A Shelter for the Poor

The long-term viability of NGO-supported local associations

Aldo A. Benini
With help from Bhabatosh Nath and Ayesha Siddika

RDRS Bangladesh
September 2006
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Preface

Strong associations of poor people are a prominent theme in contemporary development philosophy marked by civil society and human rights ideas. Little known to outsiders, northwestern Bangladesh is a region endowed with a high density of such associations. The 260 federations of the poor that are the subject of this study completely fill the rural spaces of the long-standing RDRS working area.

Each federation operates within the area of a local government unit, the Union. With their 130,000 members recruited from smaller RDRS-supported neighborhood groups, they have become forces to be reckoned with in local society. They provide, in the words of a member, a “shelter for the poor”. The message that we consistently hear, from members as well as from local observers, is that the federations create a space where the poor speak out and pursue a common quest for social justice. Poor women form the majority of the members. They find in their local federations protectors of rights and platforms of public association accessible to them.

RDRS shares with the federations almost twenty of its 35 years of history. This partnership is mutual. Without the federations, RDRS would be far less able to translate advocacy concepts into meaningful field programs. Similarly, trust between rank-and-file members and their elected leaders is strong because RDRS helped create and practise tools for internal accountability. Our partner agencies have recognized the value of this symbiosis and over the years have generously supported federation capacity building.

This does not mean that this partnership is static and without challenges. With RDRS support, more than half of the 260 federations have become their own legal entities, in other words: independent local NGOs. New creative ways to support them and to amplify federation advocacy work beyond the individual Union areas are needed. RDRS’ key concern is to reach the ultra-poor; incentives for the federations to recruit new members from among people with no financial buy-in power will need to be strengthened.

The common mechanics by which poor people’s organizations work out challenges and solutions are being investigated in a growing literature. What makes this study special are two circumstances: RDRS has monitored the progress of the federations so closely that enough good data was generated and preserved in order to shed light on the dynamics of almost a decade. This is a privileged situation that lets the reader appreciate not only the current diversity but also some of its historic roots, important waypoints and causal paths.

Second, there is an underlying theme of “Act locally, think globally”. Over the years, and in variable mixtures, the federations have participated in several worldwide social movements. They have responded, sometimes massively, to core concerns of the environmental movement, the micro-finance revolution and the women’s movement. These involvements are put into perspective in ways that specify the contributions towards material well-being while at the same time stressing that the essential concern of the federations is the dignity of the poor.

Kamaluddin Akbar
Executive Director
RDRS Bangladesh

Dhaka, 30 September 2006
Acknowledgements

This study was carried out on behalf of RDRS Bangladesh and in collaboration with Bhabatosh Nath and Ayesha Siddika, Responsive to Integrated Development (RIDS), Dhaka. They conducted field interviews in Kurigram and Lalmonirhat Districts and helped moderate a case study-writing workshop with Federation support staff in Kurigram in March 2006. Nath, as a consultant program auditor to RDRS, has conducted numerous small studies, including some concerning the Federations. Particularly useful for this study has been his paper “Expectation of Group Members and Other Community People from Union Federations (Programme Audit 02/05)”, May 2005.

My major support group within RDRS was the Social Organization Unit in Rangpur, led by Azizul Karim. His monitoring staff had assisted me in previous years and contributed significant effort to manage data for this study as well. Ekramul Kabir compiled audit reports into an integrated database. Nurun Nobi Shanto translated case material written by field staff and some of his own material. He and Kabir also did fact checking of some of the cases. Shanti Debnath and Wares Ali provided ad hoc information support, discussed guidelines and findings of the RIDS team, and translated documents. Azizul Karim provided turnaround feedback on all substantive draft chapters written during my five-week stay in Rangpur in February and March 2006 and accompanied me on two field trips.

Other than from the Social Organization Unit monitors, statistical data was made available from several sources: Jasim Uddin Ferdous, Coordinator, North Bengal Institute (an entity within RDRS Rangpur), provided advice and document support. Two of his staff persons, N.A.M. Julfiker Ali Hanif and Biswajit Banik, transcribed Union population and literacy statistics from hardcopy census reports to spreadsheets and also assisted in the compilation of Federation audit reports. Md. Nazrul Ghani, Coordinator, Char Development Project, obtained from the offices of the Kurigram Deputy Commissioner figures that had been missing in the census report literacy statistics. Nusha Yamina Choudhury and John McHarris, World Food Program, Dhaka, provided Union-level poverty estimates jointly produced and owned by WFP and Bangladesh Bureau of Statistics. A segment concerning the 260 Federation areas was prepared for database merging by Hanif and Banik. Mehrul Islam, CARE Bangladesh, exchanged data with RDRS on socio-economic surveys in the Northwest; I used data from the CARE 2004 North-West Livelihoods Survey [August 2005] for a population reference distribution of household income data.

Zillur Rahman, Finance Coordinator, RDRS Dhaka, and Barry Lynam, Finance Coordinator, Lutheran World Federation, Geneva, helped with the analysis of Federation audit reports. Some photos were contributed by Pintu Shaha and Nurun Nobi Shanto, RDRS Rangpur. Charles Conley, a GIS expert in Washington DC, helped to make some of the maps.

The Rangpur and Lalmonirhat-based RDRS directors, Md. Nural Alam (Administration), Syed Samsuzzaman (Livelihoods), Tapan Kumar Karmaker (Microfinance), Imrul Kayes Muniruzzaman (Social Empowerment), Salima Rahman (Health), as well as A.H. Bhuiyan (RDRS consultant) gave time for interviews and made documents accessible. Kamaluddin Akbar, RDRS executive director, authorized this study.
P. Kristian Pedersen and Allan D. Jensen, DanChurchAid, Copenhagen, coordinated the statement, inserted on page 21, by the donor consortium of the “Union Federation Capacity Building and Social Mobilization in Northwest Bangladesh Project”.

While I am grateful for all these contributions and the support given during this study, responsibility for opinions and analyses rests entirely with me, and the views expressed in this report are not necessarily RDRS’s. As a rule, I do not identify RDRS staff persons and consultants among the interviewees, but cite them as authors in places where I quote from documents they authored. Because of the importance of Nath’s and Siddika’s fieldwork, in the rest of this report, the first person plural is used when referring to our research work.

**Acronyms, Abbreviations, and Special Expressions**

- **BBS** Bangladesh Bureau of Statistics
- **CARE** CARE Bangladesh, country branch of an international NGO
- **CBO** Community-based organization
- **CDP** RDRS Char Development Program
- **Char** Sandbar island (of interest are those in the Brahmaputra river)
- **Ccore** Ten million, mostly used in monetary figures
- **DCA** DanChurchAid
- **DFID** Department for International Development, British government donor agency
- **EU** European Union
- **FFS** Farmer Field School
- **IGA** Income generating activity (as in “IGA project”)
- **Lakh** One hundred thousand, mostly used in monetary figures
- **LWF/WS** Lutheran World Federation / Department for World Service
- **NGO** Non-governmental organization
- **OECD/DAC** Organization for Economic Cooperation and Development / Development Assistance Committee
- **PKSF** Palli Karma-Sahayak Foundation, a micro-finance wholesaler
- **RDRS** RDRS Bangladesh, formerly Rangpur Dinajpur Rural Service
- **SEWA** Self-employed Women’s Association
- **Union** Lowest administrative tier, commune
- **Union Parishad** Union Council
- **Upazela** Sub-District
- **USAID** US government aid agency
- **VGD** Vulnerable Group Development; “VGD card”: a food ration card
- **WFP** United Nations World Food Program
- **WIEGO** Women in Informal Employment Globalizing and Organizing
Summary

What this is about

This report is about a large-scale experiment in organizing poor people. Known as “RDRS Federations”, 260 associations have carved out a space in civil society for the poor in a large poverty belt in northwestern Bangladesh. Their 130,000 members are active in every rural commune of the region and are increasingly interacting at higher administrative tiers.

At the hub of the experiment is “RDRS Bangladesh”, a mid-sized (in national comparison) NGO, one of a handful in this country with a strong regional identity. It has been supporting these federations since the early 1990s, after helping them to coalesce from a dense network of neighborhood groups. The federations are at the receiving end of an aid chain in which RDRS is the intermediary, with a consortium of long-term partner agencies underwriting collective organization efforts of the poor.

Federations of poor people have sprung up in other countries and continents. What makes these 260 special is twofold. Their complete filling of a region gives rise to what economists would call an “industry cluster”. In it, capacities are rapidly matched, some units specialize, and many spill their knowledge over to others. These neighborhood effects are documented, and some are statistically accessible.

Second, in the vertical dimension, the federations have been local manifestations of important global movements. Three couples of global discourse and local program have marked their fifteen-year history – the environmental movement / massive tree plantations; the micro-finance revolution / credit intermediation; the women’s movement / alternative dispute resolution. Not all of these collaborations have been successful; all, however, are complicated by the aid chain dynamics, to which this study is attentive.

Nine years after a first in-depth study of these federations, this is a re-study looking into the long-term viability of these organizations. RDRS’s philosophy did not allow any of the 260 to die, nor has there been space for many new federations to arise. Thus, there are no meaningful statistics of foundings and survival. Yet, the diversity of the existing ones is staggering. A large vault of data that RDRS has filled over the years gives away some of its contours. Others are visible in the narrative wisdom that the federation members and their RDRS supporters have richly grown, and of which this report has taken in a small part, instructive as well as (we hope) entertaining.

If the statistical basis of this work is more extensive than that of other studies of associations of the poor, ours is nevertheless a case study only. We observe one supporting NGO, thus no statistical variation in the meso level of the aid chain. Yet, we believe that our more qualitative

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1 The partners are: DanChurchAid, as the consortium leader, FinChurchAid, Church of Sweden Aid and and Norwegian Church Aid.
account of RDRS’s internal workings offers valid explanations of many of the enabling factors that translate into the observed variation of outcomes in the 260 federations. Our main point is that long-term viability should be conceived of as the co-evolution of RDRS, its partners and the federations – in other words, of a solidarity network.

During the first study, a woman, one of the interviewed members, said: “The federation is a shelter for the poor.” We have retained her allegory in the title of this report, but have dropped the question mark that expressed our doubts in 1997. Since then, she and 130,000 of her fellow members have amply proven that they are using their federations as shelters for their defense, growth and – importantly, as we shall see – honest dealings. But the question of who should be in the shelter, what services it should provide, and who should have the keys, is as pressing as before. This report attempts some suggestions, for RDRS, its partners, and for others who care about the organization of the poor.

As the members are wont to refer to their organizations by the English word “federation”, this report henceforward capitalizes it, in agreement with RDRS usage.

This summary proceeds as follows. For necessary context, the supporting NGO is presented in a nutshell. In the main section, broken down into substantive areas, key findings regarding RDRS and the Federations are enumerated, with frequent “question marks” as to their relevancy for organizations of the poor in general. A short section on methodology lists major theoretical perspectives, data sources and estimation findings. A segment aimed at readers in RDRS and in its partner agencies concludes.

**RDRS in a nutshell**

The 260 Union Federations, the apex bodies of groups of poor people, that are the subject of this study were founded between 1987 and 1993 at the initiative of, and have since been supported financially and technically by, the NGO “RDRS Bangladesh”. This report will use “RDRS” and “the supporting NGO” interchangeably, with the latter expression emphasizing RDRS’s function in the aid chain that leads from international donors to the Federation members and back.

RDRS was established in 1971 as a field program of the Geneva-based Lutheran World Federation / Department for World Service (LWF/WS) when Bangladesh was an emerging nation and the vast majority of its population lived on the edges of starvation. Its first task was to provide relief and rehabilitation for refugees and those left destitute after the War of Independence. RDRS derives from “Rangpur Dinajpur Rural Service”, named after the Rangpur and Dinajpur region in north-west Bangladesh.

During the period 1976 to 1990, RDRS completed its transformation from a relief agency to a multi-sectoral rural development NGO, retaining its regional identity and focus in the northwestern poverty belt. Its working area comprises almost 10,000 sq km, spreading across 37 sub-districts with 307 Union Councils. Among an estimated population of 8 million, 1.5 million are involved in the RDRS development programs.

During the 1990s, a radical shift took place in RDRS’ philosophy and field activities towards a group-based delivery system, with Union Federations and other community-based organizations
emerging as the medium for the message. In this decade, RDRS, like many other Bangladeshi NGOs, built up a large micro-credit program.

In 1997, after 25 years as a field office with expatriate senior administrators, RDRS became an autonomous, national development NGO, governed by a Board of Trustees and run by Bangladeshi managers. The supportive relationship with LWF Geneva and its partners continues. In 2004, RDRS was working with over 17,500 organized groups, with members drawn from 281,000 households. It had a total staff of 1,958, of whom twenty-nine percent were women, and administered resources worth US$ 6.6 million.

RDRS is implementing a new Five Year Plan 2006 – 2010. It gives greater emphasis to rights-based development and facilitation approaches. At the same time, in response to aid market realities, RDRS is increasingly pursuing a cost recovery or even self-financing approach to promote service delivery and economic interventions. RDRS recognizes the tension between these two approaches and the need to maintain a creative balance between them.

An overview map of the Federation working area is found on page 23.

Key findings

Size, recruitment, inclusiveness

In quick summary, each of the 260 Federation areas is defined by the local Union, the smallest unit in the administrative and local government denomination. The 130,000 members relate to their Federations through 8,000 neighborhood groups, which send representatives to monthly General Meetings. The typical (median) Federation has 460 members. The range is from 120 to 1,200. Sixty percent are women.

These figures, from our mid-2005 statistical cut-off point, take meaning in historic context. RDRS organized and supported neighborhood groups, including thousands that have not yet joined the Federations, throughout the eighties and nineties as well as, in a more focused microfinance approach, in recent years. In periodic reviews, it “graduated” (a term borrowed from an education perspective) successful groups and asked them to join the Federation.

In acting as the Federations’ intake agency, RDRS has traded off inclusiveness for quality.

This credentialing has made RDRS the effective intake agent for the Federations. The nature of membership has changed; earlier, it was through groups. Individual membership has been created recently, complete with flashy identity cards. Executive committees are nowadays elected by members at large whereas many of the more frequent interactions, including the monthly General Meetings, continue to be sustained chiefly by group representatives.

This intake mechanism may be unusual. In perhaps confusing, yet innocent fashion, it has led the monitoring of membership to operate with a double definition. Affiliated members are those on

2 This information has been compiled from the 2003 and 2004 Annual Reports.

3 Not considering recent village government initiatives or special-purpose small units of lesser consequence.
the books of the Federation. *Active* members are counted as those of groups that meet certain behavioral criteria, including regular savings deposited with RDRS. About a third of the members were rated active in 2005, with a strong upward trend since 2003. Among the active ones, the proportion of women was even higher, 66 percent.

More consequentially, the particular recruitment mechanism has produced a trade-off of inclusiveness for quality. RDRS has made sure that only experienced and (at the time of graduation) active groups would join, and that wealthy and influential community members could not infiltrate. The price is that the Federation members are a minority among the local poor. On the upside, capture by local elites was eluded.

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Sidebar: Vision and diversity

This poster, omnipresent in Federation centers and RDRS offices in the 1990s, succinctly states the original vision of the Federation movement founders. Members as well as other community people needing specific services flock to the Federation. Its multi-functional center, complete with meeting and office building, grain store, health clinic, rented-out shops, school and garden, appeals to a wide range of needs and talents. The artist even scripted the statutory minimum of three women on the executive committee into this halcyon picture.

In reality, each of these facilities will be found in some of the 260 Federations, but nowhere are all of them present. For RDRS, the major challenge has been the management of diversity, finding frameworks that respect program limits as well as local choice while keeping the common vision alive and in tune with the times.

Figure 1: 1990s Federation poster
Estimates of the member density depend on the choice of enumerator and denominator. An estimated 3.5 percent of all households in the 260 Unions were home to an active Federation member in 2005; this gives a lower bound. Admitting all affiliated members, and working with the relatively low Union poverty estimates of the World Food Program, one arrives at a more favorable ratio of one member to every four poor households. In between is the ten-percent figure to which the estimates of five executive committees interviewed in spring 2006 converged. By all estimates, the Federations have enrolled a minority of the poor even where they speak for all of them and render service to non-members as well.

The quality aspect is clearly seen also in the income situation of the members. Their annual incomes are one third higher than those of a reference population. This is a program effect, not a selection effect, in the sense that members improved skills and incomes after coming into the RDRS fold. The differences typically are larger for executive committee members, most of whom have longer participant careers with RDRS. Many have worked up their way to village middle class positions. This enables them to give unpaid time and labor, in exchange for social capital used to solidify their fragile ascension.

The recruitment mechanism is only a part of the forces that determine size. While the managed participation regime that RDRS created may be of local interest only, the question of whether there are intrinsic growth limits to organizations of the poor is of universal importance. Only three of the 260 Federations had more than 1,000 members, in an environment where the typical Union counted close to 5,000 households, suggesting 2-3,000 potential members. Over time, we find strong “regression to the mean” effects; large Federations tended to contract in size, and smaller ones had larger growth rates.

One hypothesis is that as they grow larger, organizations of the poor amplify internal management and consensus issues that eventually trigger withdrawal and exit. In our case, it is known that the rapid expansion of RDRS loans caused conflict and paralysis in numerous Federations. Also, RDRS devoted special attention to nurturing ailing Federations back to health and membership growth. Both processes favor middling sizes. The bottom-line is that “bigger is not always better”; in a participatory evaluation exercise that involved all Federations in 2005, size and performance in the members’ own eyes were not related.

Women, it appears, have remained particularly faithful to their Federations.

This needs qualification for female members. The number of women members in 1997 and in 2005 is positively and highly significantly correlated. The association persists when this echo is filtered through the performance in-between and controlled for the men’s presence in 2005. Some have mused that the women have stayed faithful to their Federations, in spite of all ups and down, because they had no alternatives to go. This cannot be proven for specific individuals, but it may be the case collectively. Women in northwestern Bangladesh have as many credit provider options as men do, and for this purpose can easily leave the RDRS ambit – but there are no easy substitutes for Federations in other benefits such as the deterrence of domestic violence.
The balance between inclusiveness and quality is difficult in all contexts, and can be complicated by other factors. From the RDRS side, the supply of groups formed for more than loan administration convenience is dwindling. In a bid to gain legal recognition, the majority of the Federations had themselves registered with the government Social Welfare Department. Their independent local NGO status will ultimately subvert the managed participation regime, but they have not yet learned to recruit actively. For example, we know of one committee chairman who suggested a participatory mapping of all poor households in his Union, but failed to elicit support. Despite good growth 2003 – 2005, member attrition remains a risk.

