

Poverty Reduction as Local Institutional Process

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Abstract

Chronic or persistent poverty is an institutional problem. The institutional landscape is characterised by ongoing (discursive) struggles in multiple local arenas, where people's entitlements are, or are not sustained. This perspective implies that attacking poverty requires institutional change. In between the optimistic efficiency view of spontaneous institutional change and the rather pessimistic argument of non-optimal path dependency, we believe that both external shocks and institutional entrepreneurship are able to open windows of opportunity that can induce beneficial institutional change, so as to increase the size of the cake, to improve the slicing of the cake and to increase participation in political arenas where the rules of the game(s) are negotiated. This will be illustrated both at the macro and micro-level with empirical material we compiled in Cameroon and Nicaragua.

1. Introduction

Poverty is not a characteristic of some people; it rather characterizes a particular *situation* people may be involved in. When we talk about persistent poverty, we should be aware not to confuse individualized symptoms and institutional determinants of poverty. This claim is key. It suggests that the human beings who have to cope with poverty, periodically or more permanently, remain full agents, just as any other human being, except that their agency is constrained by less resources and strategic capacities, and, possibly, guided by different cultural or cognitive models (Rivera, Donovan & Foudriat, 1999). The claim also directs attention away from 'the poor' themselves and towards the institutions that determine their environment as the prime object of poverty reduction. Attacking poverty implies institutional change. To be sure, the claim does not imply a rejection of measuring the poverty situation people are living in by their effective functionings, in terms of literacy, mortality, undernutrition, or any other of the millennium-targets. It suggests, however, the need to look beyond these immediate signals of poverty at the moment of articulating opportunities for poverty reduction.

In this text, we first peer into the New Institutional Economists' concepts institutions and institutional change, in order to see how we can understand situations of persistent or chronic poverty from such a framework's point of view. We also look at possibilities for institutional change. In a second and third section, these ideas are applied to look at specific anti-poverty programs we studied in two countries, Nicaragua and Cameroon. The cases were not chosen for a particular reason: As far as we know the cases we introduce don't have much in common, beyond the fact that both provided for an opportunity to do intensive field research in some of the poorest areas of the respective countries. We emphasize the importance of this kind of local-level studies of institutional change below. Not only can such studies detect in what way local issues are different from as well as articulated with national and international issues, they also allow to see an anti-poverty-intervention by itself as yet another local political arena. This argument is developed, again, with empirical material from our Cameroonian and Nicaraguan cases.

2. Institutions, persistent poverty and institutional change

For us, researchers on poverty, the institutional landscape interests us for three reasons: The way in which institutions are performing, and the way in which they are articulated to each other will determine the size of the cake, the way in which it is distributed, and the way in which different people participate and are taken into account at the moment the rules of the game(s) are negotiated. Poverty may be related, first, to individual and collective economic inefficiencies and issues of sustainability that determine 'the size of the cake'. At the household level, this perspective has been developed by the 'livelihoods'-approaches to poverty, and it is to be welcomed, too that these approaches have increasingly turned attention to, or tried to integrate other institutional levels as well (Ellis 2000, Bebbington 1998). The productivity and efficiency effect of institutions beyond the household has clearly been demonstrated in recent research on **social capital** ([ref. samenvattend boek Social Capital: Grootaert en/of een selectie relevante artikels m.b.t. het locale niveau: Bebbington, 1999 \(?\); Uphoff\(2000\), Narayan& Pritchett \(1997\), etc... \)](#)) One of our case studies will enable us to focus on this area. But then, as Sen (1981) so brilliantly documented even for the extreme case of famines, the development or regress of the over-all resource base is, at best, only indirectly related to the effective famine victims: it is not the general deficiency of food supply, but their lack of specific entitlements that is the proximate cause of their death. The literature on **social exclusion** is one of the important inroads to analyse the institutional mechanisms at play when 'the cake is sliced' (See e.g. Silver 1996). The Nicaragua-case will tell us how some of these mechanisms works in the case of rural poverty alleviation initiatives. But finally, and more fundamentally, we submit that both capitals as well as capabilities are ultimately determined by people's position in the **bargaining processes** around institutional rules and structures. This view looks at institutions as social constructions, the outcome of a battle fought in political arenas (Long 2001, Bierschenk & Olivier de Sardan 1998). We can view the institutional landscape here as a complex set of different bargaining processes, and those we call 'poor' are essentially those who, for one or another reason, have ended up at the losing end of the bargain.

Poverty alleviation has to do, then, with institutional change, which should, ultimately, be translated in an opening up of the political spaces underlying the institutional landscape (Webster and Engberg-Pedersen 2001). Institutional change refers to a very complex process not in the least because of the diversity in institutions and local specificity of the institutional environment. Especially the lumpiness of the concept of institutions warrants caution when talking about institutional change. It is beyond this paper to give a full overview of the comprehensive debate on institutional change processes. By looking at some of the important elements of the discussion on institutional change processes we are nevertheless able to generate some important insights that are valuable for further conceptualisation of persistent poverty and of the opportunities for change.

In treating the subject of institutional change, we are primarily inspired by the New Institutional Economics (NIE). The basic premise of the NIE is that changes in institutions can be explained by (aggregate) processes of individual behaviour. Using some basic notions from the NIE, a fairly satisfying framework to interpret the local institutional dynamics can be constructed by looking at individual strategic behaviour and involvement in processes of social interaction. Within the NIE, two accounts of institutional change can be usefully distinguished. A first account works from the assumption of a competitive environment in which several institutional forms are pitted against each other. It can be supposed, in that case, that the most efficient institution will drive out the less efficient ones (North and Thomas, 1982). According to this early –narrow– view to institutional change, changes in

preferences, resource endowments and technologies are triggering changes in the institutional environment towards a new efficient equilibrium.

However, although this incremental kind of change may explain a significant part of the puzzle, it leaves a big residue. In reality many 'dysfunctional' or inefficient institutions continue to exist –or are difficult to weed out. The basic principle behind the continued existence of these 'inefficient' institutions is *path dependency* (e.g. North, 1990; Putnam, 1993; Bardhan, 2000). It seems as though a given society is 'trapped' into its historically inherited structures, rules and culture, or at least that some avenues of institutional change are precluded due to an almost prohibitive *transition cost*.

Path-dependency is a broad phenomenon that can be explained by several factors. Bardhan (2000) identifies two principal factors that underlie path-dependent processes.

The first refers to the increasing returns from adopting a particular institutional arrangement. Changing institutions is not a costless process but requires time and effort. To begin with, there is the issue of initial setup-costs. In addition, there are also learning, co-ordination and adaptation effects: people will have to learn how to change their practices in the new environment and other institutional rules will probably be affected as well (North 1990: 95). These costs are all sunk costs, they are specific to the process of institutional change. On top of that, the benefits of institutional change cannot not be appropriated by those who bear the costs of the process; institutional change is a public good and therefore tends to be undersupplied. Uncertainty over the net results of institutional change might bring people to stick to patterns of interaction they dislike but as an individual are not willing or able to disrupt. Conversely, the more a certain pattern of interaction is applied or adopted, the more convenient for others it will become to follow the established pattern. As Bardhan asserts, "a path chosen by some initial adopters to suit their interests may 'lock in' the whole system for a long time to come, denying later, maybe potentially more appropriate, institutions a footing" (2000: 223).

The second factor concerns the particular influence of historically inherited mental models (see also North, 1990). In general, established norms and values have a strong influence on what is to come, especially when considering that the insecurity stemming from imperfect information flows and the capacity to process such information makes people reluctant to pursue radical alternatives to generally established patterns of interaction: "Individuals often cannot even conceive of appropriate alternatives (or [...] they regard as unrealistic the alternatives they can imagine). [...] In other words, some of the most important sunk costs are cognitive" (Dimaggio and Powell, 1991: 11).

Although path dependency is an important explanatory principle inhibiting institutional change, we should not confuse it with the idea that societies –and the people living in them– can be trapped into either a high- or low-equilibrium path as though it would be a question of eternal bliss or doom: In the end, there is neither persistent poverty nor persistent richness. Although various important social scientists stress the importance of historically embedded processes of institutional change (North, 1990; Putnam, 1993; Williamson, 1998), assuming institutional gradualism to the point of inertia would be too hasty a conclusion.

