
The Role of Microcredit in Conflict and Displacement Mitigation: A Case Study in Cameroon¹

STACY HEEN

This research sought to explore the question of whether the revolving fund of a small village bank in rural Cameroon could contribute to the mitigation of conflict and displacement in the immediate area. More specifically, it focused on the impact of a savings and credit union located in the village of Foyet, the Caisse Villagoise d'Epargne et Credit (CVEC), on the mitigation of local tensions with an eye toward examining whether and how the *caisse* reduced local displacement of residents. The starting hypothesis was that the process by which loan recipients implement their borrowed funds causes them to interact with people with whom they may have major differences or tensions. Flaubert Djateng, director of a Deutsche Gesellschaft fur Technische Zusammenarbeit (GTZ) program that provides technical and financial assistance to CVEC, argued that this contact provides an opportunity to ameliorate tensions and thus stabilize the village.

INTRODUCTION

Foyet is a village of some 5,000 residents in the Noun Department, a division of the Western Province of Cameroon, near Nigeria. The predominantly Muslim area, whose capital is Foumban, is primarily rural, and access to the larger commercial centers is limited due to poor road conditions. The Noun department has a largely rural economy, with agriculture, herding, and small commerce comprising the main economic activities. CVEC members typically sell their goods in the small market in Foyet (Tuesdays and Saturdays) or take them to larger markets in Foumban or Foubot. However, poor road conditions make this transport difficult and expensive.

The area CVEC serves is susceptible to destabilization from a variety of factors. There are a number of open conflicts in the community including disagreements between farmers and pastoralists, problems between Muslim factions and political parties, as well as conflicts over land tenure and the

Stacy Heen will graduate in May 2004 with a Master's degree from The Fletcher School of Law and Diplomacy. She holds a Master's of City Planning from MIT. Please address correspondence to heen@alum.mit.edu.

exploitation of natural resources. Reportedly, a number of latent conflicts exist as well. These include differences between the Muslim community and the small but active Christian minority, groups of young people, the educated and the non-educated, and conflicts related to cattle theft and unequal access to infrastructure. The potential for conflict escalation is further exacerbated by national-level issues including extreme government corruption,² limited political freedoms under the Paul Biya regime (whose party the sultan of Noun belongs to), and the actual or potential cross-border flow of refugees from Nigeria.

To date, violence in the area has been localized, short in duration, and small-scale in nature. There are occasional skirmishes between pastoralists and farmers when the cattle owned by the nomadic Bororo Fulani tribe eat or trample the crops of local growers, and in 2002 factional differences between the Wahabi

and Tidjiani communities over prayer rituals led to clashes that required police intervention and the six-month closure of the main mosque in Fouban.

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The main migratory population of concern in this area is the Bororo Fulani pastoralists, who do not use CVEC's services but whose cattle occasionally damage the crops of local farmers. According to a village-wide survey undertaken in 2002,³ emigration from Foyet is caused primarily by farmers seeking more fertile land, young people seeking employment in urban areas, women marrying outside the village, and

individuals taking up temporary work (e.g., at harvest times).⁴ Many young people tend to see no future for themselves in the Noun department, and leave the villages for the larger towns where they may become petty criminals in order to survive. They often return to the villages after being chased out of Yaoundé or Douala by the police; the communities then tend to see a rise in crime and increased family tensions.⁵

The central research question is: does CVEC's revolving fund contribute to the mitigation of conflict and displacement in the area, and if so, how? It was hypothesized by Djabateng that the process by which CVEC loans are implemented causes beneficiaries to come into contact with those with whom tensions exist, discuss, and ultimately resolve other conflicts to which they are a party. This research sought to address three main threads of this hypothesis. First, are the beneficiaries of CVEC's microcredit programming party to the tensions that put the community at risk of conflict and displacement? Second, does the CVEC microcredit lending program contribute to the amelioration of these tensions? Third, what is the relationship between the amelioration of tensions at this level and the broader potential for conflict and displacement in the area?

In order to respond to these questions, the first section of this paper will outline the CVEC program and detail the services it offers to the people of Foyet and surrounding areas. It will then give a theoretical background to Djabateng's hypothesis and other academic work regarding the impact of microcredit schemes in conflict areas, noting that very little literature to date speaks to conflict prevention in terms of microcredit programs. In addition, this report will detail the project itself, including methods and findings. Finally, it will interpret the research results.

In addressing the impact of CVEC on conflict and displacement, this research agenda also has broader implications. To the degree that the research shows CVEC's microcredit services to be an effective conflict mitigation tool, organizations that offer microcredit programs in regions vulnerable to the outbreak of violence may wish to consider incorporating more explicit conflict management goals into their operations. The advisability of this proposal will be discussed in the Conclusions section.

BACKGROUND ON CVEC

Three types of financial services are available in Foyet and the surrounding villages:

1. **Tontines:** These are informal groups of individuals who pool their funds to allow members to borrow on a rotating basis. [VRG1][VRG2] Loan amounts in *tontines* are typically very small and one has to wait for one's "turn" regardless of when financial need arises. Nonetheless, some CVEC members are also members of the six *tontines* in Foyet.⁶
2. **Individuals:** Individuals with means may make short-term loans to other individuals in need and typically require in-kind repayment, the value of which is easily twice or even three times the amount of the loan. For example, a loan-seeker may receive a 10,000f (\$16) loan in return for a sack of coffee beans whose market value is between 20,000f and 30,000f (\$32-50).
3. **Caisses:** These village banks typically offer savings and credit services to members. They are organized more or less formally; eight *caisses* exist in Foyet, although CVEC is clearly the largest and most well known. Some of these *caisses*, in fact, keep their cash holdings in the CVEC safe.