Aid chains may induce self-competition. Inconsistent policies in supporting NGOs or from the donor side may stunt growth in the organizations of the poor. For example, RDRS’s micro-credit expansion, while initially creating enthusiasm among the Federations, later impacted them adversely. When they were encouraged to register with Social Welfare, they had to accept bye-laws from this department. The new regulations have done away with democratic safeguards and may render Federation less attractive for women.

For the intermediary NGO, the insertion of group and Federation layers has produced a vast multiplier effect in reaching out to poor people. Thirty years back in RDRS history, an extension agent would deal with, at the high end, 50 contact farmers. With the help of 90 Federation support staff, RDRS is nowadays relaying development messages to 130,000 participants. This size and the staff/client ratio by themselves create a constant tension between implementation convenience and movement support, to which this report will revert later.

Community standing

In most of the 260 Unions with RDRS Federations, there are no other unified grassroots associations matching them in size or influence. Plausibly, the combined strength of the borrower groups among the various micro-finance competitors outnumbers the Federation members – but these groups do not coalesce widely. Market and mosque committees are fairly universal, but their focus is either narrow, or they operate each in a hamlet only. More important, the elected Union Council (“Union Parishad”) sits on top of the organized structures, representing the entire population.

By contrast, the Federation executive committee is elected by people mobilized by one NGO. But the Federation may speak for all the poor in the Union, and will do so particularly in advocacy work and on issues that transcend its membership.

How does the wider community respond? Two indicators help to answer that question. Twice in their history, Federations sent candidates into Union Council elections and gained seats. In recent years, Federations have increasingly been solicited to mediate disputes outside the courts. The election success and the willingness to have Federations settle disputes have varied widely from one Union to another.

The 1997 Council election results were considered a sweeping success for the Federations, with 375 of their candidates elected. The density of RDRS-formed groups (both inside and outside the Federations), the strength of female membership, and the financial commitments of members all made a positive difference. Under less favorable circumstances in 2003, fewer Federations ran
candidates, and only 221 were returned. Greater member density again was helpful, and so was previous success. Interestingly, the women turned away from Federation candidates, presumably preferring women from elite families to men staged by their own Federations. For the first time, however, eight Federations went out of their low political profile and competed for the Council chairmanship. Three of them won it.

During our two-year observation period, and after intense training support from RDRS, the Federations attracted more than 3,000 disputes for mediation. On average, this is not much, about one new case every two months per Federation. Yet, as a social innovation causing communities to accept Federation verdicts in most cases, it was a breakthrough. As in Council activism, Federations were very unequal as mediators. What determined caseloads other than reputation from earlier success, remains unclear. Richer Federations attracted more cases, presumably because their committees commanded more respect, but these wealth effects were resorbed into stronger sub-district effects. For these, the quality of the local RDRS staff and learning among neighboring Federations (which these staff facilitate) are responsible.

Election and mediation success are very weakly correlated, suggesting that Federations build specialized reputations. In neither field have these been strong enough to provoke more than a sporadic, localized elite backlash. The fraction of seats taken by Federation candidates – about 7 percent – is not too far from the proportion of members in the population. Most of the disputes brought before Federations concern family matters in which the elite families rarely have a stake (exceptions do occur; one is the subject of a case study on page 55). Union Councils occasionally refer disputes to the Federations.

All in all, the Federations have settled into a niche in which they are not seen as a threat to fundamental power relations, but are a force to be reckoned with, as voter blocks, protectors of women, or as suitable partners in consensual projects of various kinds. The elite know that in highly combustible issues – say, justice for an acid-throwing victim – non-members may rally to the Federation. Assumedly, they respect this unpredictable popular support as one of the Federation’s power sources. The other is the affiliation with RDRS, which regularly leads communities to overrate their Federations’ ability to provide economic aid to destitute persons. As in many equilibria, this one makes the insiders comfortable – RDRS with the demonstrated patronage of its programs, Federation leaders with a seat at the table of the local elite, and ordinary members with an insurance of sorts against some of the more extreme risks of life.

The local elite sees the Federation as non-threatening, yet as a force to be reckoned with.

Sidebar: The ecology of Federation support

The operational area of the 260 Federations does cover a large swathe of land in northwestern Bangladesh, but it is differentiated internally, at several geographic scales. Besides the local Unions of which they are part and parcel, sub-districts (known as Upazelas) offer the Federations very specific support milieus. The sub-districts differ significantly in the areas in which they are more or less favorable to Federation achievements. This support combines several elements – the direction and quality of the local RDRS involvement, social structural elements (e.g. the proportion of literate women) as well as, importantly, mutual learning among the Federations of a given Upazela.
The dimensions of support appear more clearly when they are measured net of the individual Union effects. A surprising finding is that the sub-district milieu factors that foster access of women to Federation decision-making are sharply different from those that encourage greater achievements in virtually all other areas. A second distinction, although weaker, is between milieu factors that favor social development and those that help Federations to earn money.

The sub-districts within one district do not necessarily provide similar support environments. For example, the red dots, standing for the five sub-districts in Lalmonirhat, are located very distinctly on both dimensions. This lends support to the idea that local learning processes, formalized in part in the Upazela coordination committees, drive or inhibit Federation progress more than district-wide characteristics of RDRS or social structure do.

The statistically interested reader will recognize in this graph the factor structure of higher-level effects from six performance models. The analysis is detailed on page 181.

**Social development**

There is a uniform consensus among Federation observers that social development is the realm in which they have performed best. However, the members define this in language entirely different from that of the development experts. In many guises, “social development” is described in terms of the unity and dignity of the poor. Dimensions like reduction in mortality do not figure in their discourse although Federations do cooperate with programs – immunization, sanitary latrines – that they understand very well are improving public health.

In the social justice semantics that we have overheard in the Federations, three elements recur constantly. The Federation is a space free of bribery. It is where the poor have learned to speak out in the face of more powerful community members. And the Federation is the force that helps
them to obtain justice. This finding has been consistent throughout nine years of Federation research; these goods, which in large part are public, outvalue tangible benefits.

For poor people, finding a place where they are not continuously made to wait until all those of higher status have been served first, where they are not asked to pay for services meant to be free, and where they are not routinely silenced, and insulted or even physically aggressed in disputes, is liberating by itself. There is a tremendous goodwill, particularly among women, for leaders and RDRS staff who have shown to be honest and sympathetic with the poor. One has the impression that this goodwill is hardly dented by actual defeat or lack of resources as long as leaders are not compromising core values of honesty and dignity. This concept of dignity above all else may have immunized – up to a point - member motivations against the chronically poor performance that many Federations have shown on their business side. Expectations to find employment keep being disappointed, but the disappointments are outweighed by progress in what the poor define as social development.

"We as village women never knew how to speak through the loudspeaker. We saw the loudspeaker from far. But now we can deliver our speech to large audiences, using loudspeakers just like Khaleda and Hasina [the main political figures of the country]. This gives me immense satisfaction."

Sunitee Bala, President, Doiljore Women’s Group, Saptibari Union Federation, Hatibandha Upazela, 8 March 2006

One of the areas of progress is the reported decrease in violence against women. To what extent this is attributable to the work of the Federations, and to what it is happening as a result of broader societal trends, is impossible to determine with our data. Much of the violence is dowry-related, and it is credible that the Federations deter some of this violence although hardly the practice of dowry and its escalating trend, despite repeated “awareness campaigns” and some highly publicized dowry-free marriages.

While the Federations’ social development record seems strongest in value-laden behavior changes like freedom from bribery and freedom of speech, much of this is underpinned with simple technologies that RDRS helped them understand and practice. Appropriate accounting and audits make for transparency and trust in leaders, para-legal training forms mediation skills,
and megaphones let poor women address a crowd, giving them that power experience of which several spoke to us.

**Federations as economic actors**

In the multiple personalities of the Federations, there clearly is a business side, too. Almost all Federations pursue some business activity. Yet, if these income-generating projects are commonly judged as less successful, a caveat is needed. RDRS’s ability to monitor and analyze the Federation accounts has remained modest, despite several years’ worth of fielding its own support accountants and of arranging external audits. Only during the audit year 2004-05 did it unify accounting frames enough to collate analytic data across all 260 Federations.

In mid-2005 the Federations owned US$ 1.7 million in property and assets, excluding the value of one million trees that they were growing on leased land, their main business line. Most of the audited value was in buildings donated by RDRS. The preponderance of property in the balance sheets accounts for the major part of the variation that spanned more than two orders of magnitudes, from $ 80 in the poorest to $ 19,000 in the wealthiest Federation. Three quarters of the Federations reported a gross profit for the audit year; the profits typically were tiny, with a median value of $ 50 only.

The absence of strong businesses in the majority of Federations has to do with the quality of the support that RDRS has been able for render to income-generating projects, with managerial conflicts within the Federations, and with weak incentives to start and expand businesses, given the flow of subsidies. In very few lines of business do the Federations enjoy comparative advantages over private producers.

One such line is tree plantations, historically an outgrowth of RDRS’s success in reforesting the Rangpur - Dinajpur region. With nearly 14 km worth of roadside plantations per Federation, this is one of the areas where the link between a global movement and local organizations is clearly manifest, and where the Federations could make good money. During the heydays, their “strength in numbers” plus targeted World Food Program support assured both good care and protection during the entire growth period. Yet, in recent years both holdings and tree survival rates have plummeted, with Federations discouraged by unchecked theft, extortion by government officers mingling in the sales process, and changing donor policies resulting in uneven support from RDRS.

Technically, most Federations during their history have experimented with a considerable variety of businesses, sometimes in very creative ways. One of our case study Federations operates an

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4 These extremes seem impressive, but readers may expect other statistics that are more meaningful. The interquartile ratio for the audited assets is less than a quarter magnitude. However, for cash plus estimated investments in income generating projects it is close to one magnitude, confirming the vast differences among Federations in productive capacity. The financial indicators available to this study defy brief discussion and are dealt with at greater length in the chapters “Federations as Economic Actors” (page 75) and “Mutual Observation” (page 111). A combined balance sheet is found on page 78, a profit-and-loss statement on page 80.
academic coaching center as a business. Yet any business is quickly liquidated when more profitable opportunities arise. All in all, however, the Federations’ business activities are insignificant for the livelihoods of the average member; they pay wages and dividends annually per member equivalent to 2 – 4 days’ wages only.

Averages like that are misleading. One function that we became gradually aware of during this study is that Federation businesses can be crucially important in providing emergency employment, chiefly to women fallen into destitution. More research is needed to shed light into how Federations weave together business and social protection, including selective aid to non-members in distress. These mixtures appear ambivalent. Economically more successful Federations do attract more mediation cases, but they also reduce women’s access to executive committee seats, presumably because business wealth makes these more attractive for upwardly mobile male members.

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**Case study: Selectivity and risk in collective action**

Founded in 1992, Khangaon Union Federation, in Pirganj Upazela under Thakurgaon District, is a living summary of many of the achievements and challenges that the Federations negotiate. For many years it languished as a Federation rated “poor” by RDRS, until a tailoring project for destitute women in 2003 imbued it with new life.

The garments business that visitors today meet in the Federation premises, where five women and four men work, and in the show room in a neighboring bazaar is no straight success story. It is the outcome of complex, at times conflictual negotiations between the executive committee, the twelve original trainees, hired experts including a master tailor and an accountant, commission salesmen, members who gradually paid in shares, and others who decided not to participate.

The selectivity of employment generation – Khangaon has 334 members; RDRS supplied seven sewing machines that have since been moved from individual homes to the center, and back to the homes of disgruntled workers – went hand in hand with the purchase of new machinery financed with shares that 23 members paid in, taking individual loans from another NGO. The Federation set piece rates for new workers; five more members bought shares later on. Support from RDRS was chiefly moral in nature; field workers recommended members for loans and advertised the business to local elite families.

Emboldened by the garments business, the Federation, a year later, opened “Sunrise Kindergarten”. Forty children have been receiving instruction up to primary school grade five for a fee of less than US$ 1 per month, plus rickshaw money for those carried in the Federation’s two school vans. The kindergarten provides some employment to five teachers and two rickshaw drivers.

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5 This vignette draws on case studies written by Toufika Khatun, Trainer (Gender Development) and by Tozammel Haque, Senior Manager (Environment & Disasters), and translated by Nurun Nobi Shanto, in April 2005. Shanto and Ekramul Kabir, both with the Federation support unit in Rangpur, visited Khangoan in May 2006. Their notes as well as Federation monitoring data are also used here.
Seven out of the nine committee members in Khangaon are women, a proportion almost as high as in the general membership. Among the member groups active in regular meetings and savings, not one was a men's group in this Federation in 2005. Yet the dependency on male expertise and leadership is visible in this image, with the chairman operating a calculator and explaining the accounts. It is typical of many Federations in which women form the vast majority of the active members.

Common to those two and many other Federations businesses are low margins and wages, carefully negotiated financial participation (to which a minority of members commit with concurrence from the larger constituency), rapid reorientation if more profitable lines open, and products and services that not only the buyers but also a critically observing community appreciate. The MP for Pirganj recognized Khangaon Federation with a $170 award, and the government Social Welfare Department donated $70. To compare, 28 members bought $1,400 in tailoring shares.

Structurally, wide participation is easier to stimulate on the social development side. For example, all the members in Khangaon donated paddy and wheat that the Federation's disaster preparedness committee is storing. The committee distributed paddy and clothes among 35 families who had become fire victims in a neighboring Union. Near universal involvement in social initiatives of unpredictable diversity, narrow yet socially targeted employment projects, discounted or free services for very poor members as well as some non-members, and implicit insurance for members characterize the Federations.

Finally, the business aspect sits awkwardly with every member of the aid chain. Within the Federations, the distribution of incomes between wages for members and profits for the organization demands negotiation and consensus; members and needy non-members expect discounts on paid-for services. RDRS has had a poor record, outside tree plantations, in
supporting Federation businesses with appropriate finance and technical expertise. Cultural and interest conflicts continue to burden this aspect of the partnership. The donors too may not be helpful. Current aid philosophies gravitate towards stronger advocacy, governance and rights-based approaches; they do not favor support of economic projects. A dialogue formula validating these Federation business concerns is needed. An obvious one is not in sight. For example, “social protection” or “quasi-insurance” may not appeal enough to any of the contemporary global movements with which RDRS’s partners resonate.

Improvements may come if and when new technologies arrive with which the Federations provide a fit, as they did with tree plantations. Meanwhile, the relative impact of these financial results has to be kept in perspective. Taking into account also their recurrent non-business income, the 260 Federations together recorded a loss from continuing operations in the audit year of $15,000. This is so slight that, in terms of the long-term partnership between RDRS and the Federations, the latter’s’ business performance is irrelevant.

**Local associations and the supporting NGO**

Extrapolating from an older tradition of working with small groups in a social development agenda, RDRS succeeded in nurturing the democratic procedures and transparent management that have earned the Federations member motivation and public legitimacy. It created frameworks rather than uniform solutions, thereby encouraging the growth of the diversity that we observe in the Federations today. It supports them as multi-objective organizations, seeing them through challenging transition. The one from a pedagogical model, with its managed participation regime, to independent local NGOs is still as incomplete as it is unproven. Similarly, RDRS linked the Federations to global social movements in a succession of programs. Each of them uses a simple technology to translate part of a discourse into local action. Which will be the next movement to send waves to the Federation shores is unforeseeable.

In the resulting space free of corruption and full of voice, the poor, as Federation members, soar and thrive. Yet, the complexity of these multi-objective organizations and that of RDRS rub each other hard. The Federations do many different things, most of them in small numbers. Supporting, financially or technically, such a wide gamut is a difficult proposition. Of RDRS’s 2,000 employees, some 90 are in positions dedicated to Federation support; among the others, there will be likely some who have expertise in almost any realm that Federations may touch. In fact, collaborations with all the major departments except Micro-Finance – Social Empowerment, Livelihoods, Health – are numerous.

Matching the two sides not only has coordination costs, it has policy consequences. In the aid market in which RDRS is competing, fundable projects act as the ultimate cookie cutters in reducing task environment complexity. One of the consequences is that the Federation support unit essentially administers one major grant; it does not coordinate support policies. It performs a permanent balancing act between cross-departmental coordination and Federation integrity.

The resulting ironies may be a local footnote, but some are worth mentioning in the build-up to what we call a conflict of rationalities. The Micro-Finance department has taken a time-out from
Federation support, with a massive write-off of old debt and in line with credit policies that discourage intermediation by subcontractors. Yet, due to its superior data management, Micro-Finance supplies the group lists that are the informational basis for new Federation member recruitment. Similarly, although the Federations were in many projects poorly served by the Livelihoods staff, this department pushed the Federation support into more participatory Federation performance assessments. While the support unit remains handcuffed in a power and competency deficit, it has been able to juggle dynamic internal coalitions as new projects appear or persons and policies of other units change.

There are three points of general interest here. They concern rationality, language, and the relation between vision and operative goals in aid chains.

RDRS, and presumably numerous other foreign-funded NGOs that operate micro-finance programs, live with multiple rationalities. Some sectors of the organization have developed a commercial rationality, with cost control and performance standards to which their personnel is held accountable. Others follow a bureaucratic model that seeks to maximize budgets, given certain cost and policy constraints. Then, discursive rationalities intrude “from the side” and cannot be tagged neatly to particular organizational units. An example in point is Bangladesh as an enterprise of cultural nationalism, with its rich art and literature trove, some of which finds a home in NGO training and materials development units. Thence it may percolate to popular theater groups such as, in fact, the RDRS Federations are conducting in many places.

The interaction of these rationalities is difficult, although it can be made productive for the supported associations of the poor. Micro-finance injects discipline throughout the aid chain; RDRS worked hard to inject accounting skills into the Federations. Proper accounts and audits, once unserviceable debts were written off, liberated executive committees to move beyond the shadow of impropriety. Budget maximizers make their case collecting needs and efficacy data; this subsequently can bolster the legitimacy of commercial operations. In RDRS, subsidized loans for clients identified as the “ultra-poor” fall in that line. However, not all policy areas will equally benefit from multiple rationalities. For example, between the numerous RDRS projects and departments, a void cries out to be filled with a Federation business support policy.

Language may surprise some as an unexpected subject. Aid chains use the administrative languages of former colonial powers or of newer aid power that be. These languages will often not be at the reach of the rank and file in the organizations of the poor, and perhaps scarcely so for their elected leaders. Somewhere in the chain, translation takes place. Its extent and quality will impact on technical support, but also on partnership and solidarity. In RDRS, the language factor is clearly enmeshed with the strengths and weaknesses of a regionally based NGO. Routinized and trusted communications at the upper (English) and lower (Bangla) echelons of the aid chain make for high certainty. In district and sub-districts, old hands have such a dense network of acquaintances that RDRS quickly diagnoses almost any local crisis and finds the ropes to control it. So much so that, with the help

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6 The policies in point are those of the Palli Karma-Sahayak Foundation (PKSF), a micro-credit wholesaler and major partner of RDRS.
of its Federations, RDRS has stayed the only NGO with serious staying power in the Brahmaputra island communities.