An ultimate proof of this is provided by the largely empirically founded idea that fundamental institutional changes over short periods of time are likely to occur in times of *unplanned disaster*. Periods of crisis indicate that the 'normal' ways of doing things are insufficient to

resolve the urgent challenges ahead. Thus, an active search begins for new models and rules, and people become less reluctant to stick to the known and predictable. It is following these lines that authors like Titmuss (1950) and, later on, Goodin and Dryzek (1987) and Drèze & Sen (1989) have traced the development of the British Social Security System back to World War II. Yet, it would be rather difficult to accept a rather mechanical cause-effect tie between disasters and institutional change. Institutional change may be made easier perhaps, given the circumstances, but some disasters are also simply disasters.

But the main point we want to make is this: Bardhan's arguments about path dependence depends on the assumptions that a society's institutions are articulated in such an intricate way that every attempt to change would simply bump into a iron logic making up the 'essence' of society and determining its path into the future. In the African literature, the same argument is made by Hyden (1983), Médard (1991) and Schatzberg (1993) at the macro-level, or Abraham and Platteau (2001) at the micro-level, who try to make sense of African politics in terms of an underlying but largely invisible "logic" behind a "modern" façade. More empirically grounded analyses, however, have sufficiently documented the way in which African societies have accommodated *and* domesticated 'modern' influences and 'western' institutions like states, private property, and the like (Bayart, 1994; Berry, 1997). They depict the African institutional landscape as pluriform or polycephalous: it is made up of institutions that are the product of different historical periods and based on varying meaning systems, rules and actors (Bierschenk et al. 2000: 10). The idea of a polycephalous society is also reminiscent of Migdal's argument that in many third world countries, it is futile to search for a central core, "where the ballgame is being played", since

"In many third world countries, many ballgames may be played simultaneously. In weblike societies, although social control is fragmented and heterogeneous, this does not mean that people are not being governed; they most certainly are. The allocation of values, however, is not centralized. Numerous systems of justice operate simultaneously" (Migdal, 1988: 39).

In line with this, we use the concept of 'institutional landscape'. Like other landscapes, its outlook may totally change behind the next corner. The local specificity of a landscape reminds one of the importance of particular circumstances and personalities. Like other landscapes too, it is the outcome of several historical periods, and the historical reasons of a particular institution's creation are not very informative of its actual function. This function is determined by the actual people living in it and by the role they play, or are refused to play, in the political arenas where these functions are negotiated.

According to this view, pockets of persistent poverty can perfectly co-exist with a very dynamic environment. Poverty might simply persist because the dynamics of society as a whole are not affected by some pockets of poverty. To illustrate, pre-World War II London could flatter itself in claiming to be the capital of a World Empire without being disturbed in the least by the living conditions of many of its own citizens (Titmuss 1950). Conversely, these pockets of poverty will in all probability only be focussed on whenever they become either dangerous or interesting for the established order. World War II, with its evacuations, rationings and war efforts, did undoubtedly provide such a window of opportunity to trigger institutional change in favour of those who were condemned to live in poverty before (Titmuss 1950).

To sum up, while poverty might appear to be persistent at particular times and places, this is not so by necessity. However, while the poor can be defined as those ending up at the losing end of different kinds of bargaining processes, we cannot expect them to change their

situation themselves. It is when, for one reason or another, a window of opportunity is opened which allows them more political leeway, that circumstances can be changed for the better.

3. Windows of opportunity

A brief history of our two study regions can shed some light on this proposition. Both areas in Cameroon and Nicaragua are located in isolated rural areas. In general terms, they are clearly to be characterised as ‘pockets of poverty’. Yet, during the course of past and recent history, some ‘windows of opportunity’ have been opened to these regions. In this part, we first describe these general context factors.

In the Mandara mountains, Cameroon

The case study we undertook last year, and from which we borrow illustrative material here, was focussed on the production and commercialisation of onions in Moskotà. We arrived in that particular village since we were studying the local-level institutional embeddedness of a development project targeting precisely towards the producers of onions in this village. Moskotà is inhabited by the *Mafa*.

The *Mafa* have a long history of precarious living in what is widely known as the Mandara mountains, in the Extreme-North province of Cameroon. The name of these mountains refers to the *Mafa*'s eternal enemies, the Mandara people, who dominated the area and who lived in peaceful coexistence with the Islamic Foulbe people, living further down in the large plains and urban centres of the Province. For the *Mafa*, however, until fairly recently peace and, earlier, the escape from the slave trade, could only be achieved at the price of isolating themselves further on their highly populated mountains. One of the villages originating some 50 years ago in the previous no-mans land between the Mafa and the Mandara. Windows of opportunity out of this situation of persistent poverty came in different guises and at different periods in time.

A first window of opportunity opened up by the second half of the twentieth century, at the height of the colonial era. The North of Cameroon became economically interesting only by then, when it turned out that it was a very interesting area for cotton production. The labour force was found in abundant quantities in the mountains. But more importantly, Christian missionaries came in the colonial structure's wake and laid the foundations of a process of emancipation of these ‘kirdi’ (literally: heretics), as they were called by established (muslim) society. The missionaries' ‘classical’ interventions in health centres and schools did not only prove successful in terms of human capital formation. Just like Islam, Christianity was a world religion. Conversion towards either Protestantism or (to a lesser degree) Catholicism implied, for the mountain people, that they were granted an identity as important as the other world religion while at the same time it allowed them to remain at a safe distance from the former slave hunters. The importance of this element deserves to be underscored.

A second window opened up at the early eighties. Since Cameroon gained independence, in 1960, a young muslim president from the North, Ahmadou Ahidjo, came to power. Since his political weight depended on the importance of the group he presented, he was careful to present the whole Northern Province as a muslim province. In this way, millions of mountain people saw their opportunities restricted by a muslim society which was able to profit from

the national state's structures in order to further its hegemony in the North. Such restriction of opportunities for the 'kirdi' in general should even be taken literally, as the Ahidjo regime did even not allow mountain people to freely circulate in the South. The reasons invoked by the Ahidjo regime were roughly the same as those invoked by present-day European governments to prevent the free circulation of 'illegals'. The political answer was the same too: access was restricted, and alleged 'tramps' were arrested sent back home, where they were supposed to belong. In this way, the centre of power was able to sell the Northern part, or one third of the country, as entirely muslim. And the only way for the mountain people to escape was conversion to islam. Table 1 quantifies the phenomenon: During the Ahidjo-regime, almost 9/10th of all administrative positions in Northern Cameroon were occupied by people carrying moslim names.

Table 1. Names of administrators in Northern Cameroon

	1960-82		1983-89	
	#	%	#	%
Moslim name	132	86	18	26
Christian name	13	8	43	62
Not identifiable	9	6	8	12
TOTAL	154	100	69	100

Source: Schilder 1994: 174

All this changed dramatically with the end of the Ahidjo-regime, in 1982, when the actual, Christian and Southern president Paul Biya came to power: From then onwards, the 'kirdi' became the natural allies of the ruling party, *against* the muslim opposition. One of the ways in which the regime rather easily opened up political space was by dividing the 'North Province' in three parts, so that the kirdi-dominated Extreme-North Province would have a 'voice' of its own¹. Further, one can also note the spectacular change in the type of names carried by the administrators of Northern Cameroon: 'Christians' and 'non-identifiable' now dominate the state apparatus in the north. The local 'lamido' or customary chief of Moskotà symbolises this wind of change in a most extraordinary manner: Having been converted to Islam only by the end of the sixties, undoubtedly in response to the political pressures of that time, by the mid-nineties he closed the local mosque and converted it into a stable for donkeys.

A more substantive strategy consisted in draining international aid funds towards the region. The region is renowned, indeed, for the relatively high density of development initiatives, compared to other regions in Cameroon. In one way or another, the 'development brokers' channelling these funds are connected, then, to a broad network of so-called civil society organisations as well as to the ruling party structures, up to the very local level. This can also be illustrated by 'our' case: the local 'President' of the Union of Onion Producers was also voted member of the municipal council, the Union's bookkeeper was president of the local RDPC-structure, and the local representative of our host NGO was *also* an ex-councillor of the RDPC. Thus, the flow of poverty alleviation initiatives seems to run in both directions, it is supposed to channel funds to the poor and to channel votes to the party.