CVEC was founded 17 years ago under the leadership of its current president, Pentdap Inoussa. Starting with just a handful of members from Foyet, the *caisse* today has 277 members from over a dozen villages in the area and is the largest financial services institution in the immediate area.

The *caisse* offers three products to its members.

1. **Savings:** Two types of savings accounts are available. A non-interest bearing account called "*Dépot à Verse*" (DAV) allows members to withdraw money at any time for a fee of 100f per withdrawal. Deposits can be made

at any time, but members holding just a DAV account may not obtain loans from the *caisse*.

The “*Dépot à Terme*” (DAT) accounts pay one percent interest per month and require a one-year term on the initial amount deposited. Deposits may be made at no cost at any time, and DAT account-holders are eligible to apply for loans from the *caisse*.

2. **Credit:** Loans are predominantly made for “productive” activities, including agriculture, commerce, health, school fees, etc.⁷ The interest rate is two percent per month and the borrower’s DAT account provides a guarantee against the amount loaned. If the borrower defaults on the loan, the *caisse* can take possession of the DAT account and if this is not sufficient, may thereafter seize assets at the borrower’s house. As of the May 2003 financial report, seven of 201 active loans were in arrears, representing 2.1 percent of the 12.6 million francs currently on loan.

Terms for the short-term loans are flexible, although among the questionnaire respondents the most frequent loan term was four months. Payments may be made per month or in one lump sum at the end of the term.

In terms of its revolving fund, CVEC grants two general types of loans. The predominant type of approved application involves some productive project such as buying agricultural inputs, paying field laborers, transporting produce, paying storage fees, or buying small equipment. The second type of credit is for consumption needs, primarily medical care and school fees (which are viewed by the community as an important social investment and a deterrent to their children taking up criminal activity).

3. **Fertilizer:** Because of geographical conditions, productive farming in the immediate Foyet vicinity is not possible without fertilizer.⁸ Last year, CVEC began selling fertilizer to its members at 11,000f per sack for two reasons: to provide the much-needed product to its members at a lower price than is available elsewhere, and to make a small profit on the sales to augment the revolving fund.⁹ Members may purchase fertilizer in one of three ways: in cash, by withdrawing funds from one’s DAV account (for a 100f fee), or by using money in one’s DAT account. With the DAT option, the member loses the interest on the amount withdrawn. If the amount of money in the DAT account is insufficient, the member may apply for a loan for the outstanding amount.

Table 1 below summarizes key loan data for the *caisse*, current as of June 2003.¹⁰ Most interviewees are consistent repeat borrowers with one to three loans each year, which they use for continuing business and consumption needs.

TABLE 1: KEY LOAN DATA FOR CVEC

Number of currently active loans	207
Total outstanding loan balance	\$21,502
Average loan per client	\$103
Average savings per client	\$56
Repayment rate	97%
Loan period	1 mo. to 1 yr; 3-4 mo. most common
Interest rate	2% per month
Loan size	\$50-\$250
Repayment plans	Clients may make periodic payments or single payment at end of loan term
Gender of borrowers	35% male, 56% female, 9% groups

BACKGROUND OF HYPOTHESIS

Peacebuilding in Development Literature

Most broadly, this research is about the nexus between economic development and conflict resolution, a nexus that has gained prominence and attention over the last decade as post Cold-War intra-state violent conflicts have become progressively more destructive and widespread. Increasingly, the international community has shifted from crisis response to crisis prevention mode, as seen in such publications as Boutros Boutros-Ghali’s 1995 *An Agenda for Peace* and the 1997 Carnegie Commission report *Preventing Deadly Conflict*. Indeed, Edward Luck argues that “[s]ince 1990, much of the United Nations community has taken to the challenge of conflict prevention like a duck to water.”¹¹

Mary Anderson is one of the leading proponents of the connection between development aid and conflict. In her 1996 book *Do No Harm: How Aid Can Support Peace—or War*, Anderson argues persuasively that aid projects need to consider the conflict impacts of their work and offers a “connector/divider” analytical framework to assess a given development project’s impact on conflict. Anderson and Heinrich further advocate the need for “local capacities for peace,” an approach that “seeks potential entry points for conflict transformation through development aid.”¹² In the *Berghof Handbook for Conflict Transformation*, Bigdon and Korf write on the role of development aid in conflict transformation, citing its potential for facilitating empowerment. However, most of these writers focus on development during conflict, not in a pre-conflict context as exists in the current research inquiry.¹³

Anderson and Bock’s 1999 article “*Dynamite Under the Intercommunal Bridge: How Can Aid Agencies Help Defuse It?*” addresses this gap in the literature. In considering communal conflicts, they argue that “the difficult question facing aid agencies is how to combine what they have done traditionally and often, well...with strategies that effectively foster harmonious relations among

groups with differing identities who are prone to conflict.”¹⁴ Using two case studies, they describe two organizations’ promotive and pre-emptive approaches to conflict prevention. Promotive approaches are longer-term in nature and “are aimed at creating a foundation of trust between people of varying identities and engendering an appreciation for communal harmony. These approaches are used before, during, and after violent conflict to lay a foundation for the prevention of further violence or to reduce the likelihood of escalation of an existing conflict.”¹⁵ Pre-emptive approaches are “designed to prepare people to dispel communal passion when it flares up.”¹⁶ The latter strategy seeks to avoid or ameliorate the effects of triggering events or flashpoints that often generate violence.

