high rate of time preference, limited wealth
  - Objectives: profit maximization from trading with the farmers, market regulation, transportation
  - Instruments: quasi-monopsonistic relations with the individual farmers, bargaining power over price fixing, capacity to exit the local economic exchanges
- *Smallholder farmers*: high rate of time preference, minimal wealth, very limited opportunities to exit and to access to technical change
  - Objectives: maximizing household welfare, community participation, well defined and secure property rights or labor contracts, food security,
  - Instruments: supply of labor, participation to collective organizations. Degree of support to community leaders and politicians

### 3. *The actors' strategic trade-offs*

The various games equilibrium outcomes might be compatible, complementary or incompatible, the games being this case possibly self-destructing. The community is then confronted to an *institutional crisis*. The compatibility case is the mere coexistence of stable equilibrium outcomes. The complementarity of the outcomes is defined as the existence of spillover effects linking the different outcomes. It does not imply that the overall equilibrium is stationary which is special case; it just says that can be dynamically stable. The institutions co-evolve orderly with the changing actors' beliefs, perceptions and expectations. In the opposite case, *interrelated* conflicts among actors on rules and norms, ever present in games situations, develop themselves and become exacerbated, creating negative spillover effects and

opening up opportunities for institutional change. The overall equilibrium is in this case *unstable*.

Given the information given in the previous point, we should be able to trace out the main *trade-offs and conflicts* that each actor is faced with.

- a. *Customary chief*: *more taxes revenues, more informal taxes* (revenue extraction from merchants and farmers on the markets) will *decrease community support* and cause *declining agricultural productions* (peasants will not find commercialization of their products profitable anymore and will resort to self-sufficiency).<sup>37</sup> *More public goods* (infrastructures and social services enhancing future economic development) might imply a *decrease in the chief's share of formal and informal tax revenues* since they are faced with a binding tax revenues constraint. Formal tax rates on farmers are exogenous; they are determined by the state and provincial authorities. The *tax base* is endogenous since determined by the farmers' commercialized production, their willingness to pay (depending on the extent to which tax revenues have been allocated to community development projects) and their ability to pay (determined by the extent of the households' poverty). Another trade-off for the chief is: *increasing secure land property rights* for the farmers by resorting more to the modern state land laws *increases community support* but *decreases* his traditional power over land use and *alienates* him from cooperative relations with other members of the multicracy.<sup>38</sup>
  - Preferred strategies: constant share of public goods expenditures in the total tax receipts, high informal taxes, status quo on land management
- b. *State administrator*: gaining community support from *providing improved individual personal and properties security* implies an increasing reliance on military and police services against thieves, criminals and the possible illegal armed groups imposing brutal extortions on the population. This can create many *negative spillover effects*, the military and police services relying themselves on violent revenue extraction methods. Another possible spill-over effect of involvement of state officials in the land issue

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<sup>37</sup> This trade-off is a kind of « Laffer curve » effect: beyond a certain level, higher tax rates decrease total tax revenues because of a disincentive effect causing a decline of the tax base. See below, p16

<sup>38</sup> For an extensive analysis of the land issue, see Mugangu (2008). The importance of the customary chief and its social status in the land grab issue is extensively analyzed in Ansoms and Hilhorst (2016).

through the implementation of the state modern land laws is the decrease of the preeminence of the customary chief over land issues in the eyes of the peasants.<sup>39</sup> *Approval of NGO's development projects* associated to a frequent lack of meaningful community participation in the design and implementation of these projects often creates strong peasants frustrations and oppositions, suspicion of corruption and, as a consequence, a decreasing trust in his ability and willingness to effectively enhance community development

- Preferred strategies: eliminate the unstable coexistence of customary and modern state land laws, approve development projects in the usual way, support of military and police interventions
- c. *Religious leaders*: Promoting projects, by conviction and to improve their community support, implies state administrator formal approval, acceptance by all state bureaucrats concerned by the project and empathy from the other community leaders. This is conditional on the distribution of “compensations” to some of them. The same conditions apply to the protection of secure parochial property rights. Investing more in schools, hospitals and clinics might create strong competition with the public schools and health services.
- Preferred strategies: developing churches’ community projects, commitment to “peaceful” evolution compatible with the existing set of rules and regulations
- d. *Merchants*: Being mostly organized as a cartel, to extract maximum profits from the farmers by continuously negotiating the lowest prices (monopsonistic behavior) and by using various ways to cheat on the products measurement might create strong incentives for the peasants to organize collectively.
- Preferred strategies: adapting marginally the market rules system, asking for improved infrastructures and security, lower tax rates.
- e. *Farmers*:
- *The land use issue*: if farming on their own land, to obtain a secure land ownership title and “equitable” land conflict settlement, farmers are caught in between the customary laws and the “modern” state laws<sup>40</sup>. The latter are