¹ This tactic was, besides, neither new nor restricted to the provincial level. The French already applied it in 1920 in order to open up the political space to non-fulbe. And in the Mandara Mountains themselves, the 'old' *canton* of Koza was subdivided in four after independence, thereby toppling the power of the customary chiefs (*lamidos*) who had collaborated with the colonizers.

A third window of opportunity was provided by the economic policy of the eighties, the era of Structural Adjustment. In the literate circles of Cameroon, this era is mainly remembered as an era of increasing unemployment of *supprimés* and *déflatés* (the alleged doctor in philosophy who's now driving a taxi) and decreasing state involvement in the economy. In the case of Moskotà, the shrinking state is experienced mainly in terms of shrinking schools and in terms of a major restructuring at the now partly privatised cotton enterprise. Many people are laid off and become, again ordinary farmers. In practice, they do not change their job as much as might be imagined: They now become the 'peasant' leaders managing the 'self-help groups' of cotton farmers, set up by their former employer as a way to subcontract the production risks.

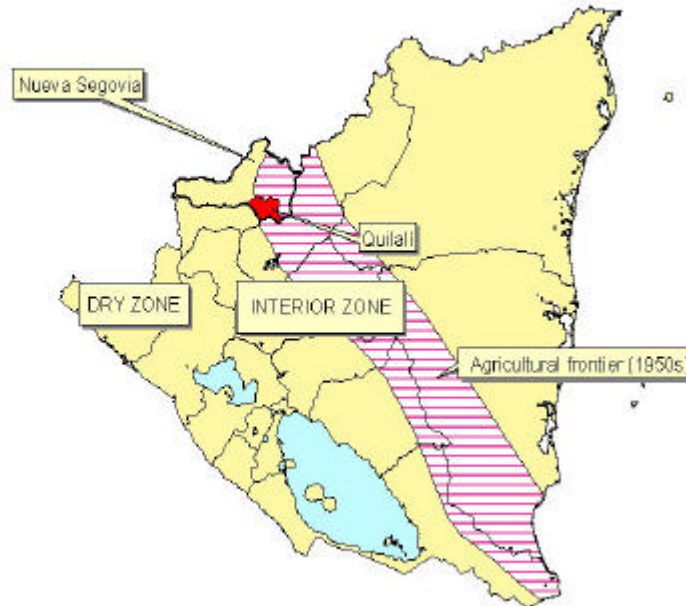
Yet, we would persist in arguing that, over-all, the era of Structural Adjustment has been a window of opportunity for the region. Take a look at onions: If, in 1989/90, Cameroon still imported 3067 tons of onions from European countries, by 1995/6 this stream has virtually dried up (184 tons) (Mamtsai, 1998). Conversely, in the same year, almost 5000 tons were EXported, towards neighbouring African countries like Gabon, Nigeria, Chad, Congo-Brazzaville and C.A.R.). Another indicator of the dynamism brought about by onions is the evolution of the land market. Curiously, when we arrived in the region, the first remark we had to cope with was that in Moskotà, there were no onions. This turned out to be true indeed. But there were onion producers. These producers rented their land in the neighbouring (Mandara-dominated) villages, where access to water was easy and the soil optimal for onion production. Eventually, they even opted to go and live there.

Further, the shrinking state has at least been partly compensated by an expanding NGO-sector. More in particular, the private sector set out to explore the interest of non-traditional export products, among which onions. AGROCOM is created as an association of private entrepreneurs, in (the harbour of) Douala. Quickly, a link has been established with onion producers in North-province, through the 'Coopérative Tignéré', financed by French development aid. Some years later, the Extreme-North province follows suit with the creation of FEPRODEX, a Federation of Onion Producers financed with EU- and Canadian money. The president of Feprodex was himself *not* an onion producer but a former state employee working in the Ministry of Agriculture. The NGO we studied ourselves fits into this picture as an organisation that tries to open up space for the small producers in a setting which was allegedly dominated by the large merchant-producers.

In the Quilalí Valley, Nicaragua

The second case study was realised in Nicaragua, more specifically in the Quilalí Valley. Quilalí is a rural municipality located in the interior zone of Nicaragua (see map) Following the in-roads of war-related timber exploitation and rubber tapping, this region was opened up during the 1950s as a peasant agricultural frontier. The opportunity to gain access to abundant and cheap land attracted poor and middle peasants from the central regions. Many of them left because of recurrent crises as a consequence of increasing draughts. Others lost their land to expanding large scale coffee-cattle and cattle estates. The peasant colonization process in Quilalí was actively promoted –through (some) investments in infrastructure- by the Somoza-regime both as a means to rapidly incorporate large amounts of arable land for food, coffee and cattle production and to reduce growing pressures for land reform in the more densely populated areas of the country. The abundance of fertile land as well as the prevalence of interesting relative prices for food, pigs, coffee and cattle enabled many of the immigrant

peasants to initiate a successful accumulation pattern and establish viable family farms. Given the prevalent favourable conditions, even some of the poorest migrants succeeded in this endeavour making use of sharecropping and broader patronage relations with richer peasant farmers².



When the revolutionary sandinista regime took power in Managua, the interest of central government in the region changed and deepened. Initially, the revolution seemed to constitute an additional ‘window of opportunity’ for the region. The new regime made the strategic option to attempt to win the sympathy of the peasantry in these remote areas. To do so it substantially increased subsidies for the peasantry and it transformed land estates owned by the Somoza-family into state farms where quite favourable labor conditions were introduced. Subsidies were, however, politically conditioned such that national politics became an important reality for the local population of Quilalí. Furthermore, socialist land policies prohibited the allegedly exploitative, semi-feudal sharecropping and patronage relationships between poorer and richer peasants. It replaced these mechanisms of land access with an –at that time- uncertain and contested prospect of a government-led and collectivizing land reform. This, together with other ‘mistakes’ of the sandinista regime³, allowed the richer local strata to lure their poorer dependents into a military struggle against the sandinistas. The revolution thereby rapidly transformed into a nightmare of socio-political upheaval and military conflict.

Quilalí was one of the zones of earliest and strongest peasant resistance against the urban-based sandinista revolutionary project. It became the scene of widespread armed peasant rebellion and suffered harshly in the ensuing counterinsurgency or *contra* war of the sandinista army, with the frontline between contra-revolutionary and sandinista forces running through the village. In the sandinista controlled areas, poor peasants were given access to land in so-called self-defence cooperatives and they benefited from consumption subsidies to

² For more details on the colonisation logic see Nitlapán-UCA, 1996.

³ For an excellent account of the history of armed anti-sandinista struggle and its backgrounds in Quilalí, see Horton, 1998.

compensate for their lack of profitability (due to the war as well as sandinista policies of controlled and low food prices). In the regions under control of contra forces, similar transformations in land tenure relations were evidently not undertaken, since it were the richer peasant farmers that were in charge of the rebellion.

The end of the armed conflict, after the unexpected sandinista electoral defeat in the early 1990s, opened up a second important window of opportunity for the region. The demobilized combatants of the sandinista army as well as (and in Quilalí mainly) the ‘contra’ forces were given substantial support to disarm and to reintegrate into normal life. Paradoxically the demobilisation of the contra rebels was in part achieved by a new phase of land reform. Sandinista cooperatives, formed during the sandinista era, were forced to hand over part of the land they had received and additional private land was incorporated as well⁴. Pre-revolutionary tenure relations were thus profoundly transformed and democratised. In order to promote reconciliation and economic recovery, the new Chamorro government –supported by the European Union, granted considerable financial resources to these emergent sectors in addition to the land transfers. At the same time, the local *contra* sectors became more organized and politically represented at the national level – in alliance with the liberal party as opposition to the Sandinista party – and thereby successfully obtained access to substantial external aid resources.