With respect to the current research project, promotive approaches are more closely descriptive of the Cameroon context and longer-term nature of microcredit programming in Foyet. However, this approach does not specifically address the use of microcredit programming as a promotive tool. We thus turn to the literature on microcredit programming as a conflict mitigation tool.

Micro-Credit as a Conflict Mitigation Tool

Karen Doyle writes in her 1998 report *Microfinance in the Wake of Conflict: Challenges and Opportunities* that “microfinance is being viewed as a tool that can serve multiple goals. Predominantly, it remains an economic development strategy that focuses on rebuilding and restarting local economies by providing needed financial services for enterprise creation. But there is also consideration of its use as a relief and survival strategy in the immediate wake of disaster, and as a tool for peace and reconciliation.” (emphasis added)¹⁷

The bulk of Doyle’s report focuses on post-conflict issues that practitioners face in continuing or initiating microfinance services. Essential preconditions to the continuation of microfinance services are discussed, including such things as a low intensity of conflict and reopened markets.¹⁸ Considerable attention is also given to the market for financial services in post-conflict settings, as well as the need to target special populations such as returnees, internally displaced persons, refugees, demobilized soldiers, women, rural residents, and the like.¹⁹ These issues, however, are not currently in play in the Cameroon context.

Of more direct interest is the “Program Characteristics” section of the report, in which the goals and strategies of microfinance institutions are revisited in the post-conflict context. Doyle notes that “secondary goals...of social and political development...are viewed as highly complementary to primary economic goals” though she notes that “no practitioner thought it wise to place a priority on secondary goals over economic ones.”²⁰

Practitioners’ adaptations to original microfinance strategies in post-conflict environments were wide-ranging and included: changing the required size of solidarity groups in the face of extreme degrees of mistrust; targeting rural communities where levels of trust may be higher; lowering interest rates in the early stages of reconstruction; providing an interest-only grace period; halting

deposits in post-conflict areas; adding new loan products such as agriculture loans; creating and training local partners; and offering more training to identify, assess, and select self-employment activities.²¹

Djateng’s hypothesis regarding the process of loan implementation as a key mechanism for conflict resolution in Foyet finds no direct analogue in Doyle’s report. However, a United Nations High Commissioner for Refugees (UNHCR) project initiated in 2000 does speak to this hypothesis. UNHCR’s Imagine Coexistence Initiative in Rwanda and Bosnia funded income-generating projects to members of their respective communities only if opposing ethnic groups worked together to implement the projects. It was hoped that this contact would foster positive relationships and increased social ties between Hutus and Tutsis, Serbs and Croats, or Serbs and Muslims.

A July 2002 evaluation of the UNHCR project revealed that merely bringing the groups together for joint projects was insufficient to cause a transformation in these relationships.²² However, a detailed evaluation of the Rwandan part of the project three months later showed more positive results. With respect to the microgrants mechanism of Oxfam’s Peacebuilding Pilot Project in Rwanda, evaluators found that “the project has influenced issues of cooperation, relationships, trust, tolerance, and justice...[and] the process of forming groups to handle the grants results in improved relations among community members.”²³ It further found that “the nature of the grant process also seems to foster a positive approach among community members regarding their outlook on the future. They came to realize that the project will require their ongoing cooperation and focus on development issues in their communities in order to be sustainable.”²⁴ The research project in Foyet sought to corroborate or offer counter-evidence to Oxfam’s project in Rwanda. The current research was undertaken based on theories from this relevant literature as well as Djateng’s starting hypothesis.

Most broadly, this research is about the nexus between economic development and conflict resolution, a nexus that has gained prominence and attention over the last decade as post Cold-War intra-state violent conflicts have become progressively more destructive and widespread.

DATA COLLECTION

Data collection in support of this research was done almost entirely in the field during a two month period between June and August 2003. Methods included individual interviews, document reviews, and an eight-page conflict questionnaire administered to a 20-person sample group and a ten person control group.

Among those interviewed were the Special Representative of UNHCR in Yaoundé, three U.S. Foreign Service Officers, two microcredit professionals, a microfinance consultant to the caisse, GTZ employees, two Peace Corps volunteers working for larger credit unions in the Noun department, and the CVEC management committee. UNHCR Representative Jacque Franquin provided information on refugees and internally displaced persons in Cameroon and in particular in the Foyet area. This information began to reveal which forced

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migration dynamics may be affecting the local situation in Foyet and whether or not refugees seek or may be in need of microcredit services.²⁵

Demographic information for the Department of Noun was obtained from the Prefecture in Fouban. This information included general population data; the number of villages in the department; some descriptive economic, religious, and political data; and a highly detailed geographic description of the department. However, it was not possible to obtain time series data showing the changing composition of the population, such as increases in the Bororo Fulani and Wahabi groups.