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<sup>39</sup> For a highly perceptive and exhaustive discussion on the rules governing land allocation and use, see Mugangu (2008), op. cit., 385-386, 400-401. The state land property in the case of protected areas like national parks, often based on land expropriation and land conflicts with the surrounding peasantry, is another good example of this, Utshudi (2008), 417

<sup>40</sup> For more details about the land issue, see Mudinga and Bisoka (2014)

avored by them. Aside from the inherent challenge of the customary chief supremacy that it entails, the recourse to the modern state law is procedurally complicated and its effective implications are not well understood by peasants. In addition, the ambiguity of the land management submitted to two legal systems favors the accumulation of land by the elites from within or outside the community who are able to use both selectively at their own advantage.

- *The public goods issue*: requesting more public services but globally refusing to pay additional taxes as often requested by the chief who claims a lack of resources constraint. The use of the tax revenues is often contested raising the issue of the chief's accountability to the community. Asking for external aid is difficult and often requires the intervention of the religious leaders and, as said above, the approval of the state administrator and the local administration that can easily block initiatives that they do not feel interesting, at least to them.
- *The economic issue*. Increasing production and commercialization to increase households' incomes is very difficult due to the often very small size of the parcels, the low quality of land (no fertilizer, erosion), the demographic pressure and the high transactions costs imposed on them because of merchants' behavior, lack of infrastructure and illegal taxes.<sup>41</sup> Asking for stringent regulations on market exchanges is going to be strongly opposed by the merchants' associations who might exit.
- Preferred strategies:
  1. develop community participatory institutions, establishing accountability norms for the customary chief, the state administrator and possibly even for the religious leaders
  2. improving markets rules to adequately monitor market exchange processes
  3. ask for more public goods (infrastructure, health and education) and access to better production techniques and less taxes.

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<sup>41</sup> Transaction costs are taxes, dues, costly access to markets. This issue has been extensively investigated in Mufungizi, A., (2016).

4. *The overall stationary equilibrium outcome: a narrative explanation of institutional inertia in a typical rural community in South Kivu*

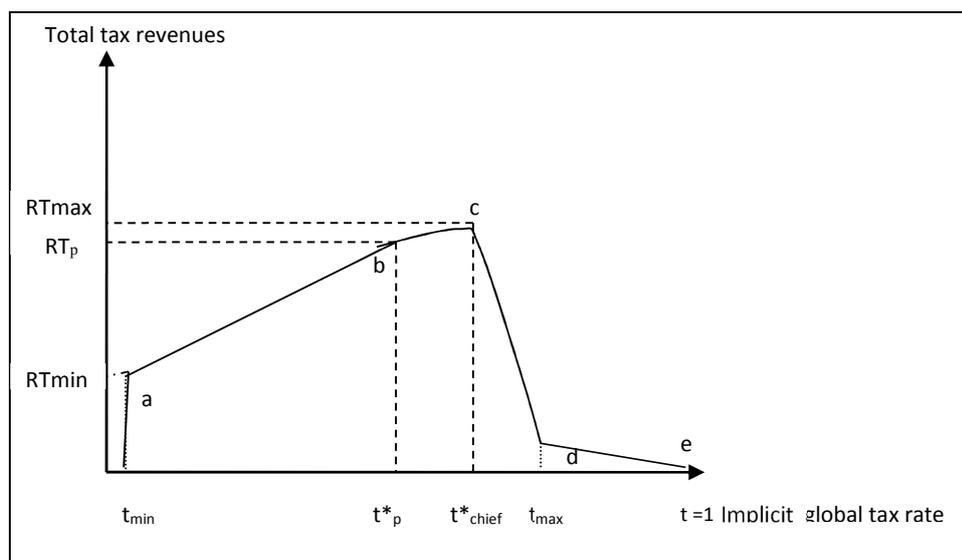
Are these strategies compatible? Yes, they must be and they are. There is an overall institutional equilibrium, but it might not be satisfactory to all the actors involved. Rural communities exist with their own social life and institutional mechanisms. The real question is what are the main characteristic of this global outcome and, given the gainers and the losers, is it “stable” or unstable? And, for each case, is it conducive to better economic performances and improving welfare or not?