Today, the region suffers from the consequences of the coffee crisis as well as a rapid decline of government interest and thus of resources flowing into the region since the mid-1990s – with a short, but substantial resurgence in the aftermath of the local disaster provoked by hurricane Mitch. Increasingly, the previous strong government presence is replaced by a diversity of non-governmental organisations. Some of these NGO-networks continue to be linked to the two dominant, political networks (Sandinista and liberal), but in general the prominence of political patronage is on the decline. Despite a profound sandinista and post-sandinista agrarian reform as well as intrinsically favourable conditions for intensive small-scale peasant production, a strong tendency towards re-concentration of land by the richer farmers can be observed. Differential access to outside resources such as credit and technical assistance plays a role in this process (see below). The process of re-concentration goes hand in hand with a very dynamic local land market as well as very high proportions of in- and out-migration. Part of land market transactions correspond to a ‘natural’ re-accommodation of peasants to the peace conditions. Some prefer to leave the straightjacket of the ex-cooperatives to buy individual land elsewhere, while other war-migrants return to their ‘home lands’ in the mountains. But the process of re-concentration does also imply a re-initiation of the previous logic of concentration-expulsion at the agricultural frontier, but by now in quite less favourable conditions for newly establishing peasants at the new agricultural frontier further to the North. A clearly negative role is also played by the severe coffee crisis that has dramatically affected wage labour opportunities for land-poor and landless families. It has forced many families to look for wage opportunities, in particular temporary migration to Costa Rica, either in a legal or illegal way.

Opportunities foreclosed ?

In the previous sections, we have located the specific ‘pockets of poverty’ under study as well as the major social determinants of their dynamics. The available evidence suggests that both

⁴ To make the paradox complete, the contra rebels guided by their leaders adopted a cooperative model of organisation that bore a close resemblance to the ineffective collective sandinista model.

case studies of regions characterised by persistent poverty have witnessed rather important changes in their environment. Many of these changes were for the better, they opened so-called windows of opportunity. Nonetheless, the available evidence does not allow to be too optimistic as to the future.

In the Nicaraguan case, the region is substantially affected by a huge coffee crisis. This crisis has not yet received any adequate response by the government. The landless families who make their living mainly as agricultural labourers in the coffee farms have been the main victims of this crisis. They have not been able to exert sufficient political pressure on the government to provide special support. Moreover, ecological degradation and demographic pressure has made access to fertile land one of the largest constraints. This results in substantially increased poverty levels. The proportion of land-poor and wage-dependent families has gained importance. More and more people exit the region, either by temporarily migrating to Costa Rica or – especially the most dynamic ones – by buying land and starting a new life further eastwards where land is cheaper and more fertile. Why is that large groups of peasants, among them even land-owners, were not able to reap the possibilities provided by political peace at the macro-level ? What factors did in fact militate against them, by re-initiating a process of land-concentration ?

In the Cameroonian case, recent data on e.g. literacy continue to indicate the severity of the poverty problem as compared to other regions; with an adult literacy rate of around 62%, Cameroun does significantly better than the Sub-saharan average (55%), but this rate reduces to 33% in Extreme-North province, and to 27% in the rural parts of this province (UNDP 1997, World Bank 1995). Our own field experience does further indicate that this rural average is not attained in the Mandara Mountains, and that especially women are *de facto* almost impossible to interview; in Moskotà, we didn't find any women with the capability to entertain a simple conversation in French (the language used at school). These data are not only telling, they are also question begging: why is it that the rather important windows of opportunity, opened at the national and regional levels, were not reaped by the mountain people –or at least not by the majority of them ? Why is poverty so persistent ?

More specifically, in both cases, several kinds of anti-poverty policy have been designed, for each region, for the political reasons we have analysed above. One of the answers to the question of persistent poverty may come from the particular way in which these interventions have been realised in a specific local institutional context. This is the subject of the next paragraph.

4. Anti-poverty interventions

Anti-poverty interventions are political conundrums, both in their intentions and in their effects. The first conundrum has to do with what Norman Long calls the *central dilemma of development planning*: “no matter of how firm the commitment to good intentions, the notion of ‘powerful outsiders’ assisting ‘powerless insiders’ is constantly smuggled in” (2001: 89). Development planning suffers from hyperrationality: the mere intention to plan forecloses the realisation of the objective⁵. “It is as if the man-made and hence contingent nature of institutional change must be denied and artificially ‘forgotten’”, writes Claus Offe (1996: 214). Project ‘ownership’, so important to guarantee the sustainability of an intervention, is

⁵ Poverty alleviation, like institutional design more generally, seems to belong clearly to the category of states which are essentially by-products, that is they cannot be produced at will (see Elster 1973, Offe 1996)

crucially determined by the capacity of the project planner to cover his tracks. In this regard, Offe coins the concept of *institutional gardening*. The gardener walks around in the institutional landscape where he discovers an already rich vegetation of inherited institutional patterns, some of which can be cultivated, others should be weeded. In the case of the eastern European countries studied by Offe, he observes how political leaders make use of 'The West' as the most important 'model' to 'copy'. Institutions cannot be copied of course, but by 'copying' Western-style institutions, political leaders may legitimate the institutional change they are hoping to realise.

But then, the other conundrum arises: those we call 'poor' are essentially those who, for one or another reason, have ended up at the losing side of several important bargaining processes. Thus, anti-poverty interventions should essentially be designed to do away with the existing order so as to open up political space for the poor. But this task will obviously trigger local resistance, in different forms. In this context, the following observation of D. Bromley is quite relevant:

“The puzzlement about persistent poverty in the wake of decades (and billions of dollars) of ‘development projects’ is no puzzle at all. The poor remain poor because the institutional arrangements rendered them poor before the development intervention, and there are durable pressures –and nontrivial individuals- to make sure that the mere advent of a ‘development project’ does not somehow upset the institutional arrangements that created the current structure of economic advantage in the first instance.” (Bromley 1998:87).

In the context of development aid, these 'nontrivial individuals' are also known as "development brokers" (Bierschenk and Olivier de Sardan, 2000) or "interface experts" (Hilhorst 2003): people and organisations who improvise a life in the in-between between the global and the local. In a study on NGOs, Hilhorst wonders how these organisations can be said to 'exist' at all, i.e. "how NGO management and staff members arrive at a certain coherence in practice, given the multiple binds and lifeworlds in which they operate" (2003:320). The multiple domains in which they are active are also relatively separated from one another, however, and this gives them interesting room for manoeuvre. It is by optimizing the 'structural hole' (Burt 1992) between different lifeworlds that brokers can dominate the political arena surrounding the development intervention.

To summarise, on the one hand we need an 'institutional gardener' who responds to existing dynamics while covering his tracks. On the other, this gardener should be quite aware that these 'existing dynamics' are themselves (partly) part of the problem he was to solve in the first place.

The case studies in Nicaragua and Cameroon provide for material to document how these two conundrums have worked out in practice: (a) How specific interventions propose to legitimise their role in the field and (b) how this 'field' has hosted the intervention. The latter question involves insight into who the 'nontrivial individuals' are with whom the representatives of the intervention have interacted, how these individuals have set out to 'bend' the intervention in their direction, and to what extent these interventions have maintained their original goal of poverty alleviation.

In the Mandara Mountains, Cameroon

As already mentioned above, the central idea behind the project we were able to study was to organise the ‘poor’ onion producers vis-à-vis the supposedly well-organised merchant interests in the onion-subsector:

“The merchants, with their financial power, are buying almost the whole produce often at a price below the production cost, and sell it sometimes at a price a tenfold higher. The persistence of such a system would result in the small peasants becoming poorer and the rich merchants becoming richer. So the representatives of the producers of the whole province have united themselves during three days with the help of a Belgian consultant, in order to plan actions which will be executed over five years, so as to correct this injustice” (Ifcam, yearly report 2000)

This citation reveals both in what way the ‘external’ intervention has proposed to ‘internalise’ its actions and how it defines its general political position towards a group of local actors they regard as very important. Ifcam’s general objective with this project may be connected to its wider aim to work towards a much broader ‘peasant movement’ which is able to withstand other social pressures against its own interests, and define a pro-peasant development policy for the country as a whole. We do not want to discuss the pro and cons of this more general objective. Instead, we want to focus on what happens in one particular locality, and enquire in what way this general objective was ‘realised’ with the onion-project in the Mandara Mountains.