The principal source of data for this research was obtained through the eight-page questionnaire. Topics in the questionnaire included: demographic information,

household revenue and expenses, sources of conflicts in the village, questions of displacement, methods of conflict resolution, and recent loan activity at the caisse. For the conflict questionnaire, a sample group of 20 caisse members was selected on July 1, with assistance from CVEC President Pentdap Inoussa and Controller Yacouba Ngambeket. The criteria for selection included:

- Gender diversity reflecting the village population;
- Variety of business activities to reflect diversity of commercial activities; and,
- Variety of marital status, religion, political parties, and village of residence.

In selecting this group, the priority was to find people who likely had differing perceptions of, and perspectives on, the tensions in the village. To that end, the third criterion was of particular concern. The conflict questionnaire was also administered to a small control group of ten interviewees in a nearby village, Ngoundoup. Criteria for selecting the village focused on finding a village of similar size with similar conflict factors but without access to credit via a com-

parable institution to CVEC.

The ensuing discussion also occasionally draws upon interviews conducted as part of an Alchemy Project²⁶ evaluation that was conducted simultaneously. The survey instrument for that research was a second questionnaire asking different questions about the impact of credit on beneficiaries' lives. This information is discussed where it is relevant to the current research agenda.

CONFLICT RESEARCH RESULTS

Sources and Dimensions of Conflict Factors

Agro-Pastoral Problems

By far the most frequently mentioned conflict was the agro-pastoral tension between area farmers and pastoralists resulting from crop destruction. Interviewees, none of whom raised animals as part of their livelihood strategy, blamed the animal herders for this destruction, which was caused either by the animals trampling or eating the crops. The problem of crop destruction had two dimensions: the first involved the loss of village garden crops from local goats and sheep, and the second involved the loss of field crops from cattle belonging to Bororo Fulani pastoralists. A few interviewees said they had tried to construct natural barriers out of brush and branches, but animals could easily breach these fences so they were not an adequate solution.

Reactions were mixed as to whether this destruction occurred through negligence or was intentional; two people with enclosed fields said that Bororos opened the gates to allow their cattle to graze on their crops. One person said that, while laws on the books require reimbursement for destroyed crops, Bororos avoided this payment by bribing public officials. Another said cows were in his fields two to three times per month; yet another said that the trespassing occurred at night when no one was around to drive them out. A fundamental weakness in understanding this problem was that no pastoralists were interviewed. Sheep and goat herders were not included because of poor sample selection, and nomadic Bororos were neither members of the community nor members of CVEC. I was told anecdotally about a handful of murders of Bororo by angry farmers over the last six to eight years. This comported with GTZ staff descriptions of this problem, but such killings were never verified.

As for solutions, 11 respondents believed that building durable enclosures around the fields or animals would solve the problem; three said the pastoralists needed to better guard their animals; three others said that compensation for lost crop yields should be better enforced. One said that greater cooperation between farmers and herders was needed. In total, nine respondents said that loans were needed to make it possible to build a durable enclosure because farmers lacked the financial means to do so.

Wahabis and Tidjianis

Problems between these two Muslim factions were the second-most named ten-

sion among interviewees, with twelve mentions. Anecdotal evidence suggests that Tidjianis are the majority Muslim population group in the area, at least some of whom consider the more conservative Wahabis to be “newcomers” to the region.²⁷ With only one self-identified Wahabi in the sample group, who did not identify this tension in the first place, what follows is how Tidjiani interviewees experience the problem.

Three respondents described the problem in theological terms: Wahabi and Tidjiani understandings of the Koran and the requirements of Islam differ substantially with Wahabis adhering to more literal and conservative interpretations and Tidjianis holding more liberal views on the same religious issues (e.g., prayer rituals). According to one interviewee, these differences led to occasional fistfights; another said there was no voluntary or purposeful interaction between the two groups. A second cluster of responses focused on leadership and responsibility within each confessional group; four people said that a lack of good leadership and internal corruption caused a breakdown between the two groups. The third set of descriptions focused around the influence of external religious actors. Five people said that Wahabis from Fouban and elsewhere used bribes, pressure, or spiritual favors to convert Tidjianis to their stricter, more conservative sect of Islam. Many respondents were angry and resentful as they described this bribery; one man described Wahabis as untrustworthy and bad-intentioned people who do not respect the laws. He said that killings had not occurred in the village, although another respondent described Wahabis hiring Tidjianis to go into the cities and kill for them.

Regardless of how respondents described the problem, there was near unanimity among them that a key cause of the problem was lack of adequate resources on the part of local Tidjianis.²⁸ This made them vulnerable to the influence of Wahabis in ways they would not have been, were they more financially secure. As such, six people believed that increasing Tidjiani incomes would solve the problem, while two believed that Wahabi leaders needed to refrain from bribery and exploitation. One person thought the two groups needed to be kept separate, and someone else believed no solution was possible. Seven respondents believed that a loan from CVEC or a comparable institution would ameliorate this problem.

Political Tensions

The third most frequently mentioned conflict factor, the political one, was by every account cyclical in nature. President Biya’s Rassemblement Démocratique du Peuple Camerounais (RDPC) party is the dominant party in Cameroon, although the Noun department is a Cameroonian Democratic Union (UDC) stronghold. According to respondents, during election periods members of the major political parties descend on the village and seek to win votes through bribes; party members were also accused of denigrating or lying about opponents, or of promising development assistance that never materialized. One

person said there was no public violence during this period; another said that “private” fistfights occurred between more agitated proponents of the parties. One person said that division within families was acute during this period, as members of any given family might belong to different political groups.