At the expense of grossly simplifying the complexity of the interactive structure of the actors’ strategies, we can nevertheless outline the key characteristics of this overall equilibrium outcome based on *four fundamental issues: taxes, provision of public goods, market regulations, land issues.*

a. *Taxes:*

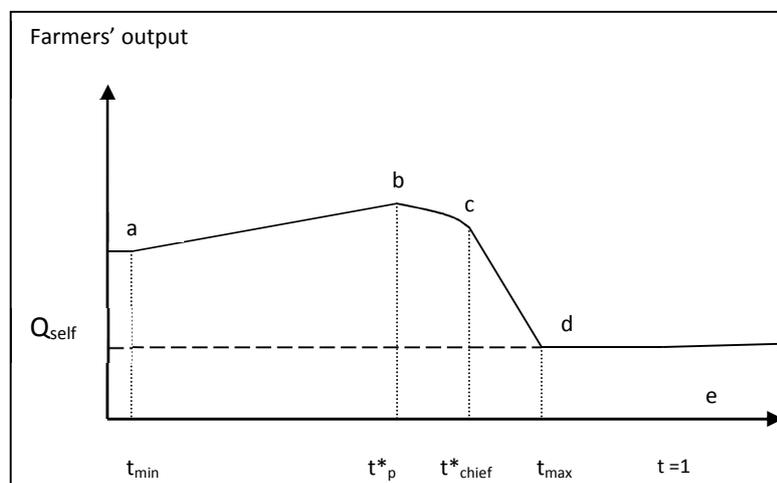
The fixed tax rates by the State government for the formal taxes on commercialized agricultural production, the existence of informal taxes levied by the customary authority and peasants’ reactions to formal and informal tax rates gives rise to a peculiar Laffer curve, where the customary chief is at the top (figure 2).

**Figure 2: Tax rates and Tax Revenues: the rural community Laffer curve**



The global tax rate (formal and informal taxes) is imposed on the *commercialized share* of the production of the farmers. The customary chief is in charge of the tax collection. He spends a share  $\alpha$  of these revenues to provide public goods to the community. All the formal tax rates (state determined) are given but not the informal (locally determined). His optimal tax rate is  $t^*_{\text{chief}}$ . But from the peasants' point of view, things are different. Of course, they are reluctant to pay taxes, but the chief's political and administrative power is important enough to coerce them. But this power is not without limits because of the farmers' reactions to taxation. Remember that to improve their incomes and welfare, they ask for fewer taxes but more public goods. Raising taxes implies increasing disincentive effects on production and trade; the public goods on the other hand generate positive externalities favorable to increases in production and trade. To see this, we will assume that at the lower tax rates, keeping in mind that a constant share of the tax revenues is spend on the provision of public goods and that the externalities created favor increase in farmers' productivity and production (figure 3), from a to b). But beyond a certain tax level,  $t^*_p$  (point b), this positive effect is offset by the disincentive effect of tax rate increases (from b to c) and the agricultural production begins to decrease (from b to c in figure 2). At some point,  $t_{\text{max}}$  (point c), the disincentive effect of the tax rate becomes so strong that more and more farmers are exiting from the commercialization of their production, resorting to self-sufficiency production ( $Q_{\text{self}}$  in figure 3) or to selling their parcels and becoming, if possible, wage earners on the land owned by the elites (from d to e). The outcome of this game is  $t^*_{\text{chief}}$ , implying a non-optimal tax rate for the community agricultural production (assuming for the sake of simplicity that the community welfare is positively associated with agricultural output, the latter implying higher incomes and less food insecurity).

**Figure 3: Tax rates and farmers' agricultural output**



It should be added that this outcome is against merchants' benefits as well. On one hand, they partly share the tax burden and, on the other, their profits margins are positively related to the level of commercialized agricultural output.

b. *The public goods and the private common goods.*

The provision of public goods and private common goods are dependent on the share  $\alpha$  of the tax revenues allocated to it by the chief. Here again, one could say that this decision being discretionary,  $\alpha$  should tend towards zero. But, formal accountability rules being existent, still community support is important for the chief to legitimate his political power and traditional influence. Limited public goods are thus provided but at an insufficient level as peasants continuously complain. States schools are partly financed by the central state but the quality of the schools' infrastructures is quite low and teachers are barely and irregularly paid. An implicit competition might exist between the state schools and the private schools of the religious associations. This has led to a social discrimination by income level of the pupils at all levels because private schools, of a better, are more expensive to the families. As far as health services, the local clinics (dispensaries) are financed by the central state. More important and costly infrastructures like hospitals or laboratories have been transferred by the state to the religious associations. This has been called "the government retreat".