Participatory planning and the rural-urban interface

Ifcam’s main strategy to ‘internalise’ the intervention was to discuss it with the potential beneficiaries and other major stakeholders during a participative planning process, mediated by a foreign consultant. In practice, the five-year plan specified five domains of intervention:

- 1- to obtain a better price and quality of inputs
- 2- higher productivity through more intensive cultivation techniques and better seeds
- 3- more land security for poor peasants
- 4- irrigation systems accessible to all
- 5- organisation of collective sales

Time and again, the organisation referred to this planning process in order to legitimise its actions and presence on the field. The participatory way in which this plan was arrived at does of course not detract from the fact that it’s a blue print, designed at the level of the province, and put into effect in six different localities. Such an approach is of course not too flexible or open to be negotiated in function of local opportunities or constraints, but then, this might be precisely the advantage of it: Not being flexible does also imply, indeed, that the project is not deflected from the goals determined by the participants to the planning process, whatever practical difficulties or sudden ‘interests’ showing up. Likewise, the participatory character of the planning process would assure ‘ownership’ and be a perfect means to hide the hand of the intervening organisation –or the consultant. By marrying participation to development planning, development workers have created themselves a perfect rationale for intervention.

However, we might doubt the extent to which such a process would indeed *really* serve to ‘internalise’ the intervention, rather than cultivate the *impression* among outsiders that the project was indeed internalised. Ultimately it is of course the locality itself which will decide whether this rationale is sufficiently convincing. And then, within the locality, different actors can still be distinguished.

One of the important elements we consider here is the identity of the local persons IFCAM was able to contact. To begin with, the person who represented the locality of Moskotà during the planning process is a laid-off employee at the cotton company, and actually one of the big cotton producers of the village. He is also active in the protestant church and active in politics (formerly voted member of the village council for the ruling party). This profile does not necessarily describe one of the most 'representative' poor onion producers, it is rather one of the most 'urbanised' villagers of Moskotà. Further, in Moskotà, IFCAM works through the 'Union of Onion Producers of Moskotà', an organisation which was created specifically as the local intermediary of the project intervention. Its president is one of the actual members of the village council for the ruling party. He's married to one of the only women of her age category (30-40 years) able to read and write. Another dominant member of the 'Union' is one of the descendants of the local customary chief, and one of the only owners of a formal land title (18 hectares, compared to an average acreage of 2,5 ha per household in the same village). It's one of his onion fields that has been visited by the members of the General Assembly of IFCAM in the margins of their annual meeting at the provincial capital of Maroua. More intriguing still, he is one of the few people participating in the trade of onions towards Douala, more than 1000 kms down South. So as it turns out, he's neither poor, nor a peasant. But again, he belongs to what we can call the urbanised elite in the locality.

All in all, Ifcam seems to have been in contact in the first place with the local elite. Of course, there are reasons to expect this. To begin with, nobody from Ifcam itself speaks the local tongue. This constrains the local contacts to french-speaking people –mainly men. Further, all of the people we mentioned had also had previous 'urban' contacts and hence the cultural divide between them and the Ifcam-workers was not too big. Another explanation might be found in the way this elite is structurally embedded in the locality. All Ifcam's contacts may be characterised as brokers, operating in the interstices between the city and their village of origin. All of them have spent some time elsewhere. It has probably allowed them to master other languages besides their mother tongue, and to get acquainted with some knowledge about the 'civilized world' outside their village. Eventually, they have returned, and they feel at ease precisely at the interface between 'tradition' and 'modernity', between 'past' and 'future', between 'poverty' and 'development'. This place might appear uneasy perhaps, but appearances do deceive. We might see them literally as urban drop-outs who have returned to their village of origin. This perception is historically correct, but it cannot give due account to the interest they see themselves in being at the rural-urban interface. Located at the front door of their village, this elite is able to capitalise on its 'urban knowledge' and to 'sell' the flow of benefits of this capital to its neighbours. One of the things to sell, here, is development –or the goods it can get access to via development projects. It is this access to the city which provides its power position.

Thus, we arrive at a paradox: The identity of the actors at both sides of the rural-urban interface suggests that the development project originally intended to be adapted to the local peasants' world through the participatory character of its planning process, was 'internalised' precisely by the most 'urban' local actors. Convinced almost in principle, this elite proved a very poor counterpart to criticize the goals initially set by the project.

One of the side-effects of this collusion in development discourse was that Ifcam's discourse and approach was never challenged in the field. For instance, it simply did not become aware of the fact that its option to unite the poor peasants against the powerful merchants was an impossible one: it was in contact precisely with those peasants who were also, at the same

time, operating as merchants. True, all of them were peasants, and none of them was a professional merchant; onions were traded only part of the time, when the work in the fields was finished. None of them owned a lorry either: at the moment prices were deemed appropriate, some peasants-merchants assembled together in small teams to rent a lorry collectively. This was almost the only way in which the onions of this region were traded. And when, eventually, Ifcam decided to set up small groups of peasants in order to organise a collective sale of onions, they evidently succeeded in this project, without knowing they were simply re-inventing an alternative which had already emerged by itself, some 10 years earlier.

But the biggest questions lie somewhere else, of course. The fact of being in touch with such a specific group of people only, adds an additional difficulty, namely the question of the *trickle down* of Ifcam's intervention to *other* social groups. *If* (at all) such a trickle down was to occur, this would be function of the urban elite's interest in realising it. The organisation's policy objective #4, i.e. to distribute motorised water pumps via solidarity group credit, might be instructive here.

The rural-urban interface and the reproduction of poverty

Objective #4 was materialised in the form of a credit program, where motorized water pumps were distributed as credit, to be repaid over a period of three years, after each year's produce of onions had been sold. In the case of Moskotà, 27 pumps had been distributed in this way over three agricultural cycles. The program was set up as a group credit, where additional credit to a group was conditioned on the in-time recovery of repayments due to earlier loans. At the face of it, this strategy was fairly successful. In the words of the representative of FNE, the government service which financed the loans, a recovery rate of 85% was deemed 'satisfactory'. Though this percentage would be insufficient to recover the whole capital, the representative argued for some leniency, given that the project is also partly an opportunity for peasants to learn about credit, loans, and paying back in time.

Though the state representative's data suggest a relatively clear and simple story, reality was disconcertingly complex, however. To begin with, even a four-week field visit did not allow to obtain a clear picture of each credit group. The number and name of groups varied, when we compared Ifcam's reports with those of the financing government service and with the records kept by the secretary of the Union of Onion Producers. Further, the number of group members was not at all fixed, it seemed to vary according to information source and over the years. Even members of the same group did sometimes claim to belong to different groups, or others claimed on the contrary to have recently merged, or created a new group. Finally, there were at times even different views on the name of the group's president.

There are, broadly, two ways of interpreting this real-life complexity. A first way would be to conceive the flexibility and variability of the groups we analysed as a reflection of the 'civil society'-part of the local institutional landscape more generally. We do doubt, indeed, that the flexibility and evolving nature of local associational rural African life is oftentimes implicitly or explicitly underestimated, as e.g. in recent attempts to 'measure' the density of local associational life (Krishna and Shrader 1999). But we do also think that even a further analysis of these associations would not have led to a clearer institutional map. In our view, the problem is not so much that associational life as a 'reality' is difficult to grasp, the problem is rather that also *local* actors have their own, sometimes widely diverging views about the same organisations, what they do, how they work and by whom they are led. From this point of view, any attempt to map the institutional landscape in unambiguous ways would be a political statement in favour of one, and to the exclusion of several other views. From

this point of view also, Ifcam's perception of the credit groups is as bad, or as good, as any other.

However, there is more to it in *this* specific case: If credit groups are *not* stable and/or their memberships as contested as any other civil society group, the group guarantee could impossibly explain the 'satisfying' rate of loan recovery. Thus, another mechanism must be at work here to explain why most people did nevertheless reimburse as expected. Moreover, whether or not the credit groups are just virtual reality, the motorized pumps clearly were *not*. In this specific area, access to a motorised pump through a credit scheme was undoubtedly a very attractive prospect: the alternative was to smuggle in a lower-quality pump from Nigeria, to be paid at once and with savings from other crops. Accordingly, it is also interesting to find out who produced Ifcam's discourse on 'group credit' at the local level, or, in other words, to find out who was able to manipulate the distribution of motorized pumps in the locality.

An answer to the first question is given by a testimony of one of the persons who took part of a field visit in 1999, just after it appeared that nobody had showed up in time to reimburse the amount due that year:

“When it appeared that nobody had reimbursed, we went together with Ifcam and the representative of FNE to the region in order to requisition the pumps. We have put the ten pumps in security in the parish until the owners had paid. One after one, the producers turned up with their money. Their onions had been dying on their fields. They did have the money, they only refused to pay”

Thus, in a sense the discourse on group credit *was* indeed just virtual reality. The *real* mechanism driving repayments was an old-fashioned pawn-system. True, it worked quite efficiently. But at the same time, it did probably also reproduce certain relationships of superiority/inferiority between the representatives of the intervention and the beneficiaries, in such a way that it would be difficult to deny this power element in other situations, e.g. at the moment of engaging in social learning processes.