There were significant divergences in respondents’ beliefs about the causes of this problem. Three people believed it was simply a matter of political conviction and inevitable ideological clashes between members of the political groups. Three others believed it to be a problem of financial means and/or livelihood activity—in their view, it was local men with nothing else to do with their time who got embroiled in the issues. If they were working, according to these respondents, this problem would not be as severe because they would simply be too busy to get involved. Three others pinned the problem on the politicians who, in their bids to keep their elected posts, used propaganda, bribery, and corruption in the villages to buy votes.

Five people believed that increasing revenue and/or livelihood activities for locals would help solve the problem. The idea here was similar to the idea mentioned above for the intra-Muslim problem: increasing revenue would make locals less vulnerable to the influence of outsiders. Two others believed that an injection of responsibility on the part of political leaders and locals who involved themselves in the issue was in order. One respondent believed that external political actors needed to stay away and people needed to “sleep” during the election period, while one other person believed a solution was all but impossible to find. All five interviewees who believed that increasing revenue was the solution to this problem believed that credit from the caisse would be helpful.

Marital Conflicts

All six interviewees who mentioned this problem described it in economic terms: parents who had problems paying for food, clothes, medical needs, and school fees for their children found themselves blaming one another for not doing enough to support the family. Opinions ranged as to whether one spouse was willfully refusing to help provide income or whether opportunities to do so were lacking. Respondents were unanimous, however, in believing that increasing livelihood options for the spouses was the solution. They also unanimously believed that loans to start up or support small business activities would help, and four people specifically said that each spouse needed to have his or her own loan to finance independent income-generating projects.

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Problems between Parents and Children

Four respondents described the problem between parents and children as being economic in nature. Youths who wished to continue their schooling beyond primary school²⁹ became frustrated with parents who could not afford to pay the fees or living expenses. Without the schooling option, and needing to earn

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money, such youths would leave the village for the larger cities and small commerce opportunities. Two interviewees noted that even if their children were willing to forego schooling and start working in the village, parents did not have the means to help them start a small business so they were forced to leave. Two others said there was simply no work in the village for youths.

One person described the problem as a generational one: children were becoming modern and did not respect the traditional ways or stories of their parents.

It was certainly evident that young people were not living in the village. In the sample group, the youngest interviewee was a 19 year old married woman and there was a nine year difference between her and the next youngest interviewee. More telling was the fact that I saw very few young people in Foyet village. By and large, village residents consisted of parents in their late twenties and beyond with very young children (age six and under).

Three interviewees believed that increasing resources was the solution, with two specifying that the parents' incomes should be augmented so they are able either to pay for secondary school fees or help their children start businesses in the village. Two others believed that village development was needed to create local opportunities to work, with one mentioning that parents should find ways to pay their children to work with them. All five interviewees saw credit as the solution.

Other

Four people cited general poverty as one of the most pressing conflict factors in the village. One person said that even if one had products to offer at the local market, there was no one to buy them. Another pointed to the general exodus of the youth as evidence of this poverty and lack of income-generating opportunities. All of these respondents said that credit would solve the problem, though this was somewhat curious since the problem of the local market seemed to be as much one of lack of demand as one of lack of supply. Another person mentioned tensions between the local rich and poor as a significant problem. Finally, one person described intra-Christian problems in the village and cited the lack of responsible religious leaders as the cause. She believed the solution was to find more honest and transparent leaders.

Conflict Factors as Sources of Displacement

Section four of the interview guide asked respondents whether the conflict factors they had just described caused people to leave the area.³⁰ Interviewees unanimously agreed that people did leave because of these problems, although no one had a good sense of how many people had left over time.³¹

When asked to elaborate, most people identified general poverty and difficulty of life in the village as the main motivating factors. One person said religious and political problems contributed to the exodus. Two people said that the agro-pastoral problems caused farmers to cultivate fields further away (requiring them to be away for weeks or months on end) or to seek commercial livelihood strategies in the larger towns and cities. However, another person said that the agro-pastoral problems did not cause farmers to leave; they seemed simply to adapt and get used to having a certain amount of their crop yields be periodically destroyed by animals. The clearest trend, by far, was the steady departure of Foyet's young people, which for many people raises the serious question of how the village can survive, let alone develop, if its young people continue to leave just as they enter the prime years of their productive lives.

In all events, these responses suggest that emigration from Foyet occurs for primarily economic reasons. It is possible that religious, political, agro-pastoral, and familial tensions act as accelerating factors in individuals' decisions to leave, but not having spoken to anyone who actually left, it is impossible to make conclusive arguments to this end. What did seem clear was that these conflict factors were sources of instability in the village but they were not the prime or sole cause of any sort of mass exodus from the village. If any of the identified conflict factors were to cause such a migration, they would likely be the Bororo and Wahabi problems. These problems would probably have to escalate substantially in degree or severity to cause an acute migration problem, but this judgment is based in part on the relative "newness" of these issues in the area—both groups were identified as newcomers by several interviewees—and by the degree of resentment and anger expressed by some respondents in describing the problems.