c. *The markets regulations:*

Market rules are staying basically unchanged because of the merchants' influence. The merchants are the dominating actors on rural markets. They want to keep their superior bargaining power over the peasants and their relative ability to manipulate the exchange processes given the absence of explicit formal market rules. Peasants on the contrary strongly desire effective market rules to eliminate the continuous cheating of the merchants and fewer taxes and other embarrassments that they are experiencing. But they lack the collective power to do so, as individuals, they are powerless mainly because markets are vital to their survival. Merchants can exit, but farmers cannot since it is very difficult to them to find alternative

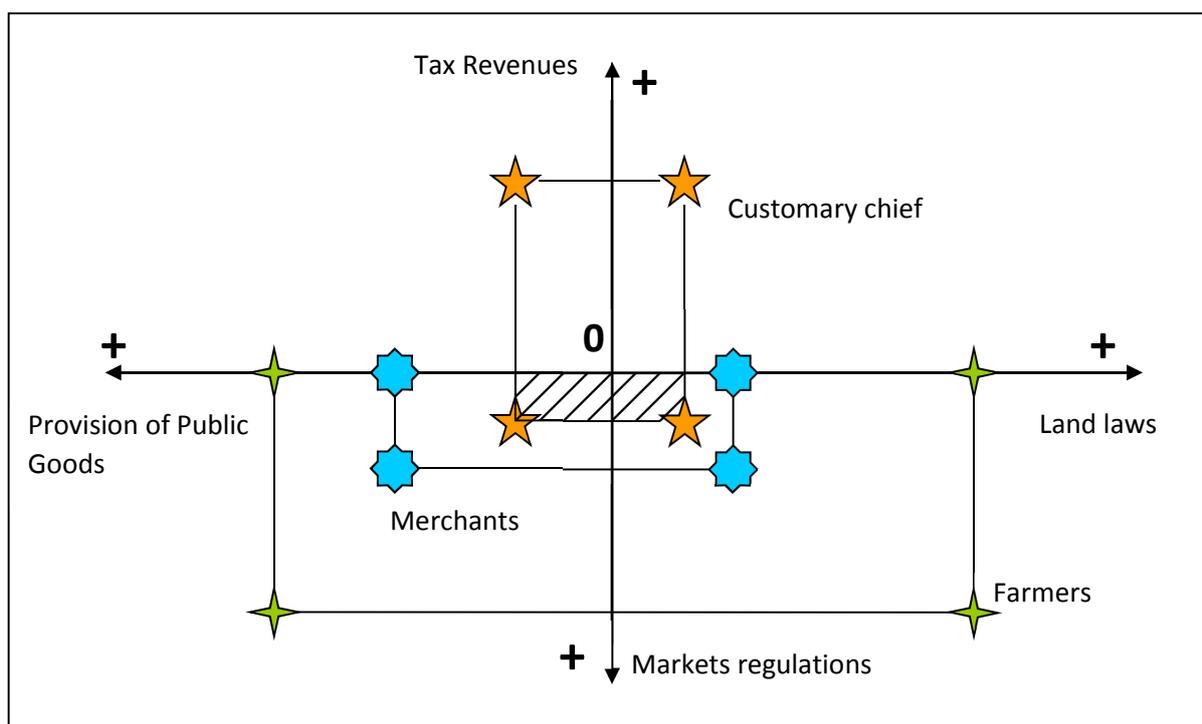
d. *The land issue:*

There is no real change either: the coexistence of the two legal systems, the customary one and the modern state one, is beneficial to the elites, especially the customary chiefs and the large land owners. Securing the farmers' property rights stays minimal. This induces a progressive change in the distribution of wealth. Small size parcels are increasingly bought by large land owners with the consent of the customary chief.<sup>42</sup>

5. *The overall equilibrium outcome: institutional inertia*

The *institutional inertia* comes out of the confrontation of the different preference spaces of the different actors. In a purely heuristic way, figure 4 shows the most likely outcome of the interplay between the actors' strategies on the four most important games going on in the rural community: tax revenues, public goods, agricultural markets regulations and land laws

**Figure 4: The overlapping actors' preference surfaces**



The feasible set of outcomes shows that the community will probably experience very little change being constrained by the culturally based power of the customary chief and the strong

<sup>42</sup> Mugangu (2008), 399-407

bargaining power of the merchants. It shows that the dynamic outcome would likely imply no tax revenues increases, only a slight increase in public goods, marginal improvement in land laws and market regulations. The implicitly collusive behavior between the chief and the merchants increases the likelihood of this *relative* inertia. Is this conclusion plausible in face of the empirical observations made in the three surveyed territories of the South Kivu province? Part III will tentatively answer this question.