Things are different where translation and interpretation of foreign concepts are needed. In our case, the language boundary runs chiefly through the RDRS coordination office in Rangpur, the major city in its working area. It is softened by the fielding of staff with enough rudimentary English language skills to keep projects monitorable in the formats that Rangpur prescribes. They gather the information for upstream reporting. Good English speakers (and, alternatively, staff who can type in Bangla!) are hard to find and retain in a market that pays a language and education premium a multiple of what national NGOs afford. The consequence is that the RDRS – Federation interface is largely being managed by field staff who do ensure administrative coordination, but may be creating little else of value for the Federations. This arrangement has held up promotion of competent Federation leaders to higher responsibilities and has kept off the agenda the need for paid staff of their own if the Federations are to grow their services. The movability of social boundaries fortified with language and the capacity for conceptual and linguistic translation are strategic elements in aid chains leading to organizations of the poor.

Rationality and language demands, trivially, interact also with our final element in this section, vision and operative goals. Our point is not so much about the particular substantive (e.g. political) contents of these elements in working with organizations of the poor. Rather, with increasing complexity of programs the two – the vision and the actually followed objectives – are bound to differ more keenly. The Federation concept grew out of the visionary analysis of a senior RDRS field manager and was pioneered in a limited region at first; subsequently the organization mandated its extension to its entire (then) working area. The success of this experiment created for RDRS precious brand capital in the donor community; it has used it eagerly.

However, in a portfolio of several dozen projects and a motley implementation patchwork in the field, the involvement of Federations in all of them is neither feasible nor desirable. The RDRS 2005 Annual Work Plan carried 540 line items (activities with numeric targets); only 64 were related to Federation support. There is nothing wrong with this; in many areas, friendly indifference or opportunistic mutual aid may be the most productive. For example, it would be difficult to replace the competencies of specialized health workers with those of Federation members; at the same time, Federations have hosted RDRS eye camps, without needing a rule or a target that so and so many camps should be held on Federation grounds.

If the organizations of the poor do not participate in all projects of their supporting NGO, what should be the guiding principle in their relations with each other? Can universal involvement be replaced with a more abstract principle, such as fairness? And if fairness, can the cultural resources and managerial attention be mobilized to vindicate it in practice? For example, it does not seem unfair to hold eye camps outside the Federations. However, many might agree that it is unfair to prevent Federations from admitting poor people that are not willing or able to deposit savings with RDRS. Deliberating fairness questions and translating them into policy goes beyond the tactical level. It demands special sensitivities nurtured from high-on. In the fifteen years since Federations were started across the region, a new generation of RDRS employees has
grown up who are yet awaiting their education in the principles and etiquette of working with them.

Long-term viability
Given the above-described social development achievements, what are the longer-term prospects for the Federations to remain dynamic and actively working for the poor? The answer requires us to resolve a paradox: the Federations have been growing because of RDRS, and at the same time despite RDRS.

The first basic observation is that RDRS has kept the entire portfolio of Federations going. From the individual performance in 1997, a faint echo only can be heard in recent years – there are weak associations regarding size, particularly in terms of women members, success in Union Council elections, and even overall performance as graded by RDRS. Very few Federations have consistently been high performers, and few stayed in the bottom ranks. RDRS saw to it that none of them went out of business, and resolved paralysis where it occurred, particularly over loan issues. Collectively, during this period of time, RDRS at first seemed helpless in the face of Federation member loss, then found effective means to rekindle growth and strengthen participation. Both RDRS and the Federations built additional competencies simultaneously and employed them in programs that benefited the poor and were recognized by their local communities.

Yet, the Federations are far from social and financial self-sufficiency. With RDRS limiting members to those they supply from graduated groups, the Federations have not built their own recruitment skills; their leaders may have weak incentives to invite more poor people to join. For their recurrent institutional costs, most of the Federations are not self-reliant. In the 2004-5 audit year, for every Taka raised locally, they drew eight Taka in subsidies from RDRS, other NGOs and from the government. Their local incomes did respond to higher subsidies, but sluggishly so. This state of affairs is reflected in staff opinions that only one third of the Federations would survive if RDRS ended its support. But this is a misconception of sustainability in the aid chain. RDRS and the Federation have co-evolved; and sustainability ought to be conceived of in terms of an ongoing relationship rather than of separate entities. As noted earlier, the combined loss from continuing operations is surprisingly slight; offsetting it is a small burden for RDRS and its partners, but it does take a willingness to do so.

Enabling the Federations to assume larger responsibilities is a greater challenge than that posed by financial sustainability.

How to move the non-financial balance is trickier; there is little doubt that RDRS will have staff to support routine operations, but not many competent ones to assist Federations with larger responsibilities. Similarly, RDRS may be supplying enough new groups to offset member attrition, although not ever enough to significantly boost the proportion of poor households who are members of their Union Federations.

Recast as a property of the entire partnership between donors, supporting NGO and local associations of the poor, long-term viability takes a different meaning. The history between 1997 and 2005 suggested equilibrium between outside contributions, local programming and member motivations.
Good and poor Federations oscillated in a kind of “regression to the mean”, and at the same time local success factors grew stronger.

Can this equilibrium be made more productive? For example: Can the rules of the game be rewritten such that members match subsidies with higher dues, or that recruitment is not tied to credentialing by the NGO? Moving up will mean recognizing different development paths among Federations. They will accommodate, not without difficulty, members with various NGO participant careers. Business and social development performance will both remain important, yet weakly correlated.

For the NGO, the long-term viability of its supported local associations then becomes a matter of its own capacity to manage diversity. In RDRS’s case, facilitating a legally independent status and introductions with donors for small NGOs has been one of the steps taken. In a more general perspective, is there a link between the stream of innovations and long-term viability? We would expect so, in a double sense: the more flexible the established aid chains are in spotting and transmitting innovations, the more productive should local associations remain over time. Also, greater diversity will cause partnerships to rearrange themselves, with new players arriving, and some resting.

**Research methodology**

Our theoretical borrowings are mixed, given the data situation, itself a mixture of a full census of lower-level units (the Federations) and of a case study of one supporting NGO. The conceptual envelope for both is the aid chain and the multiple rationalities that vie for motivation and behavior within the chain. We are particularly interested in the interplay of bureaucratic (aid market) and commercial (micro-finance) rationalities at the interface of donor relations and field coordination.

The approach to the diversity of the 260 Federations is inspired by organizational and social-ecological thinking; at its center is the idea that current performance is determined by prior performance as well as by current structure and environment. Performance is broken down into several components that are affiliated to the Federations’ multiple personalities as interest associations of the poor, local development associations, and business cooperatives.

Literature is referenced in the main body of the report.

Our formal models are in the largest part regression models using the sub-district in a fixed or (more often) random effects specification. On average a sub-district holds some nine Federations. This term is needed to control for neighborhood effects. It is motivated by our perspective on the 260 contiguous Federations as a large industry cluster with strong, but spatially structured learning effects.

A summary of the major model findings is given on the next page, by sign and significance only. Estimation details are found in a statistical appendix.

Data is from quarterly monitoring reports and from field research that Bangladeshi personnel carried out with small samples of executive committees and member groups. These and other
data types, including audit reports, external data, and a case-writing workshop with Federation support staff, are described in an appendix.

The major limitation is in the almost total absence of household-level data. An attempt to measure Federation participation in interviews of a sample of member and non-member households in 2004 failed. This methodological failure is itself a small substantive finding regarding the coordination of numerous projects, of which the support of local organizations of the poor is but one. We are not only concerned with data as such; in the main body, a chapter is devoted to the mutual observation between RDRS and the Federations.
Table 1: Linkages between membership, performance and social context to major outcomes

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<th>Membership</th>
<th>Community standing</th>
<th>Long-term viability</th>
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<td>Econ. Dev.</td>
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<td>Literacy</td>
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Frames around a cell mean the concept in the left column was entered as an explanatory variable. Gray shades express statistical significance levels:
- Gray: p<.10
- Gray: p<.01
- Gray: p<.001
RDRS, the Federations and the Partners

What should RDRS and its partner agencies retain from this analysis?

The Federations are a very special achievement in RDRS’s 35-year history. They have been good for their members, and good for RDRS, which is very widely known and admired for its Federations.

This study brought out three key messages:

- The poor value their Federations as a space of honesty, freedom and dignity; and this should remain the paramount concern of Federation support policies.
- RDRS and the partners have linked the Federations to global movements; the struggle for justice and against violence has benefited poor women in particular.
- The long-term viability of the Federations is a property of all members of this partnership; relatively small investments can keep them going.

These insights are now calling for a harmonization of support policies. It is one thing to claim the Federations as “the focal point of all its ventures – economic, social and environmental” (RDRS Annual Report 2005, page 5); it is quite another thing to administer a portfolio of numerous diverse projects, all of them important to RDRS’s growth, some of which, however, will always be marginal to Federation concerns.

In reviewing support policies, one has to recognize that the present situation of the Federations is very ambivalent. With a view to their long-term future, RDRS has promoted the transition of the Federations from creations of its own to legally independent local NGOs. Over half of them have attained this status; yet opinions whether this was a good idea are sharply contrasting: New bye-laws render the Federations prone to predation by regulators and by leaders with unlimited tenure. Others see a door opened for unwanted self-competition, particularly in micro-finance. On the positive side, the Federations will exit from a tightly managed participation regime. Official recognition and mandates promise further growth.

Those are extreme positions, but they help us to recognize that the financial aspect of the Federations’ long-term viability is not the most critical one. We belabor the point that the combined loss from continuing operations is very modest ($15,000 in the audit year 2004-05). A greater concern is to make the Federation support practical for the long-term.

This support needs not only funding, but innovation. It has been thriving on a succession of global movement concerns and local realizations in Rangpur – Dinajpur, with the Federations as resourceful agents of the poor. These manifestations wax and wane – at the time of our fieldwork in spring 2006, an air almost of defeat was hanging over the Federations’ dwindling tree plantations, rooted, as they were, in the environmental movement. By contrast, their dispute mediation won numerous small victories; and this was apparent in the way the Federations’ work was seen connected with the women’s movement.
Meanwhile the communities in the Northwest are facing new challenges and opportunities. Some of these will correspond to particular global movements in which RDRS’s partners are willing to invest, and which may be tractable locally through Federations. For example, resistance to corporate dominance of the seed business, initiatives for farmer-based seed multiplication in Bangladesh, expertise in the RDRS Livelihoods program, as well as the Federations’ group structure and storage facilities may be nurtured to coalesce; there have been practical beginnings.

However, the flow of innovation calls for a reconfiguring of the ways RDRS works with the Federations. As a regionally based NGO, it has trouble finding and retaining the kind of staff who can create value for greatly more self-confident Federations. These, through more responsible sub-district committees, are capable of doing some of the work currently reserved to frontline staff, and in exchange the RDRS support unit will need fewer, and more highly qualified, staff.

The partners may also need to reconsider the nature of their involvement. The way the Rangpur coordination unit struggles at the English-Bangla interface calls for help. It may in part be the reason why the Federation story has remained underappreciated, if not downright underreported, in the eyes of donor agencies calling for bolder advocacy and more social mobilization. The partners, in addition to generously funding the Federation support, have been sending youth volunteers to the RDRS field regularly, creating much goodwill; and consultants occasionally, helping out at critical administrative junctures.

But these fleeting witnesses are no match to the resources that large international NGOs, in coalition with donor agencies, have put down to shape the perceptions and policies of the northwest. Their scripts, while acknowledging the Federations, at best foresee the use of some of them. To hold the movement together, a stronger presence is warranted. When a woman in Kurigram can say: “The Federation is a shelter for the poor”, an engaged observer in Rangpur ought to be able to translate this into many languages – those spoken by her friends, and those coded in new movements.

Sidebar: The View of the Partners' Consortium

The Consortium wishes to express appreciation to RDRS for undertaking this study. The report brings out three key messages:

- The poor value their Federations as a space of honesty, freedom and dignity.
- RDRS and the partners have linked the Federations to global movements.
- Long-term viability of the Federations is a property of all members of this partnership.

The 260 Federations provide a number of advantages for the poor in the RDRS working areas:
• The Federation is a local union based grassroots organization, which, as one woman has put it, provides “a shelter for the poor”. Or as the report states, “For poor people, finding a place where they are not continuously made to wait until all those of higher status have been served first, where they are not asked to pay for services meant to be free, and where they are not routinely silenced and insulted or even physically aggressed in disputes, is liberating by itself”.

• The Federation Centers are used as multi-functional centers where many development institutions are based, such as health clinic, grain store, school, garden etc. The Federations provide RDRS with a unique and efficient opportunity to relay development messages to a large number of people.

• The Federations provide an opportunity for poor people to get access to Union Councils and in 1997 and 2003 have been able to get several hundreds of their candidates elected. In 2003 three of them even won the Union Council chairmanship.

• The poor can use the Federations in case of local disputes, e.g. dowry, divorce, alimony and wife and child abuse etc.

• It is indeed also interesting to note that the annual incomes of Federation members are one-third higher than those of a reference population.

The Consortium members are pleased to have these achievements on record. However, the long-term viability of the Federations is, of course, also an important issue. Here it appears that the Federations are less successful. Most Federations are engaged in income generating activities but as the report argues, they are “commonly judged less successful”, and the report further states that it is “the opinion of the (RDRS) staff that only one third of the Federations would survive if RDRS ended its support”. However the report suggests that sustainability should be seen more broadly as an ongoing relationship/partnership between the Federations, RDRS and its Core Partners such as DCA, FCA, NCA and CSA.

The consortium has supported the development of the Federations through the European Union-financed “Union Federation Capacity Building and Social Mobilization in Northwest Bangladesh Project” for four years; the present phase expires by the end of 2006. The Consortium has applied to the EU for a new phase from 2007-2010.

FinnChurchAid (FCA)
Church of Sweden Aid (CSA)
Norwegian Church Aid (NCA)
DanChurchAid (DCA)

Copenhagen, 29 September 2006
Area in the Northwest with RDRS Federations

Figure 5: Overview map of the Federation working area

The area covered by the 260 Federations supported by RDRS is broken down approximately by the working areas of the 32 Managers, Social Organization, in 2005. In most cases except in the east (on the river sandbar island communities), a manager worked in all the Unions of a sub-district.
Introduction

What are Federations, and why do they matter

The federations of poor people that are the focus of this study are collections of neighborhood groups that a mid-sized rural development NGO in Bangladesh has been forming and supporting for over 25 years. There are currently 260 such federations, each covering one local commune – or Union in the country’s administrative denomination – with a combined membership of 130,000 households and with a contiguous working area in the northwest.

Federations of the poor have been noticed, aided and investigated in numerous contexts, rural and urban, in Bangladesh and other countries, under this and other, unrelated names. The basic structure of these 260 federations – neighborhood groups with 15 – 25 members as primary building blocks, formalized central organs with committees, constitution and bye-laws, annual work plan, and some physical infrastructure – is by no means universal. For example, in natural resource management contexts, entire village communities or watershed areas may figure as the basic units to be federated. We would be hard pressed to draw up a list of the most important dimensions in which federations of the poor vary their organizational structures.

What makes poor people’s federations, in our and other cases, so fascinating are their multiple personalities. Our first intensive encounter with these organizations in 1997 established that they combined aspects of interest organizations, development associations, and resource-pooling cooperatives. These distinctions, borrowed from the Esman-Uphoff research tradition into local associations (Esman 1984; Uphoff 1992; 1993; Krishna 1997), considered the RDRS federations largely as entities upon themselves. True, then and now, organizations of the poor have been regarded, by friends, foes and neutral observers alike, chiefly as instruments of empowerment. They vehicle programs that improve the condition of the poor in more dimensions than individual choice opened by growing household incomes – they do so notably for the ability to influence collective decisions. But connectivity beyond the individual federation was not central to the 1997 study agenda.

Perspectives have since been expanded by a keen interest into the position and functions of federations within larger networks. Even under social network approaches, the multiple-personality metaphor is fruitful. Federations of the poor may simultaneously be local nodes of social movements, implementation conveniences for development projects, and budget-maximizing competitors in the aid chain. In fact, this study seeks to demonstrate that they are all of the above, although in variable mixture and interactions.

From this wider perspective, our federations are a special case in the study of membership-based organizations of the poor. A conference that Cornell University, Women in Informal Employment Globalizing and Organizing (WIEGO), and Self-employed Women’s Association (SEWA) organized in 2005 testified to the grown interest in multi-layered associations of the poor (Crowley, Baas et al. 2005).
These authors find the attraction of membership based organizations for poverty reduction in the meeting of two sets of expectations. The poor “need to derive returns from participation, and these usually take the form of capacity building and empowerment to run their own organization, access to productive or financial capital, or increased influence, negotiation power, and links to other organizations” (ibid.: 4). On the other hand, governments and development agencies use these organizations in order to “improve the sustainability and effectiveness of development projects” (ibid.: 15).

The evolution from small organizations to larger federated ones is not automatic. Only three of the 17 conference papers used the term “federation” for the organizations that they described (d’Cruz and Mitlin 2005; Roever 2005; Theron 2005). Significantly, all of them were situated in urban milieux, in which “organizations of the poor more commonly grow to a larger-scale than they do in rural areas” (Crowley, Baas et al. 2005: 14).

Federations of the rural poor earlier did elicit considerable interest. Bebbington and Carroll (2000) studied those of the Andean regions in Bolivia, Peru and Ecuador in a social capital perspective, stressing the importance of outside support. In their line, ours is a case of a large rural initiative, in the region of Bangladesh (Rajshahi Division) with the highest persistent poverty rates. Large federated networks of organizations of poor people in rural areas exist elsewhere as well, even if they often go by other names. In India, for example, the “Sangha” association form, going back to Buddhist roots (Otis 2005: 6), has been used by several rural NGOs as building blocks in multi-tier federations.

The 260 federations in north-western Bangladesh matter because of their size as well as because of their content. They are a large-scale experiment in organizing poor people; due to their contiguity and their symbiosis with RDRS Bangladesh, the NGO that founded them, they behave together like an industry cluster, with knowledge spillovers among themselves and between them and the NGO. This has occasioned a database that lets us probe for effects of the social environment, structural properties as well as of the organization history.

To a great extent, this study therefore is concerned with the covariance among attributes of the federations. But there are other points of interest. RDRS and its long-term partners among development agencies vehicle linkages (the term “dialogue” may not been warranted at this stage of articulation) between global social movements and local activities that overlap with those endeavors.