One very surprising finding in the interview process was the statement by six people that they themselves have chosen to stay in the village despite economic hardship and other tensions because they had access to loans from the *caisse*. This direct and positive impact of CVEC's credit services on village residents' livelihoods and decisions to stay in the village could be a key strength upon which CVEC could build future conflict mitigation strategies. I will return to this idea below.

Control Group Data

The control group in the village of Ngoundoup did not have the same community dynamics as Foyet and as such, data collected there is of limited comparative use. The main problems identified by interviewees there revolved around village boundary disputes, corruption among local authorities, lack of village

development, and generalized poverty. Interviewees had limited access to formal financial services, using instead informal *tontines* for their borrowing needs. In Ngoundoup, interviewees did not think of microcredit as a solution to the problems they faced, which could be related both to translator issues and the fact that their problems simply did not seem amenable to solution via financial input. Not a single respondent considered leaving the village, which is likely related to the fact that Ngoundoup is adjacent to a major roadway connecting Fouban and Bafoussam, which in turn provides better access to markets and customers. Moreover, there is a major market in nearby Foubot, a town that is considered to be the breadbasket of the region. In short, the control group highlighted the greater difficulties faced by residents of Foyet and other relatively isolated villagers' terms of access to markets and availability of commercial opportunities.

Existing Conflict Mitigation Role of CVEC

Contrary to Djateng's claim at the outset of this research project, no evidence emerged showing that CVEC's loan recipients work with others in the course of implementing their loans. Several Alchemy interviewees said the loan amounts were too small to generate work with others³² or the nature of the loan was simply not amenable to cooperation, as in the case of loans to pay for school fees or health expenses. This, however, misses the point a bit. Individuals who may have wished to do joint business projects with others were self-selected partnerships and thus unlikely to involve people in some sort of conflict with one another; the same was true of groups with accounts at the *caisse*.³³ The two groups interviewed for the Alchemy research project claimed to have diverse memberships of people across gender, political, and religious divides, but none admitted to any conflicts between members of their group: they either didn't exist, interviewees didn't know about them, and/or loans were not used in such a way that the group members discussed or were aware of the conflicts. Moreover, the example Djateng gave of loan recipients pooling their funds to buy fertilizer, seeds, and other supplies at discount rates, was made somewhat moot when the *caisse* began to sell fertilizer at a discount rate, facilitated by its own bulk purchases. As mentioned above, however, CVEC does appear to play a role in stemming economic migration from Foyet. The fact that six individuals made conscious decisions to stay in the village because they had access to loan funds is notable and promising.

Assumptions and Omissions

Before returning to the central research question, a few comments about assumptions and omissions in the research are in order.

Who is Embroiled in These Community Tensions, Anyway?

Except for the agro-pastoral problems, few interviewees admitted to being involved in any of the conflict factors they mentioned. In many interviews, the problems were described as being at arm's length, almost with an "us-them"

dichotomy that seemed to deny their own involvement. It was those idle men who caused the political problems in the community, it was other couples who had marital problems, it was the religious and political leaders who were largely at fault. These responses could have been due to a flaw in the survey instrument, a failure on my part to ask better follow-up questions, or a simple reluctance on the part of interviewees to admit to being part of a given problem. In any event, the respondents' dissociation from the problems they described made it difficult to identify opportunities for CVEC to leverage its microcredit programs to mitigate tensions its existing members face. The other problem, of course, was that in some cases the other party to the tension was not a member of the community or of CVEC. This was particularly the case with respect to the Bororo and Wahabi populations.

In What Direction Does Causality Run?

A fundamental assumption of this research is that CVEC was the entity exerting an influence (or not) on local conflict dynamics. The possibility of local dynamics exerting an influence on the operations or composition of the *caisse* was not considered. This relates to the following

Does Microcredit Programming Cause Conflict?

A fundamental oversight in this research was the question of whether and how CVEC operations and microcredit services may be creating conflicts in the village and surrounding area. This could occur in at least two ways: first, membership in the *caisse* is ostensibly open to all, but the nebulous requirement of being a person of good "moral character" could be used to exclude individuals or groups deemed undesirable by the management committee. Second, the purposes to which CVEC loans are put could be a source of conflict through, for example, increased competition with existing businesses. Either way, more information on this aspect of local conflict dynamics could have been obtained had village residents who were not members of the *caisse* been interviewed.

It thus became clear that, at least in the sample group, loan recipients did not discuss or resolve these tensions in the course of implementing their CVEC loan projects.

INTERPRETING THE RESULTS

Revisiting the Central Research Question

Notwithstanding the above limitations of and omissions from the research, the results of the field research did provide useful data with which to answer the key research question. To recap, this project sought to understand whether and how

CVEC's revolving fund contributes to the mitigation of conflict and displacement in the area. Djateng's hypothesis was that CVEC does play such a role, particularly in the process by which loan recipients use their loans.

To the degree that these conflict mitigation mechanisms are adopted by CVEC or other microcredit organizations to ameliorate conflict factors and other communal tensions, they may constitute "promotive approaches" in conflict prevention.

The above analysis leads to the conclusion that CVEC does not currently play such a role. As already noted, few interviewees discussed or admitted to their own involvement in the conflicts they described. It thus became clear that, at least in the sample group, loan recipients did not discuss or resolve these tensions in the course of implementing their CVEC loan projects. Further, the nature of the relationship between the resolution of conflicts at this level and the broader potential for reducing conflict and displacement in the area is difficult to establish for two reasons. First, since there was no evidence of conflicts being addressed during the loan process, no relationship between the two levels could be determined. Second, the types of problems preoccupying the interviewees were

largely local in nature and many seemed to be perpetual issues that any poor community might face (e.g., family tensions and political issues.) The two major exceptions were the agro-pastoral and intra-Muslim tensions, which seem to be somewhat newer problems with possibly grave escalatory potential.