### ***PART III: The empirical analysis***

#### *1. Methodology: the surveys*

The three territories chosen for the surveys are Kabare, Kalehe and Uvira. The main criterion used for that selection is the proximity to the city of Bukavu, the provincial capital and the importance of the trade flows that take place between the city and the three territories surveyed.

We have proceeded in two steps. First, the customary chiefs, state administrators, clergy and the leaders of the civil society have been interviewed in chefferies in the three territories. Second, a survey has been made on the population of the three territories to gain knowledge about their evaluations of the quality of the governance system, in particular their own relations with the main actors who have some decision-making power in the community<sup>43</sup>. A stratified sample has been used: 210 households have been randomly selected according to their distance from the chefferie and their proximity to the main roads to make sure that the more isolated villages are represented in the sample. The households surveyed are 70 in Kabare, 68 in Kalehe and 72 in Uvira.

The percentages indicated in the overview of the main community issues presented below are based on the number of persons who *spontaneously* talked about a given issue. They are the lower bound of the number of persons actually concerned by the issue. The interviews and focus groups discussions were intentionally non directive.

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<sup>43</sup> For more information about the governance issue in DRC, see Mufungizi and Tiemann (2012) ; Ntagoma and Balyahamwabo (2009); Kalala and Mbiye (2008)

## ***Section 1: Kabare***

Table 1: Main issues in Kabare

	<b>Chief and Public authorities</b>	<b>Merchants</b>	<b>Farmers</b>
<b>Taxes, (chiefs and public authorities)</b>	-More taxes in general -turnover tax -yearly tax on cash crops - daily tax on market exchanges	-Less taxes on the markets	-Less taxes in general -Selling around the market-to escape tax -production for self-sufficiency when commercialization is no longer profitable Selling on farm
<b>Land laws (chief only)</b>	-Delivers customary land property right certificates - legal recourse for settling land conflicts	-irrelevant	- customary land property right certificates are attractive and not costly. - but they can be contested in tribunals
<b>Public goods (mainly public authorities)</b>	-limited road maintenance -market infrastructures -security -Environment -Built one school	-bad roads conditions -insufficient roads maintenance -high transportation costs -insecurity	- insufficient road maintenance -high transportation costs -insecurity -school fees, quality -health costs -drinking water
<b>Market regulations</b>	-taxation records	-eliminate harassments on markets	-daily taxes on markets exchanges -harassments on markets

Source: surveys by the author, 2016

Table 1 summarizes the main issues that the community's actors are engaged in. Some details are provided below.

## 1. Taxes

- As a yearly tax on cash crops, peasants have to pay a lump sum tax of 20\$ for the sugar cane, 10\$ for a tree plantation and 5\$ for coffee plantation.<sup>44</sup>The tax on the banana plantation has been suppressed since the development of the wilt disease of the banana tree<sup>45</sup>.
- A patent has also to be paid on all commercial activities except for those concerning agricultural products. For these, there are the daily tax, the fees to be paid on the roads barriers, on the markets to the policemen, the sweepers and the handicapped.
- For the merchants as well as the farmers, taxes are felt to be too important and their counterpart, the provision of public goods, unsatisfactory. In the other way, increasing taxes are demanded when new public goods expenditures have been provided. As an example, the new market infrastructures in the Kavumu center has caused such taxes increase that many peasants have deserted this market, selling their products on the surrounding streets.

## 2. Land laws

- Many peasants are cultivating their land parcel under the “Kalinzi” which is the informal, unwritten land certification traditionally used. This certification is often unprecise and has led to many conflicts among peasants. The arbitrage of these conflicts are made through resorting to the “Muganda”, a chief subordinate who had delineated the land parcel in the first place. Death or corruption made sometimes that procedure impossible or biased causing the conflicts. Land shortage and the existence of those conflicts has made the Kalinzi disappearing progressively. The customary chief has created a “customary land certificate”, written and more precise. The chefferie has indicated that this has significantly improved the situation, less and less conflicts taking place.<sup>46</sup>

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<sup>44</sup> Interview, Kabare chefferie offices, May 2016.