The members of the RDRS federations call them by the English word “Federation”, which, in line with RDRS usage, we will capitalize in the remainder of this report. The claim that “The Federation is a shelter for the poor – Federation gorib manushder asroe”, was made by a member of a women’s group interviewed in 1997. The shelter metaphor, which we are reusing nine years later with a view to the long-term viability, is open to different interpretation. It can be explored as “a space of resistance” (Townsend, Porter et al. 2004); it can also be evaluated against more conventional criteria of performance, inclusiveness and sustainability (Prakash and Selle 2003).
This study tries both avenues. It will not succeed in giving our readers a monolithic and closed explanatory system. For one thing, while 260 Federations produce substantial variation on their measured attributes, all of them have been founded by, and have so far received most outside support from, one NGO. RDRS produces variation about itself only when we go into its internal structure and into several points and periods of its history. We capture this variation through the effects of NGO’s departmentation as well as through competing rationalities that are at work inside and at the interface with the Federations. We hope the readers will judge this study coherent if we let them see the co-evolution of RDRS and the ensemble of Federations.

**Federations in the language of the supporting NGO**

An easily accessible introduction to the Federation is provided in a recent application that RDRS submitted for a second phase of financial support for its Federation capacity building project. We reproduce an extensive passage, slightly abridged, which has the advantage of providing background information as well as a number of basic tenets of RDRS’s self-perception (Armstrong 2006: 5-6):

Since the mid-1990s, RDRS Bangladesh has guided the emergence of community-based organisations (CBOs) known as Union Federations across the northwest region, comprising members drawn from self-help groups participating in the ongoing RDRS development programme. A Union is the lowest administrative-geographic tier of Government in Bangladesh and is run by an elected council (Union Parishad). 260 Union Federations have now emerged in 6 Districts (all Unions are covered). By December 2005, 140 Federations had advanced sufficiently to formalise their status legally as registered local NGOs (registered with the Government’s Directorate of Social Welfare) with a further 25 currently in the process of registration.

Most Union Federations are still relatively small voluntary organisations, which modest institutional capacity and exercise a limited although increasing public role in their wider communities. However, a number of Federations are assuming an increasingly active social role (for example in local arbitration and mediation, in organising disaster preparedness) as well engaging in economic ventures (for example leasing Government land for forestry, fishpond, nurseries, accessing grants) although both are growing. The potential for Federations to exert positive change has already been demonstrated by practical individual examples including sizeable participation by their representatives in local government (In the most recent 2003 UP elections, 576 federation representatives contested local elections and 222, including 97 women, were elected).

RDRS has identified scope for expanding both the proven model of Federations to new Unions in northern Bangladesh, as well as championing and supporting the concept of CBO development more widely. Existing Federations themselves have strongly identified the need for scaling-up of their operation and hence their local presence, profile and projection. Existing Federation have an average membership of approximately 500, which represents, on average, around 10% of each union’s total population. In their early stages, a cautious approach to membership was adopted to reduce risks; however there is now a willingness to grow, recognising this as a means of building their credibility and capacity. Analysis of Federations revealed scope both for strengthening links between Federation and their membership and building the community acceptance and increased participation in various Federation facilities and services by the wider community.[..]
One reason for the relative success of existing Federations has been targeted programme support from RDRS to ensure their democratic operation and management. In a wider context where good governance is alien, ensuring periodic elections, adherence to constitutional practices, responsible leadership and efficient management and accountability, including good financial practice are essential ingredients for their organisational health and legitimacy. Fulfilling these minimum standards has already enabled a few leading Federations to tap modest external resources so their value is now more widely recognised. Since the organisations are run on purely voluntary basis by leaders elected from the membership, and subject to periodic turnover, this is a continuous challenge. It is important to extend the core principles to newly emerging Federations but, even for established Federation, limited ongoing support is considered important to ensure good governance and thus institutional health is sustained. Most existing Federations are now at a critical stage of their development, which requires sustained capacity-building and guidance to enable them to fulfill their responsibilities and potential on the way to becoming self-reliant local organizations, and new Federations can capitalise on their experience. The 150 small NGOs operating in the region, with whom RDRS maintains contact, also have certain similar requirements in terms of governance and institutional development, and requests are regularly received from them for appropriate capacity building.

Most existing Federations have engaged in public roles promoting awareness on development issues and rights in their communities, especially in areas such as women’s empowerment, health and disaster preparedness. This role as social activist has helped raise the profile of Federations among the wider community and clearly influenced opinion and behaviour. Existing Federations appreciate this external recognition extending beyond their membership and are eager to expand and strengthen it. Enhancing their social activism and civic engagement capacity therefore represents an alternative dimension of scaling-up community-based governance which underpins the project. In this disaster-prone region, Federations can provide a continuing local linkage between relief and development. There is strong interest among Federations to expand this public role.

Federations are a progressive model for developing civil society, offering a more relevant democratic, accountable, locally-responsive and sustainable approach towards empowering the disadvantaged than the current NGO-led, microfinance-dominated service delivery model prevalent throughout Bangladesh. While working closely with local government structures, the Federations also offer perhaps the only realistic civil society alternative for the rural poor. RDRS itself is also now committed to transferring certain development functions to Federations, and this has already occurred in certain fields.

Federations are promoted as an alternative to the microfinance-led service delivery model.

This innovative model of promoting the emergence of social capital of the rural poor in a neglected rural region (northwest Bangladesh) needs further investment at this stage. Spreading and scaling-up the Federation model carries the prospect of creating a region-wide movement which, given a critical mass and its strong grassroots connections, can exercise a real and positive influence on behalf of its disadvantaged constituency. The RDRS Strategy 2006-2010 envisages a further, substantial drive to develop the institutional basis and capacity of Federations to expand its social activism and engagement in the political process on behalf of their poor membership. To enable this, the project seeks to ensure good governance, efficient management and human capacity are developed and maintained. In addition to building their capacity, the Federations need to be supported to provide outreach services not only to their
membership but the wider community in order to drive the social activism and pro-poor agenda which has been overshadowed in both NGO and Government, including engaging in the local political and public processes seeking to influence the local agenda and allocation of resources in favour of the rural poor.

**Theoretical orientations: Civil society expansion and rationality**

In the 1997 study, major elements of the theoretical framework were borrowed from the Esman-Uphoff tradition of local association studies and from theories of the franchise contract. In the first tradition, the multiple personalities of Federations as interest associations of the poor, development associations covering the lowest local government unit, and resource-pooling cooperatives were highlighted, and their synergies and contradictions explored. The franchise contract assumed to exist between RDRS and the Federations meant an exchange of multifarious yet standardized assistance (from the NGO to the associations of the poor) for conformity with rules, standards and field staff expectations (that the associations accepted from the NGO). Both sides found this arrangement to their advantage; RDRS for efficiency reasons, Federation members because of a built-in insurance function.

This framework is still relevant although the local association perspective may have held up better than the imputed franchise contract. The latter concept – apart from the fact that it never existed as written contracts – is theoretically too narrow to account for conflicts of interest within the supporting NGO and is empirically damaged after RDRS helped over half of the 260 Federations to obtain registration as independent local NGOs, a behavior that cannot be predicted under franchise contract theory (Rubin 1978; Lafontaine 2006). In its lieu, concepts of managed participation may do greater justice to the history and current arrangements between the two types of organizations. Going back to dilemmas of workforce management (Kanter 1982), “managed participation” has been applied recently to formally autonomous actors in development situations (Thompson 2005).

The earlier framework is nowadays insufficient, to say the least, for two reasons. The theoretical perspectives in which local associations and their supporters are studied have themselves changed. International civil society has kept expanding, and this has proliferated research into its intended and unintended effects as well as into the resulting organizational configurations (White 1999; Florini et al. 2000). These include the aid chains through which resources flow from donor country treasuries through aid agencies, implementing governments and NGOs in the receiving countries, down to the organizations of the poor, and finally to their members and other local actors (Biekart 1999; Bornstein 2001; Bebbington 2005).

On the ground, the environment of the Federations and of RDRS has changed considerably since 1997. In Bangladesh, the so-called micro-credit revolution has swept into most of the larger NGOs a new commercial rationality that redefines relationships with the poor as program participants. It sits uncomfortably side by side with the remnants of older rationalities. The poor have more choices, through greater occupational diversification as a result of economic growth and increased mobility (the Jamuna bridge has linked the northwest to the greater Dhaka region), and also of competition among micro-finance NGOs. At the same
time, the persistence of high levels of poverty in the northwest, regardless of the social mobility of some of the poor benefited by development programs, is attracting more attention and spawning more intervention ideas. Compounded with the turnover of international development expertise, the resource influx has made the organizational environments more turbulent for RDRS and the Federations alike.

How to begin to position a study of 260 local associations against that backdrop is not an easy choice. The wind that is blowing into the face of NGOs is colder than at the time of the first study, and this follow-up work cannot ignore it. Critical reactions to NGOs trying to create and then work with civil society structures have come from opposite ideological camps. For the World Bank, Mansuri and Rao (2004) observed that while “community-based and -driven development projects have become an important form of development assistance, with the World Bank’s portfolio alone approximating $7 billion”, little of conviction was known about their efficiency, and what little there was did not look good. “The naive application of complex contextual concepts like participation, social capital, and empowerment is endemic among project implementers and contributes to poor design and implementation”, was one of the conclusions.

By those critical of the international aid system, rich countries are accused to use civil society agendas to impose stability, leaving fundamental exploitative structures intact, and to marginalize those who used to challenge the prevailing order, e.g. trade unions. Hashemi made this argument for Bangladesh already in 1995 (Hashemi 1995). Others have preceded him, e.g. Mohan (1992) for Ghana, or have more recently tried to debunk what they consider a participatory poverty reduction planning circus without true participation of the poor (de Barra 2004).

Most of these statements are difficult to translate into empirical research at the community level, but some make, or let us make, specific predictions. Jalali (2005), for example, has described how NGOs that heavily subsidize civil society sectors breed indifference to the contributions of grassroots members whereas those working on local subscriptions achieve high degrees of member mobilization. In the Bangladesh context, a rise in member dues across community groups may hardly register with their supporting NGO whereas a small lapse in loan repayment sends shivers through the organization.

We try to avoid debate on these grand lines while at the same time borrowing some elements, particularly those with a manifest correspondence to the reality of RDRS such as we have known it over the past few years. From the conservative side, the dynamics of sponsoring local associations can be investigated in the perspective of different rationalities that move decision-making in the supporting NGO. The micro-finance activity – more than half of the RDRS’s 2,000 workers are in this sector – injects a commercial rationality, with strict discipline and demonstrated effects defined as repayment rates.

The other departments are following a rationality that is largely dictated by the logic of the project cycle and of grants obtained in a competitive aid market. We will presently qualify this for RDRS, but this rationality is best conceived of as a sub-type (i.e. one bound to the “project” concept in bilateral project funding markets) of Niskanen rationality. In the classic definition,
Niskanen (1968: 293) saw “bureaucrats maximize the total budget of their bureau, given demand and cost conditions, subject to the constraint that the budget must be equal to or greater than the minimum total costs at the equilibrium output. Bureaus exchange a specific output (or combination of outputs) for a specific budget.”

Easterly (2003: 223) has applied the Niskanen concepts to well-meaning aid bureaucracies, which, with their highly stratified expertise and constant policy mutations of the “new and improved” kind, “put enormous demands on scarce administrative skills in poor countries”. Gauri and Fruttero (2003) looked at the behavior of Bangladeshi NGOs and found that their locational decisions bore no relation to community need, but were driven by donor concerns.

While that analysis rests on a spatial dimension, the same has been said of the social dimension, with NGOs competing for village middle-class borrowers, and reaching out to the very poor if and when told by concerned donors. Easterly’s extension of Niskanen applies also to the semantic; the explosion of advocacy and rights-based rhetoric lets NGO “end up with pretty language to satisfy the donors and justify policy shifts, but staff in the field are left with few concrete examples of how to move forward” (Schmith 2005: 78). In fact, the coordination costs for an NGO to reorganize cognitive workflows in the field in response to philosophical, policy and project shifts are considerable and may scarcely be related to real opportunities to invest in those at the end of the aid chain. They are rarely acknowledged7.

We analyze the dynamics of Federation support chiefly in terms of competing rationalities within aid chains, emphasizing also the special factors that have sheltered it from some of the pressures in the market.

These concepts, while seeming exotic at first glance, are convenient for the analysis of the organizations of the poor at hand, particularly in the long-run perspective. For one thing, the rationality dynamics is directly observable in the supporting NGO’s northwestern center, the RDRS office in Rangpur. The Federation support unit collocates with the directorates that interface donor dialogue with field program coordination. Second, the Federations were founded by RDRS before the rapid expansion of its micro-finance program in the second half of the 1990s. At that time, bilateral project funding was far less critical for RDRS’s survival. Thus, the co-evolution of the Federations, the Federation support and of RDRS at large is part of the same narrative.

Third, while the mix of bilateral projects that RDRS is executing does indeed form the kind of motley patchwork that policy and resource diversity from the donor side makes us predict, this is not true of the Federations. The 260 units have remained the same (with insignificant reorganizations and additions) since the early 1990s, covering the old, pre-1990, RDRS working area completely. They have been receiving similar support throughout, with minor exceptions in Kurigram District and on the Chars (the Brahma putra sandbar islands). In other words, RDRS resisted sectorally or geographically specific funding opportunities for the Federation support.

7 References to cognitive workflow-related coordination costs are yet few in the literature. Bigsten (2006: 14) highlights one angle of it, by counting language barriers among the causes of transaction costs, together with donor diversity and different fiscal calendars.
The Federation portfolio was not subject to the kind of splintering and patchwork that one would predict under the rule of Niskanen-type bureaucrats.

Why that should be so is the most fascinating question of this study. The short answer is that RDRS has been part of a larger network – the network of aid agencies associated with the Lutheran World Federation – that sheltered it from some of the pressures of the aid market. These partner agencies, as RDRS calls them, have been providing a large part of RDRS resources in a predictable and flexible way that does not tie to specific projects. Moreover, some of these agencies have wielded enough influence with the European Union in order to mobilize a grant underwriting most of the Federation support. Known as the “Federation Capacity Building and Social Mobilization in Northwest Bangladesh Project” (hence abbreviated to “Federation Capacity Building Project”), this, of course, is a project grant. As such, it comes with the rationality consequences found in the customary aid chains smitten of projects and more projects. This will be illustrated at various points of this study.

The core funding and the Capacity Building grant have stabilized the Federation environment. They have, for example, propelled social development by creating a space within Federations for poor people to work together less exposed to bribery and to build their own development forum. The following chapters struggle to unravel a paradox, that of Federations thriving because of RDRS, and at the same time despite RDRS. In this unique laboratory, we watch the rationality of the aid chain fuse with that of the local associations of poor people.

Case study: Federations as policy buffers

After several years of meandering negotiations, RDRS obtained a subcontracting role, alongside other NGOs, in a Char [river sandbar island] livelihoods support program. The program is being financed by the British aid agency DFID but is being implemented through a private consulting company with a project office in Bogra, i.e. in the Northwest, yet outside RDRS’s program area. Since negotiations were begun, both the concerned DFID officers and the Bogra-based expatriates were turned over, some of them several times, and a common understanding of project philosophy, target community and technical modalities had to be re-created iteratively. Moreover, the uncertain outcomes strained RDRS’s ability to maintain the staff and logistics of its Char Development Project at previous levels.

Once RDRS was allotted three working Upazelas in Kurigram District, the consulting firm desired to sharply accelerate delivery. One of the components involved the donation of one cow plus a cash grant to each of a number of participant families on the Chars. RDRS would buy cows in mainland markets, transport them across the river and hand them over to participants within agreed quality assurance and verification mechanisms.

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8 The partners are those listed in a footnote of the summary: DanChurchAid, as the consortium leader, FinChurchAid, Church of Sweden Aid and Norwegian Church Aid.

9 These consequences within aid chains that have organized groups at the lower end like the RDRS Federations has been modeled by Epstein and Gang (2005), as a two-stage contest in which organized groups at the base lobby for aid from the supporting NGO (or NGOs), and NGOs lobby donors. The point relevant in our context is that under conditions of intense NGO competition, as is the case in Bangladesh, aid-maximizing NGOs act rationally even though the total lobbying cost to the aid system may not be socially optimal.
By March 2006, RDRS was achieving a daily delivery of 40 – 50 cows, most of them procured in Jatrapur, home of one of its strongest Federations. The Jatrapur Federation had an informal stake in the procurement as a lessee of the local market able to charge Taka 150 (US$ 2) per head traded and obliged RDRS by safeguarding purchases overnight and arranging boats the following morning.

On March 6, the consulting firm handed down an instruction “effective immediately” (Wakelin 2006) for beneficiaries to be present in the selection of cattle. This ignored that fact that most adult males in the target population had migrated in search of seasonal labor, and women were unable to travel to the mainland. Warning of disrupted delivery if the new requirement were enforced, the concerned RDRS program manager obtained permission for Federation members to represent the beneficiaries in the cattle market.

This project is financially important for RDRS and, coincidentally, for one of the Federations in its area of operations. In this case, all parties shared a common concern in maintaining the project delivery at high speed. RDRS was able, in a textbook case of local policy adaptation, to use the Federation to buffer itself against adverse consequences.

The 1997 baseline study: Key findings

In 1997, we conducted a first in-depth study of the Federations. This is a digest of the key findings at the time (Benini and Benini 1997):

- The Federations are voluntary associations of a hybrid kind. They are local development associations, with fixed territory; co-operatives, which pool resources; and interest associations, which may admit members from the poor strata only, all at the same time. The plurality of domains – social development, credit, production businesses – is an expectation that is also widely shared by the Federation members. The conflicts and synergies between the expectations need to be closely watched.
- The Federations emerged in response to changes in the social environment of the poor as well as of RDRS. They speak to the feminization of hard-core poverty as well as to increased social mobility among the poor and between the poor and the lower middle class. The expansion of micro-credit has increased income mobility, and thereby subsequently also social mobility. In a classical function of local voluntary associations, Federations are providing supplementary channels for upward mobility. This secures them the services of gifted leaders, while at the same time posing a problem of oligarchy. For the supporting NGO, the Federations solve problems of monitoring and control at a time when it is supporting a growing number of beneficiaries that defies traditional direct supervision.
- The Federations bank on economies of scope when compared to the functionally specialized micro-lenders, and on economies of scale in relation to the single primary groups of 15 to 25 members. The Federations are quasi-insurance schemes for the poor in which strength in numbers, multi-functional orientation and the breadth of services from RDRS combine to reduce a number of livelihood risks. They will continue to grow as long as RDRS fields significant loans, skill training and other benefits through them.
- What has been achieved in the realm of social development is difficult to gauge with any degree of precision. Many social issues are gender-related; and Federations, going by the two indicators “loan allocation” and “female share in the inner circle of power” (chairpersons, secretaries, cashiers), have generally short-changed women. There is
some evidence to suggest that over the last two years the balance between social and economic agendas has been tilted to the benefit of the latter.