But from another point of view, the discourse on group credit was *more* than just virtual: it was also a pretext to distribute motorised pumps. Interestingly, the concept of *groupe de caution solidaire* (or group credit) was not translated into local language. In other words, in no way could any of the non-French speaking beneficiaries have understood how the system worked. Thus, some members of the local elite may have acted as intermediaries who were consciously colluding with members of Ifcam to reproduce the solidarity-group discourse on the one hand so as to be able to distribute pumps to their associates on the other. We found that one of the crucial actors in this respect was the representative of a local NGO who lived in the region and who acted on Ifcam's behalf in organising the credit scheme. This actor was a rather archetypical member of the rural elite, in that he combined his NGO-contacts with a local political position, a religious position, merchant activities and 'ordinary' peasant activities. As the representatives of Ifcam did neither speak the local language nor were in the field on a regular basis, they were obliged to work through this person in following up e.g. on the credit scheme. But as it turned out, this person was also keen enough to bend the rules in his favour: Not living in Moskotà, he nevertheless created a new credit group in his own village. All 10 of its members did also immediately receive a motorised pump. Nothing of this was known by Ifcam -or at least not written down in one of the organisation's reports.

Finally, we should return here to the option itself of solving the problem of water scarcity with motorised pumps. Apparently, this option was arrived at during a participatory planning

seminar. We can only note another convergence of interests, here between Ifcam and the local urban elite. To Ifcam, the possibility to offer motorised pumps within a credit scheme was one of the immediate triggers of attention, which could then be exploited e.g. by conditioning access to credit on presence in training sessions or participation in experiments with new cultivation techniques –services which were deemed important, but also much more difficult to ‘mobilise’ people. To the local elite, motorised water pumps might be merely status symbols. In any case, they are also sources of rent. Most owners did indeed not only use their pump on their own field, they also rented it out. In this way, they were e.g. able to secure repayment of the credit due each year. In this way, also motorised pumps could be seen as fuelling the patronage networks structured around the local ‘urban’ elite.

In itself, however, an increasing use of motorised irrigation did all but solve the problem of water scarcity or poverty. To the contrary, irrigation is documented to have rather negative effects on the availability of water in the region. The problem of increasing water scarcity seems to be a problem of collective action: e.g. collective works might be organised here in order to construct dams and other means which keep rainwater from draining to lower levels as long as possible. But motorised pumps are private solutions to this problem: they solve the problem to water access for the private owner (and his clients) only. Conversely, people without direct access to motorized pumps are now facing either of two unattractive possibilities. Either they refuse to use a motorised pump, in which case they are obliged to use a manual pump, with which it is each year more difficult to work, as the water below surface is to be sought at ever deeper levels. Or they reduce themselves to a client of a rich pump owner.

We may conclude from all this that it is not too difficult to ‘internalise’ a project in a local setting. The problem is, however, that the easiest way to do so may also imply that members of the local elite may become the ‘real’ decision-makers of the project. In this way, project interventions do in the first instance reproduce the skewed way in which isolated communities are connected to society at large –and thereby probably also reproduce poverty itself. An alternative, and perhaps more constructive way to say this is that poverty interventions have the challenge to be very careful in apprehending localities as unitary wholes and in considering representatives as representatives. Some instruments should be built in here to be able to gain more control over the process of decision-making.

In the Quilalí Valley, Nicaragua

Our second case-study sheds light on quite similar dilemmas and tendencies in Nicaragua. The main focus of our study was the institutional embeddedness of the *Fondo de Desarrollo Local*, at present one of the larger and most rural of the so-called non-traditional microfinance institutions. In a general context of relative neglect of the rural areas in government policies, the declared aim of the FDL is to contribute to a more equitable and socially inclusive rural development. This is the main reason why it chooses to work in socio-politically problematic and relatively isolated regions like Quilalí. At present, Quilalí belongs to one of the poorest and most war-affected regions of the country, but it also shows a largely untapped development potential because of its fertile land, underexploited pastures and relatively fluid access. The FDL presence is thus clearly motivated by a rural development motive. At the same time, however, the FDL also strongly adheres to a ‘best practice’ approach in finance. And especially taking into account its significant rural orientation, it has achieved remarkably positive results in terms of administrative efficiency and profitability. In the region of Quilalí, the FDL operates from a small sub-branch office in the rural town of Quilalí. In itself, this office is considered to be a dependency of the branch office in San Juan del Rio Coco, the central town of a nearby peasant dominated coffee producing zone that at the time of our field study was suffering from a severe crisis. In order to try to grasp some of the dynamics of the ‘internalisation’ of the credit system at the local interfaces in Quilalí, we investigated four village communities in the municipality. For our investigation of the relations of the FDL with local actors, it turned out to be interesting to also have a look at the local ‘integration’ of other external interventions and the role played (or not) by the local intermediaries used by the FDL.

Being at present a largely sustainable financial non-governmental organisation, the FDL successfully resolved the well-known challenge to sufficiently reduce transaction costs of credit operations in order to make loans to the poorer and more difficult rural producers viable. In part, this result is attained by portfolio diversification and in particular cross-subsidization from the more profitable urban (often micro and female) lending operations as well as from the inclusion of larger and easier loans to richer clients in the rural portfolio. For another part, the results depend critically upon the nature of the financial technology, which is however intrinsically linked to the concrete institutional embeddedness of the FDL⁶.

In the latter, their local credit promoters play a crucial role. They perform a complex and rather ambiguous bridging role, being at the same time employees of the FDL and brokers ‘from within’ for the local communities at the interface. As an employee, the promoters are guided and constrained by the general ideology and rule framework of the FDL. An important aspect of this ideology –in particular in ex war zones such as Quilalí, where we found it was indeed rigorously applied- is the option for an a-political, pro-peasant and purely economic approach, deliberately avoiding to become trapped in the common political polarization that often leads to exaggerated local segmentation and conflict in rural Nicaragua. The local promoter’s incentives are structured through a system of performance payments that ties a large part of their wage to a series of indicators such as the repayment record, the quality of

⁶ Elsewhere (Bastiaensen & D’Exelle, 2002), we have analysed the impact of local institutional differences on the success and failures of the FDL to construct an appropriate social interface that sustains viable credit operations.

the loan portfolio, the number and permanence of clients, and the number of rural women and small subsistence peasants⁷.

Still, the local promoter has a substantial degree of discretionary power in deciding whose credit demands will be presented to the FDL, provided s/he maintains adequate standards in terms of repayment. For the latter, the mobilization and/or construction of social relations with key local actors is critical, both as a source of accurate, low cost information about potential clients and as a source of effectiveness and local legitimacy of the harsh enforcement mechanisms. The FDL selects promoters from among the local schooled youth, taking into account their technical capacities –evaluated after a short training by the FDL– and their local ‘insertion’⁸. Quite often, local promoters come from respected, economically stronger and politically low-profile families⁹. The Quilalí promoter is a lawyer student and had been engaged with the post-war local Peace Commissions before starting in the FDL. His father is a large commercial entrepreneur and a well-respected member of the evangelical church ‘Assembly of God’, which made him acquainted with several evangelical vicars in the rural communities. At secondary school he was member of the student government and of a catholic student group, which permitted him to make frequent visits to rural villages in the region. With all this, the FDL promoter knew many local leaders of different kinds of political and religious colour and showed a relatively neutral party-political profile.