<sup>45</sup> For detailed discussion of the issue of the wilt disease of the banana tree see Van Damme (2013), 208-232.

<sup>46</sup> Same interview.

### 3. Public goods:

The chefferie is contributing in a limited way to the provision of public goods in favour of the population.

- Maintenance of the dirt road, main link from Kabare to Bukavu, in order to make it passable during the rainy season. Peasants complain that there is a complete neglect of the secondary local roads going to the villages. 17% of the population surveyed has declared that road situation is a matter of great concern.
- The Mwami is a member of the Community Security Council.

The peasants are finding unsatisfactory the level and quality of most public services. They are mostly complaining about the school system. 58.6% of the population surveyed find the school fees too high and the schools quality quite unsatisfactory. A similar complaint (30%) is addressed to the health services, being considered as too costly and of bad quality. Drinkable water is a problem according to 19.6% of the population. It is not available in some villages according to the state administration who is powerless to solve this.

Insecurity is also felt important by 28.6% of the population, peasants and merchants alike, because of the military, the armed groups and the numerous thieves and bandits.

Nothing has been done about markets regulation despite peasants' grievances. The only exception to this is the creation of the "tax payments records", a written document of the tax preceptor who delivers a receipt to each market participant who can then justify their already made tax payments.

## Section 2: Kalehe

	<b>Chief and Public Authorities</b>	<b>Merchants</b>	<b>Farmers</b>
<b>Taxes, (chiefs and public authorities)</b>	-More taxes in general -turnover tax -yearly tax on cash crops - daily tax on market exchanges	-Less taxes -often « cooperate » with the tax collector to pay less taxes (petty corruption)	-Less taxes
<b>Land laws (chief only)</b>	-Delivers customary land property right certificates - legal recourse for settling land conflicts	-irrelevant	- customary land property right certificates are attractive and not costly.
<b>Public goods (mainly public authorities)</b>	-Security -support to the landslides victims -Harbor rehabilitation	-bad roads conditions -insufficient roads maintenance -high transportation costs -insecurity	- bad roads conditions -insufficient roads maintenance -high transportation costs -insecurity -Inadequate schools and health services, too costly -no electricity -insufficient drinkable water supply -Nothing done about land slides
<b>Market regulations</b>	-taxation records	-harassments on markets -merchants' associations -strong bargaining power	-fighting predatory intermediaries -weak bargaining power - imperfect Information -harassments on markets

Source: Surveys realized by the author, 2016

### 1. Taxes

As it is for Kabare, Kalehe population is subjected to tax revenues maximization for all the economic activities. But fishermen are harassed more by the lake police. After having fished, they have to pay around 50\$ to get out of their canoe. Because of over taxation, some salesmen have abandoned their trade.

### 2. Public goods

Peasants do not have any agricultural monitors for improving their productive practices. They are not getting any help for the commercialization of their products. The main roads, Goma (provincial capital of North Kivu) – Kalehe and Bukavu – Kalehe, are in such a bad condition that the transported products are spoiled at the arrival.

Medical and pharmaceutical costs are very expensive in Kalehe. Hospitals do not have the basic medical tools and pharmaceutical products. Patients have to purchase themselves these products where they can find them. 36.7% of the interviewed consider the improvement in health care as essential.

### 3. Land laws

As in Kabare, peasants can have access to the customary law certificate. This has contributed to the securing of peasants' property rights and decreased the number of conflictual claims introduced to the customary tribunal. There is however a land issue specific to Kalehe because the territory still contains "shamba ya muzungu" (fields of the white people, reminiscent of the large property owned by the whites during the colonial period). These large properties are nowadays owned by rich people living in urban areas. This creates insecurity for the peasants renting these. They can be expelled without notice.

### 4. Public goods

47.1% of the sampled population are strongly complaining about the school system because of its costs. 11.8% feel that Kalehe is too much insecure: massacres are still committed by unidentified armed groups.

Despite multiple water adductions, the supply of drinkable water is very problematic for several reasons: landslides destroying the pipes, no maintenance of the pipes, valves and faucets. The only peasants' alternative is the water from rivers or from the lake.