- While RDRS followed a “one size fits all” policy in supporting its Federations, the outcomes have been very different. It has left RDRS to look after a set of organizations that have strong differences in capital-per-member ratios from richer to poorer. A uniform policy has not replaced the importance of district, Thana and local leadership and the concerned poor people’s own savvy.

- The Federations still depend for their survival and growth to a large degree on support from RDRS. This partnership functions like a franchise contract, with the Federations conforming to an imposed format for operations in exchange for the supply of mature new member groups trained by RDRS, access to RDRS resources, and access to public resources facilitated by RDRS' reputation.

- Between staff and Federation, both a common vision for the future and a differentiated support policy will need to be worked out. While that will take time, a number of problems need to be tackled urgently. In this report three are selected for attention: Financial transparency and audits, the antagonism with the credit program, and revival of the training effort.

The monitoring data used in the 1997 report were preserved and were matched to the data tables of more recent monitoring periods. Particularly on the share of women in the total membership and in the executive committees in 2005, the effects of the respective 1997 levels are positive and strong.

What to expect

The chapters are arranged as follows:

We will first establish the demographics of the Federations. We demonstrate that because of the particular intake arrangements, there is nothing like a simple member count. The Federations receive, or are denied, support from their wider local communities; our indicators for this are electoral success and the caseload in dispute mediation. The Federations’ social development contribution is then analyzed in their members’ own terms, which stress freedom from corruption and freedom of expression for the poor. Audit reports together with socio-economic data are used to investigate the business side. A whole chapter is devoted to the fact that not only does RDRS intensely observe the Federations (through its monitoring system); the reverse is also true. The concluding chapters are two: one that seeks to marshal observations of more general interest regarding the relevancy, effectiveness and efficiency of these local associations; another that speaks more directly to RDRS and its partners. The methodology is documented in detail.
Federations and Their Members

The easiest way to provide intuitive access to the importance of the Federation phenomenon would seem to give key statistics of its membership and of how it varied over time as well as among Unions and higher-level administrative and program units. However, member definitions themselves changed over time, in their individual and group constitutions, by tests of activeness applied to sort out defunct or dormant members, and in the statistical life of potential or candidate members in addition to those who actually knew that they were members. The credentialing, periodic counting and statistical purging of members was organized, most of the time, by RDRS, the supporting NGO, which has acted also as the almost exclusive member intake agent of the Federations.

Thus, even the demographics of the Federations are far from being straightforward and are, as in any other formal organization, condensates of myriad social constructs. However, if the formatting of the intake and counting undoubtedly expresses a power relationship between RDRS and the Federations, their members are there voluntarily. Virtually all of them had been, before joining their local Federations, participants of various RDRS programs for many years and had built participant careers within the typical spectrum of neighborhood-based small groups, social awareness and technical training, as well as loans. Like the clients of other NGOs, they are well versed in the culture of working in supervised groups evaluated, at the internal rhythm of projects, for behavioral and repayment traits. From their group experience, these members have transferred to their Federation lives a willingness to count and to be counted. Frontline support staff and Federation leaders work closely together for the statistical accompaniment of group and Federation activities, including their membership denominators.

The result is a high degree of uniformity, completeness and timeliness in the information flows that both RDRS and the Federation leaders seem to appreciate. There are at least two downsides to such a cozy arrangement. First, for the outside observer, it is difficult to tell real local effects from correlated measurement errors. For example, when the RDRS microfinance program fails to collect savings in a given Union and month, then, by the way active membership is measured, the concerned Federation shows zero active member groups. However, the Federation monitoring system does not know of such vagaries and thus cannot distinguish between a valid zero and what should be a missing value.

Second, most of the knowledge derived from the Federation support monitoring system is, in experimental lingo, “treatment group based”. We know something about the dues that poor members are able to pay. We know little and only from other sources about how many of the very poor households in a Union are in the local Federation. There is, of most aspects concerning the Federations, little population-based knowledge. Sometimes, there is a surrogate measurement, such as gender for poverty. But not always. These caveats are necessary for the context of the demographics described over the next pages.
The size of Federations

In mid-2005, the 260 Federations were composed of 8,335 groups with a combined membership of 129,469. RDRS rated 2,911 of those groups as active. Their 47,341 members thus made up 37 percent of the nominal membership.

Understanding these figures and their evolution over time requires an amount of definitional exposition. There is nothing like a straightforward Federation member count, and the best comparable figures are those of “active” member groups, for reasons that the patient reader may learn over the next pages.

Active groups must meet three criteria:

- The group sends a representative to at least two of the three General Committee meetings of its Federation during the reporting quarter-year.
- In every month, the group makes some savings deposit with RDRS.
- The group pays its subscription regularly (most Federations expect monthly payments).

The RDRS monitoring system has kept tabs on active groups since 2003. Earlier, the presumption had been that all groups certified as mature enough to join the Federations (“graduated groups”) would actively participate. At the time of our 1997 study, RDRS considered some of its primary groups as affiliates of their local Federations, prior to their formal graduation. However, neither the definition of affiliated groups nor the figurework itself were entirely consistent. In the years after 1997, more groups were graduated, and in 1999 and 2000, several units worked together to cleanse the primary group, Federation and micro-finance databases of defunct group and duplicate records. Between 2001 and 2003 RDRS did not formally graduate any primary groups. Two large graduation exercises were done in the first half of 2004 and again 2005. RDRS did use micro-finance-derived group lists as the informational basis, but left it to the graduated groups to join their local Federations; and to the Federations to accept them. Most Federations updated their own lists, which is the basis for the quarterly monitoring report that executive committee members and RDRS support staff fill out together.

Since joining was made voluntary, the overlap between the micro-finance and the Federation support databases has again grown less complete. To make matters clearer: The Micro-Finance Department has a complete list of all the groups that it has been servicing (and for currently active groups, it has an account for each member); the Federation Support Unit has counts of groups and of members for every Federation only. The Federation executive committees have lists of member groups as well as of the groups’ members.

This digression is necessary in order to understand the absence of a statistical timeline of the Federation membership strength. Yet, the 1997 graduated group statistic retains its limited utility. RDRS staff agree that up to that year the group graduation process and the Federation supervision were handled in a disciplined manner. Whatever the test of active membership, the

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10 The General Committee is the major decision-making body besides the Executive Committee. It is formed of one representative of each member group. It meets once a month or as per need. The relationship between group and individual membership is further explained on page 39.
proportion of active members in that year should have been similar across RDRS working units. The ratio of active groups in 2003 to graduated groups in 1997, therefore, will at least produce a somewhat valid ranking of RDRS units in terms of the quality of their Federation support during the six-year period.

A table of the unit-wise membership figures appears later, on page 38. Here the point is that year-wise comparable membership figures are a novelty. The active group statistics 2003 – 2005 are more reliable than earlier figures. It took RDRS more than ten years to get there.

The typical Federation in 2005 had approx. 460 members, and approx. 170 would be in the groups that passed the “active group” test\textsuperscript{11}. As one may expect, their size is very variable – from the 125-member Federation of Chilmari, Kurigram District, to the almost tenfold (1,179) strength of Magura, under Panchagarh. This histogram gives a graphic overview of the membership size distribution. It is easy to see that very few (3, to be exact) Federations have crossed the 1,000-member threshold. In fact, the Federation size approximates a log-normal distribution, as firms and organizations in numerous industries do in response to resource bases and fluctuations in year-to-year growth. In other words, as expected, we find a good number of smaller Federations, numerous mid-sized ones, and a small number of large instances. This bears stating, if only for the reason that conventional wisdom in Bangladesh has it that among NGOs the middle size is underrepresented. This is not the case for CBOs, to the extent that this Federation data speaks to their size distribution.

Why the RDRS Federation population behaves in this way is, of course, much harder to explain. One of the reasons is that, in policy and practice, RDRS has been giving its support to the 260 Federations fairly evenly. Although special projects occasionally benefited Federations of a certain area only, in no way has RDRS channeled its resources in the kind of oligopoloid pattern – very few elephants; a lot of mice - seen in the donor – NGO mesh.

Yet it would be unwise to dismiss the quality of the local RDRS support as a determinant of the size to which the Federations have been able to grow by 2005. On the lower side, some (unobserved) minimum size may be determined by the simple fact that the Unions themselves have a minimum population; thus in every Union RDRS found potential clients for its group formation; and subsequently the local Federation a few hundred members at least. On the upper side, it is more difficult to explain why there are no Federations with, say, more than 2,000 members. After all, Union populations in the working area in 2001 went up all the way to 66,000.

\textsuperscript{11} For convenience, we will refer to these as the “active members” although the expression, strictly speaking, is misleading. Not all members of the groups rated as active will themselves be equally active in their Federations, or even in their own groups; nor would it be fair to write off all members of the non-active groups as passive. The point of using “active member” figures is to have comparable statistics free of administrative “dead wood”. The “active group” test with its three criteria seems quite demanding; its validity is contingent on the cooperation of RDRS and the Federation leadership. In the 2\textsuperscript{nd} quarter of 2005, for example, Federations in most Unions of Boda Upazela did not collect subscriptions from their groups because of ongoing membership renewal and election preparations. On several monitoring forms, this was duly noted, but the coordination unit in Rangpur logged these Federations as having zero active groups. This behavior is typical of NGO monitoring systems; most function in a naïve methodological realism without concepts of measurement error; correction routines typically are not in place (financial audits and vaccination quality assurance are notable exceptions).
A statistical model of the Federation membership size may take into account numerous factors. Keeping things simple, we look at RDRS program units and Upazelas, at the 2001 population and at the membership as it stood in 1997. Unit and Upazela are shorthand for the local RDRS support effectiveness, but also for unobserved neighborhood effects that may have prompted people of Union X to join or leave their Federation. These may be depending on what they observed in neighboring Federations, or in response to common socio-economic factors with their neighbors. There is no way, at this level, to tell administrative effects from neighborhood ones.

Such a simple model\(^\text{12}\) explains about 45 percent of the size variation. Most of this effect is contributed by the RDRS units and by the Upazelas, in roughly equal shares (each Upazela is nested in exactly one RDRS unit, with the exception of some fine detail around the Char development program). Surprisingly, the size differences in 1997 hardly propagated an echo to the 2005 distribution, and – note! – the size of the Union population is not statistically significant at all.

This latter finding is particularly meaningful. It suggests that, beyond a certain size (perhaps 1,000 members), the Federations did not capitalize on the pool of local poor in their Unions. They have not been able to leverage initial size into continuous growth. By contrast, administrative conditions in the supporting NGO and neighborhood effects beyond the immediate local constituency were more important. Some of

\(^{12}\) Output is presented on page 160.
that is well known from anecdote; in RDRS stories abound of the type that “when administrator so-and-so was transferred to Unit X, Federations there started to bloom”. While we cannot answer it, the question nevertheless arises whether local organizations of the poor face inherent growth limitations, or whether our results are entirely particular to the supporting NGO in point.

The neighborhood effects may indeed be much stronger than commonly assumed. When we further simplify our model by removing the Upazelas, the 1997 size returns to significance (but not the 2001 Union population!). In other words, Federation members and potential members closely watched what was going on in other Federations in their Upazelas. RDRS staff in a given Upazela, too would exercise a homogenizing influence, for better or worse. Federation size, therefore, should have co-evolved locally. This is the case only weakly for the period 1997 – 2003, but very significantly so in recent times\(^{13}\). This is not the place to muse about whether this is due to a higher degree of coordination through more assertive sub-district committees. But we may safely state that the organizational demography, support quality and the Federations’ own learning move together.

**Federation membership in RDRS Units**

The following table gives membership figures for the 2\(^{nd}\) quarter in 1997, 2003, and 2005 for each of the eight RDRS Units. This section is of concern chiefly to readers interested in the regional variations of membership within the RDRS working area and may be skipped by others.

As mentioned earlier, the middle year – 2003 – was chosen because that was the first time when the monitoring unit reported active membership based on defined criteria. As also said earlier, the graduated groups in 1997 are not directly comparable to the later active groups, but the assumption is reasonable that at that time the proportion of active groups among them was not too dissimilar between RDRS Units. This admits the use of ratios between active and graduated groups.

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Panchagarh</td>
<td>43</td>
<td>52,837</td>
<td>25,582</td>
<td>26,773</td>
<td>7,042</td>
<td>29,731</td>
<td>8,261</td>
</tr>
<tr>
<td>Pirganj</td>
<td>22</td>
<td>11,967</td>
<td>8,178</td>
<td>7,295</td>
<td>2,194</td>
<td>8,179</td>
<td>3,109</td>
</tr>
<tr>
<td>Thakurgaon</td>
<td>35</td>
<td>18,536</td>
<td>10,363</td>
<td>14,431</td>
<td>5,221</td>
<td>14,079</td>
<td>6,806</td>
</tr>
<tr>
<td>Nilphamari</td>
<td>40</td>
<td>21,259</td>
<td>7,036</td>
<td>17,472</td>
<td>6,931</td>
<td>20,587</td>
<td>8,018</td>
</tr>
<tr>
<td>Lalmonirhat</td>
<td>41</td>
<td>31,877</td>
<td>13,022</td>
<td>15,509</td>
<td>3,811</td>
<td>19,410</td>
<td>7,333</td>
</tr>
<tr>
<td>Kurigram</td>
<td>28</td>
<td>19,003</td>
<td>8,153</td>
<td>13,415</td>
<td>4,107</td>
<td>13,691</td>
<td>4,240</td>
</tr>
<tr>
<td>Nageswari</td>
<td>30</td>
<td>16,144</td>
<td>4,282</td>
<td>13,824</td>
<td>2,807</td>
<td>14,838</td>
<td>5,066</td>
</tr>
<tr>
<td>CDP</td>
<td>21</td>
<td>13,221</td>
<td>1,063</td>
<td>9,225</td>
<td>2,831</td>
<td>8,954</td>
<td>4,508</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>260</strong></td>
<td><strong>184,844</strong></td>
<td><strong>77,679</strong></td>
<td><strong>117,944</strong></td>
<td><strong>34,944</strong></td>
<td><strong>129,469</strong></td>
<td><strong>47,341</strong></td>
</tr>
</tbody>
</table>

The percentage of members from graduated, resp. active groups in the entire membership has changed from 42 percent in 1997 to 30 percent in 2003 and to 37 percent in 2005. These figures

\(^{13}\) The statistical model for the two periods is given on page 163.
do not mean much, not only because of the ambiguity in the enumerator ("graduated" vs. "active"), but also in the denominator ("affiliated")\(^{14}\). At different points of time, RDRS was more or less successful in weeding out from its Federation records members who, for all practical purposes, no longer belonged. Whether the Federation leaders make a distinction between active and other groups is debatable. They may know but not care very much about whether a group regularly deposits savings with RDRS. In the five Federations visited by Nath and Siddika for this study, leaders uniformly maintained that most of the member groups were represented in the monthly meetings, and most were paying dues, although sometimes a few weeks late. The leaders use their volunteers to remind groups that have not paid up. Several RDRS staff members that we interviewed pointed out that the leaders themselves find little time to know the member groups closely, and that their indicators of active groups were limited to just that – presence at meetings and dues.

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**Sidebar: The evolution of individual membership**

In 2005, all Federations issued individual member identity cards, by their own means. This card still states the member group to which Ms Shobeda belongs, but the relevance of the groups in the actual life of the Federations is diminishing. The Federation Support Unit, however, does not want to discard the group approach. A simple reason why groups are still needed is that General Meetings are attended by members mandated to represent a group.

**Figure 7: Federation member identity card, introduced in 2005**

Two motivations prompted the provision of individual identity cards. Federations increasingly have registered with the government Social Welfare Department, which requires individual membership lists. Second, there has been tension with micro-finance organizers who discouraged their borrower groups from joining Federations; to leave a backdoor open for a member wishing to join individually, he or she can join an existing Federation member group and join the Federation under their cover. We will discuss this and other self-competition issues within the supporting NGO in a later chapter.

In recent years, counts of affiliated members were based more and more on the work of the Federation executives (as opposed to updates in the micro-credit database). During 2005, all Federations required their members to re-apply for membership on an individual basis (their group membership was retained). They charged a nominal fee. In Rangpur, the impression is that only a few applicants were rejected overall, chiefly for histories of conflict with the Federation.

\(^{14}\) Nath (2005: 11), in a small study of eight Federations in spring 2005, found that their leaders themselves rated a higher portion – 51 percent – of their groups as active (he uses the term “regular groups”).
leadership, but nothing precise is known. Federations issued identity cards to all accepted applicants in the same year.

The statistical imprecision, after so many years of monitoring the progress of the Federations, is regrettable. However, in as much as the Federations are instances of a social movement of the poor, the unpredictability of their support base may be a source of power. For every group that passed the activism test there are two other formally affiliated ones. In addition to these 130,000 documented members, there will be an unknown, issue-dependent number of supporters and sympathizers. We know, for example, that mass gatherings are attended by many non-members as well. In this grey zone, less than fifty percent active groups does not necessarily imply a poorly functioning Federation. The growth rates are more important.

In this regard, we note the considerable real increase of active groups in the two-year period 2003 – 2005. Their member count, based on the same behavioral criteria, rose from 35,000 to 47,000. With less certainty, it must be assumed that in the period 1997 - 2003 active membership overall had dropped (one can avoid this conclusion if he applies a very large discount on the activism of the graduated groups in 1997, but this, to this extent, would seem a stretch). The big exception is the Char Development Program, which surged from 1,100 graduated members in 1997 to 2,800 active ones in 2003, but it might be argued that the group graduation process in theChars historically lagged behind the mainland working area.

In following the membership variations across RDRS Units, therefore, density of membership in the population and growth of members in recent years seem relevant indicators. The Federations are organizations of the poor, but the Union-wise poverty rates are estimates with large standard errors. We are thus limited to estimates of the percentage of households in the general population who belonged to a Federation in 2005. The Union-wise variation is mapped out below.\(^{15}\)

When we set the denominator as high as the total Union population, active Federation members become a rare breed. In 2005, assuming that each member represented one household, one in every 28 households in the concerned working area was active in an RDRS-supported Federation. This varied widely, with some outliers owing perhaps to incorrect household estimates or unusually frequent membership of both husband and wife. In 14 Federations, more than one in every ten households is estimated to have been an active member. In these exceptional situations, close to half of all poor households may be members, either active or otherwise affiliated.

\(^{15}\) A correction is applied to the active member statistics in two Upazelas – Rajarhat and Boda – for which the monitoring report in the 3rd quarter 2005 showed clusters of Federations with zero active groups. At least for Boda, we know that this was due to circumstances that kept the member groups from paying their dues during some of the quarter. We replace zeros with the number of all groups multiplied by the percentage of all active groups in the Upazela.
The clustering is remarkable. On the right side, meaning East, a high-density region stands out in the Chars. A light-blue cluster can be discerned at the narrowest segment of the crescent-like working area. Most of these are Unions in the Lalmonirhat Unit. As we move further northwest from the town of Lalmonirhat (seen as a “white hole”), and into Hatibandha and Patgram, the ratio falls. This may indicate a supervision problem in part of this highly eccentric Unit. Low-density regions appear around Pirganj and northeast of Thakurgaon. Panchagarh has numerous Federations with favorable ratios of active members to general population.