In a remote, low density of population area such as Quilalí, the village, where people have regular, face-to-face relationships¹⁰, is clearly the relevant level for the study of the critical interface between the FDL/promoter and the local community. Our study in four such hamlets reveals the specificities of such local interfaces, depending on program/promoter characteristics (such as better/lesser promoter knowledge of some communities) as well as substantial ‘historical’ institutional diversity at the local level. These local specificities, of course, do not preclude that the entire region shares certain similar characteristics. As we have already indicated above, the crucial issue in the region is that of access to (good quality) land for food agriculture and/or cattle raising. Given the inheritance of two phases of land reform and the strong in and out-migration, there is a very active land market in all places as well as clear tendencies towards a rapid re-concentration of land property through the expansion of larger scale, extensive cattle raising at the expense of more intensive, small-scale production (corn, plantains). As our poorer interviewees kept repeating us this puts pressure on poor farmer’s access to land. One observes that the partial and possibly interrupted return to patron-client type of social relations (providing traditional share-cropping arrangements) that were characteristic of the harmonious and economically dynamic pre-revolutionary ‘peasant – agricultural frontier period’ is insufficient to satisfy the needs of the growing landless sector. Poorer farmers with little or even with no land generally try to obtain the necessary means to

⁷ The indicators about the number and nature of clients were introduced as incentives to include more poorer clients in order to counteract a previous tendency to prioritise ‘easy’ and ‘more secure (sic)’ larger loans.

⁸ In fact, the highly valued local promoter in Quilalí initially did not pass the technical exam, but this was bypassed because of his local ‘insertion and image’ and his evident appropriation of the basic rule of the game that credit always had to be repaid.

⁹ Much like in e.g. the Grameen Bank, the upper-level, senior management positions are almost exclusively held by personnel that once functioned at the grassroots level and was internally promoted. As Jain (1997) analyses for the Grameen Bank, we can assume that these prospects at internal promotion function as an important incentive and a deterrent against abuse. In this view, the FDL actively promotes further education for its local rural personnel.

¹⁰ This level refers to what Uphoff (1993) called the ‘community’, distinguishing it from the ‘locality’ level which in this case would be the town of Quilalí as the *puerto de montaña* (central trading point of the neighbouring ‘mountains’).

intensify their agricultural production, in particular they try to acquire oxen to serve as bullock power to improve productivity on their own or the rented land. Access to oxen is much desired because it improves the peasants' position in the competitive share-cropping market by guaranteeing timely land preparation and thus higher co-returns to the landowners.

Despite its diminishing importance, national politics also continue to be important for local social relations. Given the fresh wounds of the war, the Sandinista networks nowadays co-exist relatively peacefully, but mostly separated from liberal-contra networks. The latter are connected to the liberal mayor, the national liberal party and state organisations such as the social investment fund (FISE). Sandinistas by and large have their own parallel municipal structures, like the Union of Cooperatives of Quilalí (UGAQ) and a municipal solidarity committee Salt-Quilalí, supported by a Catalan municipality since the time of the sandinista revolution. Much of smaller NGO aid also ends up being channelled through these networks.

It is however quite interesting to note that local leaders of both networks are almost exclusively (in local terms) land-rich, male producers and/or local shopkeepers and traders. In the sandinista networks, it are often former cooperative leaders who managed to accumulate land; whereas in the liberal networks it are more traditional farmers or traders, as well as ex-contra politico-military leaders who benefited from land reform and other compensation during the demobilisation period and afterwards. The predominance of the landed elites in both networks gives rise to emergent discontent among the growing numbers of land-poor and landless, among which many are recently resettled in the aftermath of the ravages caused by hurricane Mitch. This clearly showed up in several recent elections for local community committees (*comités comarcales*) –who play an important intermediary role between the municipality and the local hamlets- where new leaders from among the land-poor were chosen at the detriment of the former landed leaders in several communities, independent of whether the former leaders were sandinista or liberal. Testimony of the emergence of class tensions instead of previous political conflict are the curious things that happened in one of the 'liberal' communities. There a successful, middle-sized immigrant peasant farmer and former military officer in the sandinista army settled in a clearly contra dominated region. However, being a well-connected, dynamic political entrepreneur and adhering to an a-political local profile, he quickly managed to establish fairly good relations with the local liberal land-owning 'elite', thus becoming one of the main leaders in the community. At their defeat in the local elections¹¹, -and thus their relative disconnection from resource flows coming from the municipality and the liberal government- he convinced the liberal producers to form a cooperative and join the sandinista oriented UGAQ in order to connect themselves to these resource flows.

The latter also testifies strongly of the crucial importance for local actors to be connected to supra-local organisations and structures through which access to outside resources can be secured. The occupation of positions of local leadership 'at the interface' (in the *comités comarcales*, UGAQ and the local committees of all kinds of NGO-projects) is a crucial social asset in this respect. Up to the recent elections, practically all of these positions were occupied by representatives of the newly emerging 'landed' elite. Our analysis points out that this had clear consequences on the nature and distribution of outside aid to the communities. In terms of such outside aid, we must distinguish between the more contingent emergency and rehabilitation projects in the aftermath of hurricane Mitch and the 'normal' aid in the form of productive projects and sustainable credit institutions.

¹¹ Possibly also because of the manoeuvring of the new liberal mayor with a more pro-poor and radical anti-sandinista ('arnoldista') profile against the 'sandinista intruder'.

As we can read from table 2, the poor have been the main beneficiaries only in the *social projects*, including ‘food for work’ infrastructure rehabilitation works. A good deal of these projects relate to post-Mitch interventions, among which the building of resettlements on higher grounds and related infrastructure. Given the magnitude and the emergency nature of the post-Mitch situation, many of these projects have been initiated and designed from the outside (OAE, the Social Investment Fund, etc...), which also generated severe problems such as the inappropriate location of several new housing sites. Given the scope of the outside intervention and the amount of resources, there was relatively little room for local manipulation and surely not for a complete misdirection of these resource flows¹². Interesting is also to note that the resettlement process, and with it the concentration of land-poor and landless inhabitants, is apparently a determinant factor in the recent election of new ‘*comités comarcales*’ from within the poor majority.

A special project in the post-Mitch category is a project of subsidized resettlement cum agrarian reform. This is the sole project in the area directly addressing the need for land for the poor. Besides the questions one can have about this model –in particular about the huge amount of outside subsidy for the land purchase- it is interesting to observe that this project started as an NGO-initiative that tried to work through and with several local organisations, including the structures of the sandinista UGAQ. The presence of an expatriate NGO-worker, insisting on the inclusion of poor landless farmers strongly affected by the floods –including people from an ex-contra area, led however to a break with the UGAQ leaders. In the field, we could observe that present-relations between the resettled migrants and the UGAQ people, despite their shared experience of subsidized land reform, are almost inexistent.

Table 2. Types of poverty interventions

	1.	2.	3.	4.
	Social projects and infrastructure	Agrarian reform and intensification	Productive projects	Commercial finance projects
Subsidy	High	High	Median	None
Dominant target group	- Poor, ‘landless’ - The community (in case of public goods)	Poor, ‘landless’	‘Well connected’ land owning farmers	Land owning farmers with tendency to elite; some ‘landless’
Intermediation	‘Comité comarcal’	Local committee, IQUS-PECAC, UNAG-local	Local committee, UGAQ, CONOR, large ‘connected’ farmers	Socio-economic elite; network of local staff; recommendation of good clients
Benefits	Communal or individual	Mostly individual	Mostly individual	Individual
Local organization	Majority of cases	Yes	Yes	No
Type of resources	Infrastructure	Integral package	Integral package	Only finance
Examples	OEA-houses; schools, health centre, roads, FISE, ADRA	IQUS-PECAC	ACTED, INTA, UGAQ	FDL, 20 de Abril

Source. Elaborated from field data

¹² Almost evidently, we could however record a number of rumours about some unjustified beneficiaries as well as others in need not reached by the resources (houses).

A different story can be told about the productive projects and the credit initiatives. As for the supply of productive projects, it is clear that they are predominantly directed towards the richer medium-sized and well-connected smaller farmers belonging to one of the dominant (liberal-sandinista) patron-client networks. All of these projects work through the existing sandinista (mainly NGO) and to a lesser extent liberal (mainly municipal-government) networks. Project offers are generally made in public meetings convened by the local patron-leaders. These leaders do also accompany the –all but transparent- process of selecting the ultimate beneficiaries from the initial lists that are elaborated at these (already socially biased) meetings. All ‘elite’ actors figure prominently in most of the final lists and upon scrutiny of some of the lists that were made available to us several names turned out to be systematically repeated. The productive projects are also typically oriented towards agricultural or cattle activity on existing farms with relatively abundant land and even when certain activities that are well-suited for micro-farmers are introduced, such as (intensive) fruit production, the pilot experiences are invariably realised on the fields of the landed elites. In line with our general argument, the local intermediation of these outside resources by the local elite leaders tends to bias resources towards the locally better-off.