Potential Conflict Mitigation Roles for CVEC

All that being said, the surprising refutation of the initial hypothesis has served to broaden the field of possible mechanisms by which CVEC could mitigate local conflict and displacement. As Table 2 below shows, interviewees believe that many of the identified conflict tensions could be resolved through greater availability and use of credit. But how, exactly?

**TABLE 2: WOULD LOANS SOLVE THE PROBLEM?
PERCENT RESPONDING AFFIRMATIVELY, BY ISSUE**

Farmers and Cattle Raisers (19 mentions)	60%
Wahabis and Tidjianis (12)	43%
Political Parties (10)	33%
Marital problems (6)	100%
Parents and Children (5)	60%
Other (6)	60%

Posited below are three mechanisms by which microcredit programming could theoretically contribute to the mitigation the above conflict factors.

Direct Mitigation

The direct approach to conflict mitigation would occur when the substantive projects funded with microcredit resources directly affect conflict pressures such as the agro-pastoral tensions in Foyet. If farmers were to receive loans to build fences, the problem of neglected herds wandering onto cultivated fields and gardens would be greatly diminished. It is less clear that this approach would solve the problem of pastoralists or herders deliberately allowing their animals to graze on farmers' crops. However, this second aspect of the problem might be able to be addressed through a second form of conflict mitigation.

Process Mitigation

This mechanism would be in play when individuals or groups worked or otherwise cooperated with members of an "opposing" group as part of a microcredit strategy of some kind. This assumes that the "contact hypothesis" is operable³⁴ which, as amply discussed above, does not currently seem to be the case between CVEC members as Djateng hypothesized. This may well be because CVEC has not been purposeful in doing so, as the UNCHR Imagine Coexistence project was. Adopting an explicit and purposeful strategy to encourage members of different groups to work together could be helpful in this regard. Another type of process mitigation might involve CVEC agreeing to fund workshops or other gatherings in which conflict participants gather to discuss, brainstorm, or otherwise work on the problems between them. Such an approach could be appropriate between farmers and Bororo pastoralists and could help them understand each others' motivations, limitations, and frustrations with the current situation. It might also be helpful on the Tidjiani-Wahabi front, although negative opinions seem to be much more entrenched on this issue and it is unclear how willing members of these groups would be to meet together.

Indirect Mitigation

A third conflict mitigation mechanism is so-called "indirect" mitigation, in which the general alleviation of poverty would yield benefits in conflict arenas that are fueled by the persistent lack of revenue and livelihood support. In the CVEC context, this would affect the religious, political, spousal, and parental problems described by interviewees. This mechanism corresponds to what the Carnegie Commission Report Preventing Deadly Conflict calls "structural prevention."³⁵ Indirect mitigation would address poverty as a root cause of these conflict factors.

Each of these conflict mitigation mechanisms should be viewed as complementary to other existing conflict resolution mechanisms in the village. Indeed, the Foyet village chief was widely viewed by interviewees as playing a key role in solving their interpersonal conflicts. If the chief were unable to solve their

problems, or if the parties were dissatisfied with the results, they had recourse to the Tribunal in Fouban.

CONCLUSIONS

The two big surprises in this research were: 1) the refutation of Djateng's initial hypothesis about process mitigation; and 2) the degree to which emigration from Foyet was caused by economic hardship and not the conflict factors identified by interviewees. Even so, it was interesting to note the degree to which respondents believed that greater use and availability of credit could ameliorate these problems, as shown in Table 2.

With respect to the existing literature and research on microcredit as a tool of conflict mitigation, two things stand out. First, the three mechanisms described above have not been articulated as such in the literature reviewed to date. They may thus be a valuable addition to Karen Doyle's list of strategies microcredit practitioners offer in service of secondary peace support goals. Second, it seems clear that more information and evaluation is needed on the existing mechanisms by which microcredit practitioners do attempt to address local conflict factors.

To the degree that these conflict mitigation mechanisms are adopted by CVEC or other microcredit organizations to ameliorate conflict factors and other communal tensions, they may constitute "promotive approaches" in conflict prevention. As Anderson and Bock write, "[p]romotive approaches undertaken regularly and consistently may, in fact, deter or prevent communal violence more than we know. We cannot know what would have been had such programs not existed. There is some evidence that groups who are involved in activities focused on achieving a common goal are not easily prone to manipulation that leads to violence toward each other."³⁶

In short, the potential for direct, indirect, and process mitigation strategies to be used "promotively" by microcredit entities operating in conflict prone regions is of considerable and continuing interest. It is hoped that continued research in this direction will yield additional useful guidance for microcredit professionals and clients in leveraging their programs in support of peaceful development. Additionally, this research agenda has broader implications. To the degree that the research shows CVEC's microcredit services could be an effective conflict mitigation tool, other organizations providing microcredit programming in regions vulnerable to the outbreak of violence may wish to consider incorporating more explicit conflict mitigation mechanisms into their operations. Indeed, this proposition represents a tangible manifestation of the nexus between development and conflict resolution, and is particularly salient in light of the upcoming UN-declared International Year of Microcredit in 2005. ■