**Men and women**

The majority of Federation members are women. In recent years, their membership share has been growing noticeably. Among the active groups, women made up two thirds of the members in 2005.

**Table 3: Percentage of women in the Federation membership**

<table>
<thead>
<tr>
<th>Mid-year</th>
<th>Affiliated</th>
<th>Graduated</th>
<th>Active</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>55%</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>56%</td>
<td></td>
<td>61%</td>
</tr>
<tr>
<td>2005</td>
<td>60%</td>
<td></td>
<td>66%</td>
</tr>
</tbody>
</table>

There is, as in all aspects, wide variation. In only one Federation less than one fifth of all members were women. Three Federations were women-only Federations; there were special reasons for this: one had been founded as a federation of groups of urban women (Kurigram...
Municipality), and two are in an Upazela (Kishoreganj) where RDRS started forming groups only recently and primarily women groups helped with micro-loans.

The variation in the women membership is stronger in the active groups. Again, we demonstrate this for the extremes only. Among the 238 Federation for which RDRS reported any active groups in mid-2005, two showed zero active women groups. In no fewer than 23, all active groups were women. We do not have any cogent explanation for the difference in variability. Men may tend, in a higher degree than women, to maintain nominal membership status in voluntary associations, in the hope of reverting to a stronger role when new profitable opportunities arise. This is as good as any other speculation, such as that men can more easily resist the demand to deposit savings with RDRS, or that in certain times and places, RDRS staff and project inputs were focusing on groups of a particular gender.

There is, however, detectable structure in the varying women’s strength across the Federations. In a statistical model of the number of all women in 2005\textsuperscript{16}, we looked at

- the number of women members in 1997,
- the contemporary (meaning: 2005) number of men,
- the performance of the Federation in 2003\textsuperscript{17}

as well as at three context variables:

- the size of the Union population (as a recruitment pool),
- the estimated poverty rate,
- and the female literacy rate in the Union.

We also controlled for unobserved local and RDRS support factors by including the Upazelas as location variables. Several significant relationships were returned:

- The inertial factor is strong. In other words, there were more women in a given Federation in 2005 because there had already been more in 1997. Despite ups and downs in Federation conditions and membership strength over the years, some core group apparently stayed faithful\textsuperscript{18}.
- The association with the number of men in 2005 may seem trivial (in the sense of “larger Federations will have more men as well as more women”), but its strong statistical significance indicates that membership co-evolved in both genders.

Women, it appears, stay in their Federations almost regardless of performance.

Is this due to lack of alternatives?

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\textsuperscript{16} Presented on page 165.
\textsuperscript{17} 2003, in order to let this potential influence factor precede the 2005 membership.
\textsuperscript{18} “Apparently” because we cannot deduce from the model results that any of the women who had been in a Federation in 1997 were still members in 2005. In fact, next to nothing is known about member turnover, except that tagging members to groups organized by RDRS much earlier lets us expect that a considerable portion have been with their Federations for long.
The number of women members is positively associated also with the female literacy rate, but not significantly so with the Union population. This may mean that while the women’s involvement does benefit from progress in the social environment, growth limits apply to the female part of the membership as well.

A positive association is found also with the poverty rate, but it is not statistically significant. This lack of significance may be due to the large measurement errors in the poverty estimates. In other words, we should not exclude that greater poverty does indeed induce more women to join Federations.

Finally, female membership does not respond to the performance of the Federations, as measured two years prior.

This explanation will not satisfy the statistician; the performance factor must be highly endogenous. For example, larger investments in tree plantations created more opportunities for female care-takers; these positions were preferentially given to Federation members; thus more women, attracted by these prospects, have stayed in the Federations.

Yet, it is important to look at performance simultaneous with other factors: when we control for it, the membership inertia since 1997 remains strong. This reinforces a feeling that many RDRS staff have expressed over the years: that poor women have nowhere else to go. They stay with their Federations, regardless of quality, for lack of alternative social and economic protection.

**Federation members by household income**

Federations are billed as organizations of the poor. To know more about the socio-economic standing of their members, therefore, is important. Little, though, is known in detail. We have sundry biographical notes on a convenience sample of one or two dozen Federation leaders, which concur that over long years of working with RDRS and for their Federations most of them moved from poor or very poor to something like village middle-class positions. No survey was ever taken of a systematic sample of Federation members. However, some proxy information is available.

In 2005, RDRS monitors resurveyed a sample of close to 800 households one of whose members had been with an RDRS-supported group in 2003. The new information was used to estimate the total 2004 household incomes of the sample members. 391 of the interviewees had been members of secondary groups. By 2004, they had been with RDRS between 8 and 19 years.

Only ten of 391 the secondary-group interviewees were women heading their households. The others were men or women living in male-headed households. An unknown, plausibly large

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We have no proof of this since we did not measure individual membership and participation determinants. There may be other mechanisms at work. While there are no Union-wide equivalents to Federations, many members, including women, probably have access to micro-loan providers other than RDRS. If so, this would add to their social networks. Weinberger and Jüttig (2001: 1402) demonstrated that larger networks increased participation for women in local organizations.

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On weak indirect evidence, Federation member annual household incomes exceeded those of the general population by one third.

This mixes selection and program effects.
percentage of these secondary group members belonged to graduated groups and were thus likely to consider themselves Federation members. The intensity of their participation was not measured, except to establish whether the interviewee was a Federation executive committee member in 2005. This was the case with 29 interviewees.

The NGO CARE Bangladesh conducted a household survey in the general population of northwestern Bangladesh during the same time \(^{20}\). From data shared with us, a reference distribution can be obtained. The number of female-headed households in the CARE sample, too is small. We therefore extract a small number of order statistics only of the 2004 household incomes, limited to the sample members for which the data table indicates the gender of the household head.

Table 4: Annual incomes of secondary group members and of a reference population

<table>
<thead>
<tr>
<th>Gender of household head</th>
<th>Annual household income 2004 (Taka)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25th percentile</td>
</tr>
<tr>
<td><strong>Reference population:</strong></td>
<td></td>
</tr>
<tr>
<td>CARE Bangladesh 2004 North-West Livelihoods Survey</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>722</td>
</tr>
<tr>
<td>Female</td>
<td>45</td>
</tr>
<tr>
<td><strong>Federation member proxy: Secondary group members</strong></td>
<td></td>
</tr>
<tr>
<td>RDRS Impact Survey</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>358</td>
</tr>
<tr>
<td>Female</td>
<td>33</td>
</tr>
</tbody>
</table>

The median incomes of RDRS secondary group members are higher than those of the reference population, in both genders. For the much larger sub-samples of male-headed households, the secondary group members made 32 percent more. This difference mixes several effects – from differences at recruitment time, RDRS program and Federation exposure, and from the incongruence between the Federation member universe and the secondary group-based sampling frame.

One may surmise, with due caution, that the typical Federation member household in 2004 was slightly better off than the median household in the general Northwest population. At the higher ranges of the income distribution, the differences vanish. The 90-percentile value for the entire reference sample is Taka 68,650; it is Taka 65,300 for the secondary group member sample. Assuming these members have not disproportionately often stayed away from Federations, it would suggest that the better-off among the Federation members nowadays are lower middle-class. The median 2004 annual income of the 26 households where the interviewee was a Federation executive committee member at the time of the 2005 re-survey was Taka 49,360. This value was close to the 80-percentile value in the general population that CARE surveyed.

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\(^{20}\) 2004 North-West Livelihoods Survey [August 2005] (Gillingham and Islam 2005). A comparison of the sampling designs of the two surveys is beyond the scope of this study. There is a small chance that some CARE sample members, particularly in Kurigram, may be RDRS Federation members.
Summary

The challenge in constructing membership figures that are meaningful, and even comparable across several points in the 13-year Federation history, is illuminating. It demonstrates that statistics, even of the simple kinds of organizational demographics, are socially constructed. As such, definitions tend to diverge over time. One of the merits of the Federation monitoring system has been to avoid divergence in the spatial dimension, between RDRS Units, although validity issues appear correlated with program developments, such as the lagging pace of group graduation on the Chars, or rare discontinuities in savings collections, on which the active membership test depends. Increasingly, monitoring data has come to depend also on the Federations’ own administrative behavior, not only RDRS’s.

If the reader can accept these qualifications, then the major findings standing out in the Federation demographics are the growing predominance of women, considerable growth in active members in the past two years, and yet a very thin ratio of active members to Union populations. Each and all of these averages go hand in hand with large variations across the 260 Federations. Some of the variation can be understood in terms of the quality of the RDRS support and of learning effects from observing neighboring Federations. By the example of female literacy rates, the influence on Federation membership of socio-economic progress in the local environment can be demonstrated. Finally, the response of the demographics to various observed conditions leads us to questions of a more general concern:

Are women so numerous in the Federations because they have few, or no, alternatives in the civil society arena? And: Why are Federations not growing beyond a certain membership limit, despite a pool of potential members among the poor? Is this because recruitment is tied to the RDRS group history, or rather because leaders and current members do not have strong incentives to admit new members? These questions do not belong in the demographic chapter; they will be asked again in subsequent chapters.
The Federations’ Standing in the Community

The Federations, with the exception of a small number of Char-based ones, are co-extensive with the Unions, the smallest units of local government. Their member groups are found in most of the villages and hamlets that make up the Unions. While the Union Parishad represents the entire Union population, the Federations are organizations of poor people in the Union. Their members all share a history of working together in groups that, years ago, were organized by RDRS. The Federations therefore cannot, on the basis of membership, claim to speak for all the poor in their respective Union, but they often do so as interest associations. They speak for the collectivity of poor people particularly in issue-based advocacy work meant to affect norms and attitudes, such as campaign against dowry and dowry-related violence.

These representational claims are in contrast to restricted claims to economic benefits, such as the proceeds from income-generating projects. Proceeds from, say, the sale of trees that the Federation raised on leased roadside land will go to its members only, or even only to those few groups who funded the project in the first place. At the same time, even for projects with restricted beneficiaries, the Federation depends on support from the wider public. Non-members must not steal Federation property, and powerful Union Parishad members must be deterred from interfering with the sale of trees and other monetary transactions by the Federation.

Figure 9: Union map of Thanahat Federation (segment)

This map is prominently displayed in the offices of the Thanahat Federation, Chilmari (under the Char Development Program). The Federation center, a brick building with adjacent grain store, is less than a kilometer inside from the main road cutting across the Union. Note the spider web-like straight lines that Federation leaders have drawn to connect different types of groups and projects to the center, which itself occupies a central point of the Union. This, clearly, is a representational claim in visual form. This Federation, one of the wealthiest, did not have any of its members elected to the Union Council in 1997 nor in 2003, and thus needs to make its case for its presence throughout the Union.
The public standing of the Federations is not easy to gauge. One approach would be to systematically inventoryize conflicts that have opposed Federations and other actors in the community, and evaluate how well the Federations held up under challenge. This material is not at hand, except for rare case studies, one of which is inserted into this chapter. However, there are two arenas in which the response from the larger Union population can be observed for all 260 Federations. This response can reasonably be taken to measure community standing.

Twice in their history, Federations had the opportunity to run members in the Union Parishad elections. In 1997, among 770 candidates carried by their Federations 375 were elected. In 2003, from an unrecorded number of Federation candidates, 221 were successfully returned.

Measurement of the second universal type of community response is of more recent date and of a more continuous nature. In 1995, RDRS started a legal aid program. In addition to running a direct line of field coordinators and community para-legal volunteers, RDRS inducted the 260 Federations to local dispute mediation. Federation members, other community people and even Union Parishads have applied to the Federations to take up cases. The number of cases brought before them has fluctuated. We use data for the two-year period July 2003 through June 2005. During this time, the Federation received 3,228 requests to mediate, and resolved 2,114 of the cases admitted.

While success in local council elections and caseloads in dispute mediation may be of intrinsic interest, we investigate them here primarily as measures of the Federations’ community standing.

We are not concerned with the political sociology of local government elections (Bode 2002) nor with the dynamics of an NGO legal aid program (Alim 2004). Except for minor notes on the changing context of the two elections, and one on the problematic validity of case statistics as a measure of effective support of the poor, we use the models of election success and dispute caseloads as illustrations of the Federation standing in the wider community only. We are primarily interested in the structural co-variates that account for the variation in these outcomes.

At the same time, aspects of RDRS program effectiveness cannot be completely removed from this perspective. For example, the reader, by a simple milk maiden’s sum, will figure that the average Federation was elicited for mediation in a mere 3,228 cases / (260 Federations x 24 months) = 0.52 cases per month. Surely, with, on average, over 5,000 households living in a Union, this must be a tiny fraction of all disputes in which residents seek third-party mediation. Similarly, at least in the 1997 Union Parishad elections, an initial reading of the data suggested that Federation candidates were more successful in areas where the RDRS micro-finance program had disbursed larger loan volumes.

21 In terms of the sociology of organizations, it is the environment that actively initiates the communication. Ultimately, through Federation members’ other social roles (unobserved by us), that may be the case also when staging Union Parishad candidates, but for Federations not running any candidates, this construction is less straightforward.
**Federations and Union Parishad elections**

Union Parishads are thirteen-member councils. The chairperson is elected by the entire Union constituency. Nine seats are ward-based and are open to candidates of both genders. Three seats, based on groupings of three wards each, are reserved for women. Elections take place every five years (de facto, more than five years passed between the latest two); all seats are renewed at the same time.

In 1997, Federations raised members to run in 199 out of 259 Unions in point; in 2003, 576 candidates ran for the Federations although we do not know in how many Unions exactly. In either election, we do not know whether any Federation formally endorsed candidates who were not their members.

**The 1997 election**

The 1997 elections took place shortly after the fieldwork period of the previous Federation study (Benini and Benini 1997, op.cit.). The following table uses the data as obtained from the 4th quarterly 1997 monitoring report; since then the assignment of Char Unions to the CDP and Kurigram Units has changed.

<table>
<thead>
<tr>
<th>Unit</th>
<th>Federations</th>
<th>At least one Federation candidate elected</th>
<th>Male candidates elected</th>
<th>Female candidates elected</th>
<th>Candidates elected</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDP</td>
<td>4</td>
<td>3</td>
<td>12</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Kurigram</td>
<td>34</td>
<td>19</td>
<td>15</td>
<td>12</td>
<td>27</td>
</tr>
<tr>
<td>Lalmonirhat</td>
<td>41</td>
<td>23</td>
<td>37</td>
<td>15</td>
<td>52</td>
</tr>
<tr>
<td>Nageswari</td>
<td>34</td>
<td>21</td>
<td>24</td>
<td>25</td>
<td>49</td>
</tr>
<tr>
<td>Nilphamari</td>
<td>41</td>
<td>26</td>
<td>41</td>
<td>22</td>
<td>63</td>
</tr>
<tr>
<td>Panchagarh</td>
<td>43</td>
<td>39</td>
<td>52</td>
<td>45</td>
<td>97</td>
</tr>
<tr>
<td>Pirganj</td>
<td>22</td>
<td>9</td>
<td>11</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>Thakurgaon</td>
<td>35</td>
<td>16</td>
<td>12</td>
<td>14</td>
<td>26</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>254</strong></td>
<td><strong>156</strong></td>
<td><strong>204</strong></td>
<td><strong>144</strong></td>
<td><strong>348</strong></td>
</tr>
</tbody>
</table>

A majority of Federations won their entrée into the Union Parishad; a small number swept in to take five or more seats. None, as far as we know, directly went for the seat of power, the Parishad chairmanship.
Table 6: Federations by seats won in the 1997 Union Parishad elections

<table>
<thead>
<tr>
<th>Number of Federation candidates elected</th>
<th>Federations</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>98</td>
</tr>
<tr>
<td>1</td>
<td>73</td>
</tr>
<tr>
<td>2</td>
<td>30</td>
</tr>
<tr>
<td>3</td>
<td>24</td>
</tr>
<tr>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>All Federations</td>
<td>254</td>
</tr>
</tbody>
</table>

When these results were discussed in a monitoring workshop in 1998, three factors were advanced as explaining election success. First, we considered the degree of organization of the poor under the RDRS brand a mobilizing factor (the NGO itself, while encouraging the Federations to contest, had no public profile in the campaigns); all graduated groups were already nominal Federation members, and primary groups were encouraged to send observers to Federation meetings (which is why RDRS called them “affiliate groups”) and were told that upon graduation they would directly become members.

Second, the RDRS micro-credit program, after a belated start, was in rapid expansion. RDRS was hemorrhaging from abysmally low repayment, but in the public perception it was widely appreciated for a soft-loan approach sympathetic to the poor. The implication was that poor voters, by supporting Federation candidates, would vote for an expansion of the de-facto subsidy that the RDRS credit program was extending to a large and growing portion of the rural populace. At the time, it was estimated that close to 30 percent of all rural households in the RDRS working area were on the primary and secondary group rolls. In 10 percent of the Unions, a majority of households had been enrolled.

Last, in ex-post rationalization, the resounding success in Panchagarh District was explained with its special circumstances. It was here that RDRS pioneered the Federations. Moreover, Panchagarh had had a history of political mobilization among the poor in pre-Federation days that set it apart from other districts.

The first time, in 1997, Federation candidates did well in local council elections. At the time, both previous group formation and micro-credit were seen as vote mobilizers.

With the statistical tools available in 1998, data pulled together from the RDRS Micro-Finance Department and from two departments looking after group extension and Federation support was aggregated to the sub-district level and visualized in this diagram. We – including, and perhaps suggestively so, this author – took it to demonstrate the significance of all three factors postulated.
Figure 10: Factors associated with Union Parishad election success in 1997

We retain this product of a 1998 monitors’ workshop because it expressed elements of the praxis theory that RDRS entertained in those years. Micro-credit and social mobilization were, perhaps naively, seen as mutually reinforcing. Poor people, organized in groups and then aided with loans, would be motivated to work collectively such as within the RDRS-supported Federations (and naturally, in the course of doing so, would bother to go to the booths and vote for Federation candidates in the Union Parishad elections). Conversely poor people, protected by assertive local interest associations, would turn out to be better borrowers. The Federations in Panchagarh were the oldest in the RDRS working area, the most mature, and therefore, as expected, the most effective campaigners to get their people into the Union Parishads.

A statistical analysis at a finer level of resolution supports those assumptions only in part. The number of groups organized by RDRS in the general population did indeed have a very strong positive effect on the number of seats won. These groups obviously mobilized for Federation candidates.