Possibly more worrying still is that the local supply of sustainable ‘best practice’ credit tends to support the more powerful relatively more. Despite the fact that both the FDL and the *Cooperativa 20 de Abril* are non-conventional credit institutions, one can observe a classical phenomenon of transaction cost rationing at the detriment of the less well-off that lack the necessary (unconventional and sometimes the recognized social) collateral. For technical-financial reasons, the FDL generally does not give loans for the purchase of land, nor does it finance cattle to producers who do not already have an existent livestock. In this way, it does not help to contribute to the opportunities for accumulation of land-poor farmers, nor for the de-capitalized farmers with abundant pastures, but lack of cattle in the war-ravaged mountains. They do however provide the accumulating, richer farmers with substantial additional financial resources to expand their farms, increasing pressure on the land access of other peasants both through land purchases and a reduction in land offered for share-cropping or rent. In line with the theoretical analysis of the relation between land dynamics and credit markets (Carter, 2000:32), there is a justified fear that this kind of credit market failure contributes directly to the loss of (agrarian reform) land of poorer peasants and thus a more rapid re-concentration of land tenure.

In order to gain more insight in this crucial issue, we can turn to a more detailed analysis of the articulation of the FDL to the local actors in the four communities that we studied¹³. In a first (mainly liberal) community, where a very active land market is observed, the local promoter had little specific previous knowledge and established contacts with the ‘usual’ representatives of the landed local elites whom he had come to know while working for the local peace commissions after the war. Among the main reference persons, the active ex-sandinista political entrepreneur that we have mentioned above figures prominently. A diagnostic of the local credit portfolio (see table 3) points to a clear bias in favor of the larger farmers (all of which received relatively large loans for expanding their cattle) as well as

¹³ Some modesty and caution is due at the beginning of this part of our analysis, since we were only a short period of three weeks effectively in the field. It is thus quite likely that our analysis has a margin of error and/or overlooks several relevant dimensions of the local dynamics. Of course, we tried to maintain appropriate rigor in our fieldwork, but we do not claim scientific objectivity –if this were supposed to exist in contexts such as these– but vow to present an honest ‘interpretative’ and thus incomplete attempt to understand some of the local issues.

difficulties to reach smaller clients (only a few agricultural loans for plantains and corn). Further, it can be observed that there are no non-agricultural loans in this village and almost no investment loans for family farms. During a group interview with the newly elected *comité comarcal* of the village, we observed that these inexperienced leaders did not even consider the FDL to be a potential ally for their endeavors. Yet, one of the leaders was a rope-making micro-entrepreneur who turned out to be quite interested in a commercial loan for expanding his business. Also, the need for oxen –as a means to intensify production and gain access to scarce land- and a common type of loan for the FDL figured prominently in their priority list. And -in fact quite rightly- they neither expected help from the FDL to acquire land.

Table 3. Loan use of FDL clients in four villages

		Village 1	Village 2	Village 3	Village 4	Total
Poor farmers	Staple foods	1	7			8
	Cattle			1	2	3
	Plantains	3			5	8
	Oxen		1		3	4
		4	8	1	10	23
Family farmer	Staple foods		2	1	2	5
	Cattle	1	2	1		4
	Plantains				1	1
	Rural trade				1	1
	Oxen	1	1	3	2	7
	2	5	5	6	18	
Medium-large farmer	Cattle	3		1	2	6
	Land			1		1
		3	-	2	2	7
Small shopkeeper	Rural trade			2		2
Rural trader	Rural trade			2		2
Large rural trader	Rural trade				1	1
Wage-earners	Personal loans				4	4

Source. FDL data system

A second, small village has not been affected by land reform and its local economy is dominated by a local larger farmer (175 hectares land and 100 animals; he gives land to 5 tenants for sharecropping). This traditional local patron-landlord plays a crucial role at the interface of the FDL with his local community. He convened the public meeting where the services of the FDL were proposed to potential clients. And he also serves as a permanent, key reference person for advice on all loans, and a formal co-guarantor for many of them. Significant is that this patron-landowner does channel quite some loans to smaller farmers and (his) share-croppers in the village. Unsurprisingly, however, these loans tend to reproduce the traditional pattern of cooperation and division of labor between the larger farmer and his smaller tenant-‘clients’. All of the small loans are used to finance corn production. Only two better-off farmers received loans to buy cattle. Much the same as has been observed for patriarchal gender relations in the case of micro-credit to women in Bangladesh (Goetz & Sen Gupta, 1996:55), we think that the FDL strategically uses the patron-client relationship to transfer part of the monitoring and enforcement costs of their loans to the patron-guarantor. The latter however inscribes the additional resources within his own overall strategy, which include financial, tenant and other relations with smaller farmers in the village. In a case where the client did not repay the FDL loan, he cancelled the debt and appropriated part of his peasant-clients’ land.

A third community shows yet another history. This is a densely populated ex-agrarian reform zone with a clear dominance of sandinista landed leadership, connected to the UGAQ. Because of the association of sandinista cooperative structures with a bad repayment record within the FDL¹⁴, the local promoter cautiously tried to avoid direct intermediation by these actors. For lack of local social intermediation, he therefore took recourse to harder collateral requirements. With one exception, this excluded small farmers from the loan portfolio and geared the loans towards the purchase of cattle and oxen by family farmers and some of the local landed elite. Due to a special tied financing line for the zone, a number of ‘commerce’ loans for local shops were also included. The many potential clients from among the non-farming, poorer majority were not taken into account. In fact, entire sub-settlements of the village are ‘forgotten’ by the FDL as well as by all other poverty interventions. During group interviews with rural women in this sub-settlement, we detected however an interesting uncovered demand for individual small business loans. One of the reasons for this exclusion is clearly the lack of relations with important local brokers who can make these women visible for the present poverty interventions. It is also due to a lack of appropriate financial technology, such as forms of group credit that could function as social collateral and substitute for the lack of local embeddedness of the promoter in the zone. In the next village, we will indeed see how the promoter’s better local acquaintance does allow the inclusion of many poorer clients. Other elements at play are subjective perceptions of the promoter such as the alleged non-entrepreneurial, land-poor people in resettlement areas and/or ‘contaminated with sandinista subsidy culture’. Such perceptions, that we were unable to verify, are probably part and parcel of his particular social extraction from a land-owning and non-sandinista network.

In the final village, we found a somewhat different picture than in the other three villages. In particular, it is clear that the loan portfolio here is much more diversified and includes more and more diverse smaller clients. Besides poor farmers, we also find several ‘personal loans’ to wage-earners (e.g. schoolteachers), some of which were used to finance temporary migration to Costa Rica as we found out during our interviews. It is also to be noted that contrary to the other villages, the small loans are extended for cattle and oxen, besides intensive plantains production. These activities point to peasant investment as well as a transformation and intensification of the traditional farming system based on corn monoculture. Our analysis confirmed that this broader outreach and riskier, non-traditional profile of loans to smaller clients was directly related to the profound knowledge and diverse personal relations of the promoter with this particular village. It must however also be noted that by far the largest (cattle) loans were extended to two larger farmers in the village. Despite the broader, more democratic outreach a continued bias in loan volumes to the larger cattle raisers might still leave the smaller farmers at the losing end of the bargain.

Analyzing projects and credit resource flows in the four communities, we can clearly see how the spontaneous intermediation of these resource flows by the local landed elites –of both political brands- have tended to exclude the poor and land-less inhabitants of the region, except from the abundant aid of post-Mitch social projects. As our analysis points out each particular village shows its own unique features of this intermediation, depending upon local conditions and program characteristics. It however also made clear, both in the case of the FDL and the NGO land reform project, that decisive outside intervention can improve upon and even counteract the spontaneous exclusionary tendencies. When the declared aim of the program interventions is to contribute to a more equitable development, it is therefore

¹⁴ See Bastiaensen & D’Exelle (2002) for an extensive analysis.

absolutely necessary to reflect upon the local socio-economic dynamics and to support an explicit counter-strategy to the undesired tendencies. If not, project interventions might end up supporting inequitable development. ...in the name of poverty reduction. In the case of Quilali, this means a more rapid re-concentration of land

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