Landslides occur when the rivers overflow, destroying all structures and killing people. Survivors should benefit from the help of the provincial authorities. Very little has been done. Interestingly, the Mwami of Kalehe has been coming in support of them. He has authorized the survivors to have temporarily some settlement space in the large land property of the Pharmakina.<sup>47</sup> The enterprise quickly has called the police who destroyed the settlement and expelled the persons.

#### 5. Market regulations

According to a chief of a “groupement”, nothing has been done to eliminate the predatory practices of the merchants who are resorting to cheating by distorting the quantity measurement instruments (balance, measurement cans, etc.). The smaller quantity measured compared to what should be the correct one is increasing the merchants’ profits. Finally, the access to the markets is excluding some peasants. There is no price regulation mechanism either which implies that the merchant is the price fixing actor in the market exchanges.

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<sup>47</sup> Pharmakina is an enterprise, for a long time present in South Kivu, owned by foreign capital. Its traditional production is quinine, which requires large fields of quinine trees.

### Section 3: Uvira

	<b>Chief and Public Authorities</b>	<b>Merchants</b>	<b>Farmers</b>
<b>Taxes, (chiefs and public authorities)</b>	<ul style="list-style-type: none"> <li>-More taxes in general</li> <li>-turnover tax</li> <li>-yearly tax on cash crops</li> <li>- daily tax on market exchanges</li> </ul>	<ul style="list-style-type: none"> <li>-Less taxes</li> <li>-often « cooperate » with the tax collector to pay less taxes (petty corruption)</li> </ul>	<ul style="list-style-type: none"> <li>-Less taxes in general</li> <li>-Selling around the market-to escape tax</li> <li>-production for self-sufficiency when commercialization is no longer profitable</li> </ul>
<b>Land laws (chief only)</b>	<ul style="list-style-type: none"> <li>-Delivers customary land property right certificates</li> <li>- legal recourse for settling land conflicts</li> </ul>	-	<ul style="list-style-type: none"> <li>- customary land property right certificates are attractive and not costly.</li> </ul>
<b>Public goods (mainly public authorities)</b>	<ul style="list-style-type: none"> <li>-Security</li> <li>-Infrastructures: bridges, local roads, markets</li> <li>- legal protection in cases of witchcraft misbehavior</li> <li>-Environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>-Inadequate infrastructures</li> <li>-High transaction costs</li> <li>-insecurity</li> </ul>	<ul style="list-style-type: none"> <li>-Bad infrastructures</li> <li>-High transaction costs</li> <li>-Lack of drinkable water</li> <li>-Lack of irrigation canals (Kiliba)</li> <li>-Schools' tuition is high</li> <li>-inadequate landslides treatment</li> <li>-Health safety</li> <li>-Markets infrastructures</li> </ul>
<b>Market regulations</b>	-taxation records	<ul style="list-style-type: none"> <li>-harassment on markets</li> <li>- stability of merchants' associations</li> <li>-preserve the high bargaining power</li> </ul>	<ul style="list-style-type: none"> <li>-cheating measurement tools</li> <li>- no attempt to eliminate corruption</li> </ul>

Source: surveys realized by the author, 2016

### 1. Taxes

As in Kabare and Kalehe, conflictual attitudes of the chefferie and the peasants over taxes. The customary chief wants to maximize tax revenues, the peasants feeling the burden of the taxes much too heavy on them, especially the daily tax on market exchanges having to be paid on the products sold or unsold. For 48.5% of the surveyed population, the tax issue is the overwhelming complaint.

### 2. Land laws

Many peasants are not the owner of their cultivated land despite the availability of the customary land certificate. The sugar cane industry was renting the land to the peasants. Some of the peasants were expelled, the industry started planting by herself but could not process them. Many peasants are living in extreme poverty and substandard living conditions. Peasants claims were introduced to the authorities with no follow up at all. The industry itself has difficulties to start again her activities.

### 3. Public goods:

The schools do not respect the education rules any more. Many private schools have been created just for getting money from the parents who have to pay the tuition. Whatever their actual performance, the pupils are getting their certificate.<sup>48</sup> 27.8% of the households in the survey, feel the tuition much too high which excludes many children of poor households.

15.3% of the surveyed households find that the access to health care is much too difficult in Uvira. Doctors are treating their patients for their own personal interests.