The amount of outstanding loans from RDRS per member household had no clearly recognizable influence. In one model, the effect started climbing at first, then for the highest quartile dropped negative, suggesting that people overly indebted to RDRS were less inclined to support the Federation candidates. While offering an interesting hypothesis, statistically the link from loans to election outcomes is not credible.

Two other factors, however, are statistically significant and at the same time relevant for the understanding of the Federations’ public recognition:

22 Output is given on page 168.
• *Equity* per member – the money that members had put into their Federations plus the profits retained from income-earning projects – in 1997 had a clearly positive effect on the election outcomes. The Federations to which poor people entrusted some of their own money and those managed well enough to earn from their projects were those mobilizing communities for the vote.

• The *gender* composition of the Federation mattered. Candidates from Federations where women made up a larger share of the membership tended to run more successfully. The effect took off briskly above the 50 percent threshold, i.e. when women in 1997 held a majority in their Federations.

Regional differences actually did matter as well. As our diagram suggested, Panchagarh was the leader. It remained so even after the effects from RDRS group density, RDRS loans, member equity, and women’s membership share were subtracted. But there was also some variation inside RDRS Units apparent. In Lalmonirhat Unit, for example, all other things being equal, a candidate in Aditmari Upazela carried a liability; running in Hatibandha bestowed an advantage. We may never understand the reasons for these local differences.

**The 2003 election**

In 2003, 221 Federation candidates (46 percent of them women) were elected to their local Union Parishads. Compared to the resounding success in 1997, this was a clear setback. The decline was not gender-indifferent; the number of women elected shrank by a smaller factor than that of the men. Still, reductions were considerable for both male and female councilors from the Federations.

A number of factors have been made responsible. The political climate in the country was less liberal; under the banner of “Operation Clean Heart”, security forces had an intimidating presence in some rural areas. Distinctly form 1997, many women from upper-class families came forward to contest. Candidates from groups of poor people organized by other NGOs also entered the fray. The campaign costs, compared to 1997, rose to levels beyond the reach of many poor candidates and their supporters.

RDRS did conduct a voter education program, but did this time not encourage Federations to raise their own candidates. The NGO was uneasy about the public perception of its political neutrality and feared that encouragement for Federation lists might in some places be associated with a stand for the opposition party. By contrast, a small number of Federations went out of their way to contest, for the first time, for the chairmanship of the Union Parishad. Out of eight, three were successful.\(^\text{23}\)

---

\(^{23}\) Begumganj in the CDP, Berubari in Nageswari Upazela, and Purbo Chatnai in Dimla.
Table 7: Federation candidates elected to Union Councils in 2003

<table>
<thead>
<tr>
<th>Unit</th>
<th>Federations</th>
<th>At least one Federation candidate elected</th>
<th>Male candidates elected</th>
<th>Female candidates elected</th>
<th>Candidates elected</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDP</td>
<td>21</td>
<td>11</td>
<td>13</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td>Kurigram</td>
<td>28</td>
<td>16</td>
<td>18</td>
<td>7</td>
<td>25</td>
</tr>
<tr>
<td>Lalmonirhat</td>
<td>41</td>
<td>19</td>
<td>10</td>
<td>16</td>
<td>26</td>
</tr>
<tr>
<td>Nageswari</td>
<td>30</td>
<td>14</td>
<td>9</td>
<td>12</td>
<td>21</td>
</tr>
<tr>
<td>Nilphamari</td>
<td>40</td>
<td>16</td>
<td>23</td>
<td>9</td>
<td>32</td>
</tr>
<tr>
<td>Panchagarh</td>
<td>43</td>
<td>33</td>
<td>28</td>
<td>39</td>
<td>67</td>
</tr>
<tr>
<td>Pirganj</td>
<td>22</td>
<td>10</td>
<td>6</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>Thakurgaon</td>
<td>35</td>
<td>9</td>
<td>12</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>260</strong></td>
<td><strong>128</strong></td>
<td><strong>119</strong></td>
<td><strong>102</strong></td>
<td><strong>221</strong></td>
</tr>
</tbody>
</table>

However, very rarely has the question been asked whether the setback was in any way related to the delivery of the Federation members elected in 1997. It is not unknown that in the same Union where candidates from poorer and elite backgrounds were elected, the poor in wards won by elite members wound up getting larger social allocations (such as food entitlements for the vulnerable) – the elite, through their connections with the chairmen, could deliver; the poor councilors could not.

The impression that the raw data gives is rather that Federations that established themselves well in the Union Councils in 1997, gaining four or more seats, fared better in 2003. This tendency is visible in this table\textsuperscript{24}, and although the Federations in the lower half are few, the difference in 2003 was significant. Federations with no success in 1997 (not running, or none elected) were less successful in 2003, too. Almost two-thirds of the 91 remained again without seat in the Union Parishad.

Table 8: Union Council seats won in 2003, as a function of 1997 results

<table>
<thead>
<tr>
<th>Seats won in 1997</th>
<th>Federations</th>
<th>Mean seats won in 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>91</td>
<td>0.64</td>
</tr>
<tr>
<td>1</td>
<td>70</td>
<td>0.96</td>
</tr>
<tr>
<td>2</td>
<td>30</td>
<td>0.73</td>
</tr>
<tr>
<td>3</td>
<td>24</td>
<td>0.83</td>
</tr>
<tr>
<td>4</td>
<td>13</td>
<td>1.54</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>1.60</td>
</tr>
<tr>
<td>6</td>
<td>6</td>
<td>1.50</td>
</tr>
<tr>
<td>7</td>
<td>2</td>
<td>1.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>241</strong></td>
<td><strong>0.85</strong></td>
</tr>
</tbody>
</table>

\textsuperscript{24} The calculation is for 241 Federations for which data is available for both elections. Some Federations on the Chars were reorganized in-between; and those in Kishoreganj were founded after 1997.
Again, we try to understand the factors operating on the success of Federation candidates with the help of a fuller statistical model. We no longer include any RDRS loan variable. For one thing, we do not have data ready on the Upazela-wise loan positions in 2003, just prior to the elections. The micro-finance program context too had changed. RDRS was in the process of turning around its operation by a much tougher business discipline. Federations were debarred from loans, except under a narrow income generating project support package. Among the poor, the parallel advance in RDRS borrower careers and in primary groups bound for Federation membership were loosened by spinning off the micro-finance field activities into a separate management line. As far as borrower perceptions go, the RDRS micro-credit program was no longer seen as being ethically distinct from those of its competitors. These had arrived more numerous in the RDRS working area, plausibly further eroding a sense of dependency on RDRS and on institutions supported by it, including the Federations.

Similarly, from the tables of the RDRS Federation monitors, by 2003 it was no longer possibly to separate member equity from donated equity. We substitute another variable that expresses members’ commitment to their Federations, the fraction of groups paying dues regularly. As for 1997, we include a density measure (the ratio of member in 2003 to the census 2001 Union population) and the strength of women in the Federation, indexed by their membership share. The 1997 outcomes too should be influential; following the descriptive correlation, four or more seats in 1997 are treated as the higher of two indicator values. Other (unobserved) factors are attributed to the Upazelas, which we use as a grouping variable.

Several insights follow. The degree to which members supported their Federation (percentage paying subscriptions regularly) was not related to the election success. Other factors did significantly influence the outcome:

- Similarly to 1997, the higher the density of members among the Union population, the better Federation candidates tended to perform.
- Federations who won more than three seats in 1997 tended to do better in 2003.

Those results are expected. The next two may surprise some:

- Panchagarh, the region with social movement and Federation pioneer credentials, still returned the by far highest number of elected Federation candidates among all RDRS Units. However, these differences were due to higher member density and to the 1997 victories. A positive regional effect was still present in four out of five Upazelas of Panchagarh, but weakly so. In other words, the Unit-wide mobilization effect of the pioneers had subsided.
- More dramatically even, dominance of women in the Federation membership no longer helped candidates. In a reversal over 1997, the effect was negative in 2003. One can but speculate that many women, including members of Federations, gave their vote to female candidates from elite families or from groups of other NGOs. This may have happened more pronouncedly so when women members had a choice between a man running for their Federation and a women from outside. The greater reduction in seats won by men, compared to the figures for women, would agree with such an interpretation.
When we compare the observed factors that impacted the success of the Federations in these elections, we find that they determined the outcomes in 2003 to a smaller degree than they had in 1997. Local circumstances that the monitoring system does not record came to have a stronger influence. The poorer showing in 2003 certainly had to do with the difficulties of RDRS to manage its primary groups and connect them with meaningful social development activities during the years when the redress of the micro-finance program was imperative. On top of a more delicate political climate for NGOs, the reorganization of primary groups chiefly in terms of loan management meant, in social movement terms, that one of the Federations’ sympathizer groups melted away. That there was less of a common denominator in these elections than six years earlier is evident also in contests for the council chairmanship into which the Federations, if only a small number, ventured for the first time. Most failed; the three who prevailed, however, have created a precedent much talked in the Federation world.

**Federations as mediators in local disputes**

RDRS began a legal education and support program in 1995. It worked through two administrative lines in the field. The coordination unit, under the Social Empowerment Directorate (together with the Federation support unit), created a network of para-legal volunteers in the Unions. Simultaneously, each Federation created a mediation cell, and RDRS arranged for a considerable number of Federation leaders to be trained in dispute mediation techniques. This training effort was extended over several years. For example, in 2003 alone, 223 persons attended courses. Reportedly, the trainings conducted by the specialist NGO “Ain o Shalish Kendro” were highly appreciated. Rank-and-file Federation volunteers were also given orientation sessions although we do not know whether practically they became involved beyond delivering messages to the parties invited to mediation. The numbers of different types of volunteers varied in the course of the program; and it seems that periodically the coordination among the actors had to be re-arranged, for mundane matters such as bicycle subsidies as well as for more consequential ones concerning the motivation and ownership of the processes.

Substantively, most of the cases for which parties sought Federation help concerned family disputes, particularly those arising from dowry, divorce, alimony and wife abuse. The borderline between abuse and serious violence against women and children is fluid; and legally local mediation is not admissible in violent crime. The paralegal volunteers and the Federations would bring crimes committed against poor people to RDRS’s attention; and in a modest number of cases (9 in 2005), including civil matters in which mediation was refused, RDRS engaged lawyers to see them through the court system. Culturally, the mediation efforts relied on a well-known pattern centered on the village shalish found in Bangladesh and in India (Duvvury 2002; Alim 2004). The predominance of family disputes is not specific of the Federations; Duvvury noted with regards to social movements in Indian West Bengal that

> On the other hand, control of panchayats [community councils], school committees or hospital committees is more strongly institutionalised and therefore harder to capture by an upcoming political group. The shalishi is also an arena in which there is very little at stake, as compared to for example the control of the panchayat, so there is little resistance when a new power group in a village or neighbourhood attempts to usurp control over the shalishi. When it comes to women’s issues, the stakes are perhaps even less for the community, as compared to, say, a dispute over land rights (op.cit., 15).
We do not know how many of the Federations restricted mediation to disputes in which at least one of the parties was a member. Below we present a case history in which the person requesting Federation involvement was the child of a primary group member, thus at least a RDRS program participant. Rather frequently, leaders mentioned that the local Union Council referred to them disputes for mediation. Cases in which one of the parties was resident outside the Union were also heard of time and again. In a rather unscripted way, the Austomir Char Federation chairman related how his committee had “notarized” the second marriage of a man from a different island, who could not receive approval in his home community for this polygamous arrangement. None in this ménage-à-trois was from Austomir Char.

We mentioned this exotic case because it highlights a validity issue in monitoring the number of cases supposedly “resolved”. While the number of cases brought before the Federations (“disputes heard”) through a kind of semi-formal application involving a small fee may be relatively unproblematic, standards for resolution are unclear. Assuming a case was counted as resolved when both parties accepted a proposed settlement, or the case was moved to court (about one percent), the Federation may not have been able to enforce the settlement, and court cases may take years to be decided or may be withdrawn. What is “resolved”? Too many questions regarding fairness, enforcement, and permanency of solutions linger for this indicator to be of use for the public standing of Federations.

Case study: Dispute mediation - Power and effectiveness

The Federation of Bachor, in Ranishankail Sub-district, Thakurgaon District, involved itself in a case that highlights the complexities of mediation, particularly when status differences between the parties and their families are distinct and influential. Bachor Federation is relatively small (227 members in 2005), with little experience in mediation. In the two-year period into which this case falls, it was approached to mediate in only one other case.

Shahinur, the daughter of a day laborer, had a pre-marital affair with Jahidur, the son of a wealthy family. She gave life to a baby boy, whom the young man did not recognize as his child. Shahinur sought help from the Federation. Her mother was a member of an RDRS-organized primary group; none in the family was a Federation member.

Bachor Federation had enough clout to move Jahidur’s family to attend a mediation session, a so-called “salish”, in April 2004. Unexpectedly, his father suffered a heart attack in the very meeting and died en route to the hospital. Jahidur lodged a murder case against Shahinur at the sub-district police station. He also preempted local newspaper reporters with his version of the story. When the Bogra-headquarters “Korotoa”, widely read in the Northwest, depicted the Federation leaders as criminals, public opinion in Ranishankail turned against them. Two national and a Thakurgaon-based paper carried similar stories.

For what little is understood of the developments in the following week, her family asked for a quick settlement (a maintenance promise as well as dropping of the murder charge). However, the RDRS Legal Support Program became involved and, through an associated advocate, lodged a case in the district court. Jahidur was arrested, then, after three days, released on bail. Following threats from his family, virtually the entire Federation executive committee went into
hiding. Its members found refuge with relatives in other villages and in Thakurgaon, where some would attend meetings with RDRS. After two weeks, two of the journals carried new versions of the story, more favorable to the Federation.

While the committee members were still in hiding, Shahinur’s family and that of the young man agreed to apply to the courts to drop charges from both sides and to attend another mediation session. This one was presided over by members of elite families. The shalish ruled that the young man’s family were to pay Shahinur Taka 30,000 ($430) as a lump sum, with no further claims recognized.

The RDRS Manager, Social Organization for Ranishankail, followed the later developments to the extent of establishing that Shahinur received Taka 6,000 ($86). Neither RDRS nor the Bachor Federation has since remained involved in the welfare of Shahinur, as far as it concerns an actionable case.

It was not easy to get a coherent, intelligible version of this story, and we initially knew only the Federation’s version, as it transpired through RDRS staff. Shahinur and her child have almost fallen off the radar screen, chiefly because her family wanted charges dropped and thus removed the basis for RDRS to stay involved. But the apparent lack of any follow-up on the part of the concerned Federation and the report, to the donor of the Federation support program, that “Jahidur has agreed to pay Taka 30,000 (420 €) to Shahinur” (Jensen and Karim 2005: 23), without any comment or perspective under the heading “Enhance awareness of relevant social and related issues, especially women’s rights”, leave a sour taste.

Not satisfied with the first write-up of the case, the coordinator of the Social Organization Unit asked the Ranishankail manager to re-interview Shahinur, someone in Jahidur’s family and his Federation contacts. Later, one of his Rangpur staff even talked with Shahinur and her father on the phone. The nuances that these conversations, in March 2006, added to the picture are worth noting.

In the second shalish, Shahinur and Jahidur were married, and then divorced after five minutes, as a way of recognizing Jahidur’s paternity. Earlier claims that the balance of Taka 24,000 had been pocketed by the mediators from elite families were denied. Nobody from the Federation attended the second shalish. The Taka 24,000 were deposited with a local miller, who is supposed to release the money to Shahinur once the court drops charges. This isn’t happening because neither side has engaged a lawyer.

During the farcical marriage and divorce proceedings, Shahinur and her father were made to sign a false affidavit that she received Taka 25,000 in divorce money, and that she waived all claims to maintenance for the child. Threats were uttered that she would be hanged in prison should they not sign.

Shahinur’s is not the only case where, under challenge, Federation leaders did not live up to the rhetoric of defending poor women. Some resign in view of power relations that leave them helpless. For others, there is a coordination problem in the sense that they do not understand who is to make the next move, the Federation or the RDRS legal support program (Rahman 2006). Whoever stays involved, RDRS’s capacity to document mediation effects is limited, and gaps between intent and actual effectiveness are difficult to close. When asked about dowry-related violence and after-mediation developments, committee members in several Federations simply said: “We hear from people that she [the wife who had been abused] is now living happily with her husband.” But in another case described to us, some members did follow up, by paying
visits at the home of the couple periodically for several months and keeping the committee and the concerned RDRS manager informed.

As one commentator stressed, it is an achievement, compared to how poor people were treated some decades ago, that the Bachor Federation was able to convene a mediation session for Shahinur at all. People wanting to take advantage of the poor have to consider adverse consequences. And when the poor themselves are opposed in a dispute, resolution may be affordable and on their terms.

For our purpose, the number of disputes heard, therefore, seems to be a better indicator. As mentioned earlier, given the size of most Unions, Federations are rarely requested to mediate. But caseloads vary widely. While only four Federations were never approached in the two-year period considered (July 2003 – June 2005), the typical Federation received 10 cases. Only 10 percent of all Federations received 26 or more, with Jatrapur Federation, near Kurigram, being at the top with 56, or on average a new dispute heard every two weeks.

Figure 11: Number of disputes heard in two years

The following assumptions seem worth testing:

- Sundry anecdotes say that Union Parishads like to refer disputes to Federations. Parishads with several councilors who ran for the Federation in 2003 may be expected to more actively refer cases.
- Since most of the disputes heard (and resolved) concern family life, usually with the woman or children as the aggrieved party, one expects women’s networks to channel cases to the Federations. The number of women in active member groups should be proportionate to the size of such networks.
• The density of Federation members in the wider community may act as a multiplier of intake contacts. Thus, as in the election models before, the ratio of members to the Union population should be associated positively with the caseload.

• Wealthier Federations command more respect in their communities. They also command greater resources, some of which may be used for emergency relief for women and children in distress. The double prospect of economic help and of effective mediation should attract more cases.

None of these associations turn out significant except the economic position of the Federation. We use a makeshift definition that RDRS monitors have been using for Federation wealth, cash plus investments in income generating activities. This quantity does not include the value of the Federation center and grain store, both of which are slightly associated with the Federation’s economic vitality.

To see the impact of the magnitude of capital, thus defined, on disputes heard, we calculate two values. We predict the number of disputes once by including the capital variable in the model, and then predict it again without it. The following scatterplot lets us see the non-linear effect.