NOTES

- 1 This paper is excerpted from the complete report published by the Inter-University Committee on International Migration at: <http://web.mit.edu/cis/www/migration/pubs/rrwp/24_heen.html>.
- 2 Transparency International ranked Cameroon the 124th least corrupt out of 133 countries in its Corruption Perceptions Index 2003, <<http://www.globalcorruptionreport.org/>> (accessed March 24, 2004).
- 3 The methodology of this questionnaire, the results of which were summarized in an unpublished two-page document by Lamé Seidou and Pendtap Inoussa, Foyet (Sondage Septembre 2002) is unknown; the data were presented as a fait accompli and the method of information collection was not known.
- 4 Lamé Seidou and Pendtap Inoussa, Foyet (Sondage Septembre 2002).
- 5 The problems described in this section come from Djateng's unpublished manuscript, "Research Project Cameroon: CVEC Foyet/Alchemy" as translated by Christiane Kayser.
- 6 Ibid.
- 7 CVEC financial documents list eight categories of loans: agriculture, animal breeding, commercial activities, school fees, health expenses, "social" projects, and "other." The management committee has, since June 2003, dispensed with the "social" category.
- 8 I was told, however, that fertile fields where fertilizer is not needed exist as close as four kilometers away.
- 9 According to microfinance consultant Mr. Kengne, who among other things audits CVEC's financial reports, if the caisse buys 500,000 worth of fertilizer, it can sell it to its members for 550,000, thus contributing 50,000 or about \$100 to the revolving fund.
- 10 As of June 2003, six loan recipients were in arrears, representing 3 percent of the number of active loans and 1.3 percent of the total outstanding loan balance. Villagoise d'Epargne et de Crédit, Fiches Suivi CVEC, June 2003.
- 11 Edward C. Luck, "Prevention: Theory and Practice" in Fen Osler Hampson and David M. Malone, eds., *From Reaction to Conflict Prevention: Opportunities for the UN System* (Boulder/London: Lynne Rienner, 2002), 251.
- 12 As cited in Bigdon, Christine and Benedikt Korf, "The Role of Development Aid in Conflict Transformation: Facilitating Empowerment Processes and Community Building" in A. Austin, M. Fischer, N. Ropers, eds., *Berghof Handbook for Conflict Transformation* (Berlin: Berghof Research Center for Constructive Conflict Management, 2001), 1.
- 13 Anderson has initiated a "Steps Toward Conflict Prevention" project that aims to address this knowledge gap.
- 14 Joseph B. Bock and Mary B. Anderson, "Dynamite Under the Intercommunal Bridge: How Can Aid Agencies Help Defuse It?" *Journal of Peace Research*, 36 (3) (1999): 327.
- 15 Ibid.
- 16 Ibid., 329.
- 17 Karen Doyle, *Microfinance in the Wake of Conflict: Challenges and Opportunities* (Bethesda, MD: Microenterprise Best Practices, 1998), vii.
- 18 Ibid., 7-12.
- 19 Ibid., 13-25.
- 20 Ibid., 27-28.
- 21 Ibid., 31-33.
- 22 Fletcher School of Law & Diplomacy, *Imagine Coexistence: Assessing Refugee Reintegration Efforts in Divided Communities*, July 2002, <<http://fletcher.tufts.edu/chrcr/projects/imagine.html>> (accessed 22 April 2003).
- 23 Amr Abdalla, Noa Davenport, and Mutahi Ngunyi, *Peacebuilding Pilot Project Impact Assessment* (London: Oxfam, Rwanda Programme, October 2002).
- 24 Ibid.
- 25 This information was directly relevant to concurrent research I conducted for the Alchemy Project.
- 26 The Alchemy Project, which is run by the Refugees & Forced Migration Program at the Tufts University Feinstein International Famine Center, provides funding to support credit-based livelihood programs in refugee camps and conflict-affected areas in Africa.
- 27 Personal interview with Ahmadou Njimbam El Hadj, Prefecture of Noun Department, Fouban. (July 15, 2003). Several interviewees intimated the same thing.
- 28 Ten of eleven respondents mentioned poverty as a key reason why the problem existed. Unsurprisingly, other reasons cited were religious convictions, leadership, and corruption.

- 29 The village of Foyet was starting construction on a second primary school while I was there, but all secondary schools were in Foumban or other far-away towns and cities. Youths who wished to go on to secondary school had to go live at school, making it an even more expensive undertaking.
- 30 Clearly the weakness in this question was that it asked respondents to speculate on why others had left.
- 31 One person guessed 1000 people, another 720 people, but most others simply said that "many, many" people had left.
- 32 More ambitious business projects that may have been partnerships but were not fully funded became easier to implement individually as smaller income-generating projects.
- 33 These groups ranged from 8-50 people in size.
- 34 H.D. Forbes, *Ethnic Conflict: Commerce, Culture, and the Contact Hypothesis* (New Haven, CT: Yale University Press, 1997).
- 35 Carnegie Commission on Preventing Deadly Conflict, *Preventing Deadly Conflict: Final Report* (Washington, DC: Carnegie Commission on Preventing Deadly Conflict, 1997), Chapter 4.
- 36 Bock and Anderson, 332.