The territory suffers from blatant bad governance. Public infrastructure projects are rare. Because of the lack of resources, central and provincial governments interventions as well as NGO's investment are needed. When they are realized and despite the need for mobility, they can be blocked by the authorities for futile reasons (the inauguration by the authorities has not taken place) and therefore can stay unused for sometimes a long period of time. The bridge Kanvivra-Uvira, connects Bukavu to Burundi and all traffics from the Tanganyika lake, although completed, cannot be used since the provincial authority has not inaugurated this infrastructure.<sup>49</sup> Such a situation increases transport costs and transaction costs. 12.5% of the surveyed population in Uvira is finding the roads infrastructures as totally inadequate.

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<sup>48</sup> This information comes from an interview of a woman teacher in Kiliba.

<sup>49</sup> This information has been obtained from the state administrator's offices in Uvira in May 2016.

Insecurity in the Ruzizi plain is also a significant problem because of the problem of armed groups wandering into the territory.

#### 4. Markets functioning and regulations

In the Ruzizi plain, the main agricultural area of the territory, peasants complain mainly about the lack of greater market outlets and the predatory practices of the merchants. There has been a local initiative, taken by a woman, to buy balances for the peasants. They can use them for the market exchanges without having to resort to the merchants' balances which are incorrect. The intermediaries refused to deal anymore with these peasants, preferring those who are not using these new balances. The authorities themselves, aware of these problems, recognize that nothing has been done to eliminate those predatory practices.

#### ***Section 4. Concluding note***

The strong similarities between the situations depicted in the previous sections, are striking. This indicates that, despite the differences among the three territories in terms of their natural environment, proximity to the provincial capital, types of agricultural activities, the same institutional problems are overall prevailing in each of these three territories. This suggests that the internal factors, quite similar among these territories, are the probable main roots of the institutional inertia and underdevelopment present in each of the them.

## ***Conclusion:***

### ***Promoting institutional change to increase peasants' autonomy and welfare***

The description of the rural community life in South Kivu has highlighted the possible role of the institutional factors and the actors' configuration in explaining the stagnation of the economy of these communities. This led us to formulate a conceptual cum analytical framework inspired by the game theoretic and the social systems approaches to clarify the links between the actors' "strategies" and the games outcomes. The community power structure is central in determining the overall equilibrium. This structure of power is characterized by the existence of a "multicracy", a loose collusion between the elites, who exercises a cartel like influence on all the main strategic issues of the community. In a triadic model approach, merchants to some extent, but above all peasants, are not only submitted to the set of implicit or explicit rules coming out of the "multicracy", but are also resisting them or bypassing them, given their own specific interests and strategies. The confrontation of the actors' strategies on four specific issues (taxes, land laws, provision of public goods, market regulations) allows us to identify the interface between their strategic space. This interface shows that the most likely outcomes are conducive to institutional inertia and underdevelopment as the overall equilibrium of the community.

This analysis has been confronted to the empirical observations resulting from the actors' interviews and the survey of a population sample in the three territories. This confirms the situation of institutional inertia, the lack of participatory governance, the neglect of the population demands, in particular those related to the four main issues mentioned above.

Our research suggests that, contrary to many previous empirical studies on community development in South Kivu, internal factors (actors' strategies, games outcomes, institutions) as well as external ones (natural environment, climate, wars) are the roots of the community underdevelopment in the rural communities in South Kivu. These internal factors are the results of the interactions going on among actors, political and customary elites, peasants, merchants in a triadic structure.

What institutional policies could be designed to unlock this situation? In our opinion, four perspectives can be investigated.

1. Promoting a real decentralization giving increased autonomy for the rural communities is key element. This concerns first the hierarchical relations between the central

government of DRC, the provincial authorities and the collectivity decision makers. The DRC is an extremely centralized country, the central government extensively controlling most of the lower political and administrative levels. Given the size and the complexity of the country and the low level of central administration efficiency, this centralized structure is blocking many important decisions that could have been taken at local levels. Of particular importance is also the issue of the tax revenues retrocession by the central government to the provinces which is already included in the constitution. The rule stipulates that 40% of the tax revenues collected at the local level should be returned to them. This rule is barely applied.

2. At the local level, the introduction of “participatory governance” and possibly the creation of “participatory budgets” is going to improve the quality and effectiveness of the population and the civil society’s involvement in community development.
3. The setup of accountability rules for the decision makers, in particular the customary chief, will develop a better climate of trust and dialogue among the different actors.
4. The creation of a commercial code regulating actors’ behavior in the rural markets will decrease the transaction costs for the peasants and as a consequence stimulate agricultural productions.

There is still a long way to go!

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