Figure 12: Federations' economic position and dispute mediation

Some of the effect shape is expected, particularly on the left side. The very poor Federations — those with less than Taka 1,000 by this capital definition — may in their majority be dysfunctional, or not command much respect because of their lack of resources. Thus, people will not look to them for the resolution of their disputes. Most Federations, as one can see from the cloud of dots, are in the middle range of wealth. These dots huddle together on the y = 0 line. In other words, here their capital position makes no difference on the number of disputes brought before their

25 The statistical model is given on page 171.
mediation cells. In fact, one may, with scarce exaggeration, say that wealth makes a Federation attractive as a mediator once its cash and IGA value exceeds the Taka 500,000 threshold (approx. $7,100). That’s the size of wealth needed, it appears, to back up mediation work. Only five out of 260 Federations are there.

Three of them are in Ulipur Upazela. Those in the next group below are similarly spatially clustered (several in Nageswari Upazela). Thus the wealth effect dissolves almost completely into neighborhood and administrative unit effects. To express this idea in easier terms, we may point to the Gunaigachh, Tabakpur and Thetroy Federations, three resourceful neighbors. Their executive committee members meet frequently. They do so on their home turf, in RDRS project-related as well as in the Ulipur Upazela coordination meetings. It is reasonable to assume that the local and RDRS program factors that fostered their growth are largely the same that are driving their mediation activism. Gunaigachh and Thetroy handled 31, resp. 39 cases in the two-year period of time, far above the average. Yet, Tabakpur attracted only 13. Obviously, in spite of all the learning from each other, of being supported by the same RDRS staff persons, and of similar wealth, there are unknown factors at work in Tabakpur that inhibit the mediation activism of its Federation. Wealth does help to build a mediator tradition, but in the larger picture mutual learning and the quality of the RDRS support are more important.

Summary

We observed the Federations’ community standing from a privileged data situation. Communities recognized Federations by electing some of their members to the Union Councils. Except in minor Char areas, we were able to measure the extent of this support at two points in time, spaced apart by six years. Similarly, communities affirm the influence of Federations by seeking out their help in resolving disputes. While our perspective here remains cross-sectional, caseload statistics for a two-year period do sharply differentiate between Federations frequently elicited and those who are not used very much by parties in need of dispute resolution.

In both realms – participation in local government as well as in the para-legal function – the overall impression is that the Union populations are recognizing the Federations with numerous mandates. However, the average level of community standing, indexed by them, has been stagnating or, after long years of the corresponding RDRS program implementation, is still at a low level. Various changes in the program and political contexts have been adduced, but the brute fact remain that in the latest elections only half of the Federations mobilized enough support to send any of their members to the Union Council. Ten years after RDRS started its legal support program, the typical Federation, chosen to be one of its service delivery pillars, is attracting less than one mediation case per month.

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26 One observer remarked on the number of Hindus in the Tabakpur Federation and supposed that Muslims may feel less comfortable to share their family problems with its mediation cell. However, the religious affiliation of committee members is not monitored, and thus its influence is, by definition, one of the unobserved variables.
Community standing is highly variable among Federations. Overall, when the two indicators – election success and dispute mediation – are seen in context, it does not seem to be very strong, and may even have diminished over time.

Also, structural factors such as a Federation’s wealth may have grown less important than local ones based in the Union or sub-district.

The election comparison is instructive in yet another way. From 1997 to 2003, the effects from common structural factors became weaker, and local, Upazela-level, factors became more influential for the Federation success. The dynamics affecting mediation caseload confirms that indirectly. A Federation’s wealth is a motivating factor for people to seek its mediation help, but it is subdued by local processes that are operating unobserved by program monitors. They mix program support qualities, mutual learning among Federations and socio-economic particularities of the area. And, as could be shown for Union Parishad elections, they respond to tradition and achievement such as when Federations filling more than a third of council seats in 1997 had better success chances six years later.

Thus there are clusters of high public recognition surrounded by larger numbers of Federations plodding on with precarious levels of demonstrated public support. However, a generalized public recognition may be fictitious, and Federations can acquire specialized reputations. The number of Council seats won in 2003 and the mediation caseload handled from that year up to 2005 are not correlated. Moreover, some Federations, despite a high standing in their communities, may deliberately not have run in the elections. Similarly, some may not perceive sufficient incentives to welcome mediation cases or may have tried and then determined that – for the organization or personally as committee members – the costs of mediating were too high.

Moreover, committee members are volunteers who have to make a living outside their Federations. In their mediation work, they will often be distracted by other demands, including for work that basically mediates other kinds of conflicts. Because these interventions do not take the form of shalishes, they are not counted in the mediation statistics. Such conflicts occur, for example, when poor patients are refused treatment in public health clinics. Frequently, then, Federation leaders are called upon to do what Nath euphemistically called “assist[ing] the poor people to have free consultation and some medicine” (Nath 2005: 14).

Leaders who successfully intercede on behalf of poor community members, for whatever needs, will reflect well on their Federations and their public standing. While the scope of activities that produce community recognition is much broader than campaigning for Union Council seats and dispute mediation, we have looked at the scale of these two manifestations. Our findings do not reveal any rapid expansion or stronger alignment with known socio-economic and organizational factors, but rather speak to more diverse local constellations, which leaders, members and RDRS support staff must manage on their own merits.

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27 For an example, see the case study of Kachakata Federation, page 89.
Federations in Social Development

Of all the customarily distinct realms of development, it is in the fuzzily defined “social development” that Federations have done best. On this consensus is strong among members and outside observers alike. “Best” means better than in employment generation, better than in residual categories of disaster preparedness, relief distribution and others that are not of permanent concern to all Federations. It does not necessarily mean better than in the institutional development of Federations, which many members see as part of social development itself, and which leaders, naturally, tend to think of as fairly successful.

Consensus is strong that the Federations have done better in social development than in other realms such as employment creation.

How leaders and members conceptualize social development is less than vaguely known. In various conversations, it appeared that basically two levels are distinguished. One operates in the vicinity of individual social case work and means the ability of Federations to comfort persons in distress and arrange emergency aid for them, not necessarily in financial terms, but also by averting threats of violence and negotiating access to health care. The second level is more concerned with changes in social norms at large and with access to services and resources for larger groups of poor people.

The members themselves rate as some of their top priorities in social development the ability to live unmolested by bribery and to speak out freely, even in front of powerful neighbors and office holders. Social development has a dimension inside the Federations too. The strength of women in decision making, indexed by executive committee positions, has slowly built on earlier achievements. Finally in this chapter, a mix of social development and institutional strengthening concerns apply to the emergence of Federations as their own legally independent local NGOs.

Normative change and causal attribution

RDRS and Federation people both point to impressing advances in certain prominent topics of social development, for example the reduction in violence against women, and in the increased protection of poor people’s individual identities by an almost universal birth and marriage registration practice. Federations have worked long and hard, in public campaigns and individual casework, on such issues. Apart from empirical questions on the prevalence of the socially desired conditions – what percentage of women spent the last twelve months free of spousal abuse? - , the larger question is to what degree changes can be attributed to the work of the Federations, and to what would they would take place anyway because of concurrent changes in the ambient society.

The Federation members are aware of this conceptual problem, even if they do not formulate it in the language of social research but rather in terms of the necessary unity of all poor people. This is a constant theme, and the degree of unity already achieved is billed as a success of the Federation movement and as a key factor in improving the status of poor people relative to the powerful individuals and institutions such as the Union Council chairpersons. Less successful areas of change are also acknowledged in their own language. Public vows of dowryless marriages are celebrated in affirmation of an ideal from which practice, if anything, increasingly
deviates. Federations help to keep the public discourse against dowry alive and to give prominence to exceptions – notwithstanding that they have remained exceptions, including among members.

Sidebar: Intentions and achievements

Another problem in assessing contributions to social change is that the areas on which Federations focus vary greatly, among them and in each over time. This creates a very heterogeneous picture, one that the monitoring system cannot capture because events of any particular type are rare or make sense only if the relevant denominator can be measured as well. It is also in the field of social development that the boundary between good intentions and actual achievement is very fuzzy.

For example, representatives of the Saptibari Federation in Aditmari Upazela, when talking to Nath and Siddika, claimed to have reached “one hundred percent sanitation in the Union, and some other Unions have that too”. What this meant in terms of sanitary practices and installations, and in terms of involving non-members as well, was of such great interest that the Social Organization Unit coordinator dispatched two of his monitors to get a closer picture. It turned out that this was a plan that the Federation had discussed with the Union Parishad and with members. It had taken statistics from the Parishad to know the number of households without sanitary latrines and offered to be helpful in identifying and motivating them to install such latrines, for which the council, not the Federation, controlled a budget. “We hope to achieve 100 percent during this year”, was the corrected version.

Other incursions into social development are more widespread, but they are such a patchwork of new breakthroughs and reinforcements of existing practice that a reliable overview is not feasible. Most Federations have made efforts to move Union Councils to sanction Vulnerable Group Development (VGD) ration cards and other welfare entitlements to poor members, and some have written numeric targets into their annual work plans. Counting beneficiaries and imputing benefits to degrees of Federation involvement has not progressed beyond anecdote.

If we understand Federation member narratives correctly, despite well developed accounting skills numbers and amounts are often less important than innovation and precedent. The Federation has helped to breach a wall that used to be insurmountable to poor people – now they can work on greater access more confidently and perhaps leverage one kind of benefit for another. Even an amount of privilege seems acceptable in this regards. The Patgram Union Federation voted to bear the school expenses for the son of an executive committee member, a widow with three children. In order to reduce its commitment, the committee then persuaded the headmaster to waive school fees for the boy28. This kind of meet-you-halfway deal, “We’ll do something for this poor person to remain a client in your institution if you too do something for him” in order to make the service affordable or better, recurs as a pattern in other areas such as health care, although we do not know with what frequency and ultimate effects.

A secondary question in this context is about the degree to which Federation efforts benefit non-members. As a general rule, social development activities appear less focused on members than

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28 Related to us by Sumitra Rani, Manager (Social Organization), Patgram Upazela, in Kurigram, 7 March 2006.
income-generation does. While economic projects for which members (often a fraction only) underwrite shares yield dividends for their owners, the mediation services are used by many non-members as well. We heard many stories of Federations going out of their way to assist poor persons who were not members, some even from outside the Union. These acts of solidarity among the poor are also part of social development. Here we present an atypical, but highly creative initiative in this line.

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**Case study: Catapulting a poor artist into the national limelight**

The first prize in the prestigious Bangladesh Shishu (Children’s) Academy competition in 2006, folk song category, was won by a girl in the RDRS area. Without a nearby Federation’s extraordinary support and conviction in her talents, she would in all likelihood not have come to national prominence.

In 2005, Poly Rani Sharkar was a class-10 student at Rajarhat Pilot High School, Kurigram District. Although of a poor family, the government’s pro-girls policies enable her to study in high school. She walks the six kilometers from her home in Chakirpasha to the neighboring Union and back. Her 65-year old father is invalid; her mother is a construction laborer, who brings home sixty Taka (approx. $0.85) on a good day, but has to double as a maid when there is no work in construction. A ten-year old brother supplements family earnings working in a local restaurant; the family cannot afford his education.

Her beautiful singing came first to the notice of neighbors, who found that she had a natural talent reproducing songs that she had heard on the radio. One day, near her school, she strolled into a sing-along of the local Freedom Fighters Academy. The impression that she made there was such that the teacher entered her name in the Rajarhat Sub-district primary of the Shishu Academy’s competition.

To everyone’s amazement, she came out first. Two musicians at the event were members of the Popular Theater Group attached to the Rajarhat Union Federation. These men saw the opportunity to launch an unusually gifted young singer into the Academy competition circuit, but realized that Poly did not have a habit of singing with harmonium and tabla accompaniment and did not know how to read score (more correctly, song sheet notation).

The Theater Group taught her first lessons in notation. When she progressed fast enough to stand a chance in the district competition, not only accompanists, but also money were needed. Her Federation coaches raised it from local businessmen and other individuals pleased to see Poly represent Rajarhat Upazela. She did not disappoint them, and more donations came forth to pay for expenses that Poly and her escorts from the Federation had to bear in the Rajshahi Division and ultimately national competitions.
Her mother says of Poly’s achievement, with a mixture of pride and regret, “I cannot do more for her but work hard.” There is nothing to predict that Poly can embark on a professional artistic career, and her main focus for the time being is to remain a good student. But without the talent-managing energies of a neighboring Federation, Poly, not even a member or the child of members, would not have found the audience she received. Her friends from the Popular Theater knew the rules of the game, quickly patched up her shortcomings, convinced persons of means to invest in “our home town girl”, and saw her through the rounds.

While this story is too special to be generalized to any hypothetical willingness or ability of Federations to help non-members, there is an element of artistic transcendence in it that underlines the value of the Federations’ cultural activities.

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**Corruption-free space**

While such “one-of-a-kind” events can be subsumed under the social development heading, their very diversity resists summarizing. There are, however, two areas of social development that are emphasized as universal, though not ultimately self-stabilizing, success. In both, it is recognized that the RDRS Federation capacity building project has been hugely instrumental to the success extant. These areas can be dubbed “Federations as a corruption-free space” and as a “development forum for the poor.”

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29 The story is based on material written up by Nurun Nobi Shanto, Federation support unit, whose own version appeared in the Bangla daily “Prothom Alo”, 15 March 2006.
In the nineties, the pumping of “seed money” and “survival” loans into Federations greatly multiplied abuse and corruption among executive committee members and their privileged member groups. It took years to clean up the mess. Massive management training and audit support under the capacity building project rectified the situation, although complicated by belated write-offs and the de-facto exclusion of Federations from the credit market. To this day, RDRS’s may be unique among all systems trying to monitor progress of local associations in the sense of attempting a “morality measurement” of Federations. It does so by noting the number of executive committee members who are in arrears on RDRS loans (taken out in their personal capacity).30

These days, the best information concerning Federations and the web of corruption ensnaring the poor comes from stories and case studies that the dispute mediation activity is generating. Often parties to a dispute pay bribes to members of the Union Council and to other elite persons (particularly political party leaders in the locality) to influence council or private shalish outcomes. But sometimes this is resisted. We heard stories of reputedly honest Council chairmen referring cases for mediation to the Federations lest their fellow councilors would rule by the pocket book. There are others, in mirror-symmetry to the first category, of counselors wary of their chairmen’s dealings and encouraging the victims to appeal to the local Federations. There are stories of politicians allegedly taking bribes from the richer party and then favoring the poorer in an appeal for the votes of Federation members.

Federation members conceive of social development in terms that differ from commonly used indicators. A prominent part in their eyes is freedom from bribery.

However, in the interviews conducted with fourteen member groups of the five Federations visited for our field research, all groups strongly felt that the executive committee members did not take or give bribes.31 Some were pressurized to take bribes to drop cases. One member of a mediation committee was visited in his tobacco field by the husband of a woman seeking Federation help and, in front of unfriendly looking companions, was offered tea and sweets, “or else.” A Federation secretary, while checking on a battered housewife, was driven out of the hamlet by stick-wielding in-laws.

For poor people, finding a place where they are not continuously made to wait until all those of higher status have been served first, where they are not asked to pay for services meant to be free, and where they are not routinely silenced, and insulted or even physically aggressed in disputes, is liberating by itself. Federation members credit their leadership for this, and from the pattern of conversations over the last few years, a large number of the Federations seem to have carved out a space within which they are free of expectations to give and take bribes.

It is important to point out the role of allies from outside the Federations. Not only would it be unfair to depict all Union Council chairmen as corrupt and antagonistic to the Federations, it

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30 With 3 out of 9 executive members in the typical (median) Federation being defaulters (in mid-2005), the only sensible question that comes out of this is whether default on RDRS loans is a precondition of popularity (you get elected), or executive member status grants special protection from repayment.
31 No executive committee member was privy to these group interviews.
would also detract from the value of the protection and support which chairmen and other well-meaning influential persons in a number of Unions have deliberately extended to the Federations.

Not taking or giving bribes now does not mean that a Federation can resist pressures next time. For example, the consensus is that selling trees has become more difficult; and some RDRS staff believe that certain Federations paid large bribes in the process. The highly variable share of expenses that the audits reveal in sales proceeds agrees with that belief. One should expect that the ability to resist bribery correlates with types of income generating projects but also with the clout that RDRS wields with particular offices. One chairman told this author openly that without paying bribes he could not have seen through the registration with Social Welfare Department in useful time. How Federations choose between honesty and efficiency would warrant a study by itself.

**Development forum**

Federations, like most organized groups of the poor in the country, are at the receiving end in the “dissemination of development messages” (RDRS 2004: 13). In turn, they form an internal forum in which they actively debate these messages and refract them through the members’ own lenses.

How this happens has not been well documented. Lists of topics on which RDRS supplied information and elicited discussion in Federation meetings are fairly wide-ranging; in the same annual report, we hear that “torture of women, empowerment of women, birth registration, HIV/AIDS, earthquakes, arsenic” contamination of ground water and other topics were discussed. But in contrast to the adult literacy programs of the eighties, for which RDRS experimentally tested the pedagogical impact of key concepts, there is little documented meta-reflection going on these days regarding the cognitive build-up among poor, low-educated program participants exposed to outside messages. One sometimes has the impression that a new subject is gratefully acknowledged, and one or two basic facts are assimilated (“We know that those ill with arsenic poisoning suffer from terrible skin lesions on their hands”, members of a group in an area free of this scourge correctly recalled when asked what they had learned on this topic). The connections to other bodies of knowledge are not apparent; perhaps because the poor assume that theirs are of no value to NGO workers.

Thus, the effectiveness of “development messages” remains largely undocumented. With more opportunities to earn and a higher economic value of their time, the poor have grown critical of ordinary run-of-the-mill trainings at the hand of NGOs. Federation members too are increasingly demanding good education for their children and good training for themselves, and occasionally take things into their own hands.

While the effectiveness of NGO-amplified “development messages” remains undocumented, the educational cooperation between RDRS and the Federations has been a great success. It has strengthened the voice of the poor, particularly that of poor women.

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32 With the exception of research on agricultural extension carried out by guest researchers.
33 See the case study on page 68.
let it be understood that not many of the RDRS staff are creating much of value for them. When Nath and Siddika interviewed the Hatibandha Upazela Coordination Committee, it proposed, as an experiment, to let one Federation in each Upazela run without the support from any Social Organization Managers. Not entirely consistent with its bold proposal, it welcomed RDRS to remain “the donor agency for those Federations too.” An outside visitor will readily note that Federation leaders have assimilated a fair deal of “development Banglish”, perhaps in anticipation of greater responsibilities and more frequent donor contacts. Typically, new concepts travel down the line in time lags. For example, “rights-based” is still percolating chiefly within the RDRS staff whereas “advocacy” is already firmly rooted in Federation executive committees. And, as an older and more seminal instance, both staff and members use the English word “Federation”.

Whereas there is no striking evidence for or against the assumption that the development messages of recent years have enhanced the conceptual apparatus of the Federation members, the educational cooperation between RDRS and the Federations has nevertheless been a great success:

The poor talk. They talk inside the Federation. They talk outside the Federations and more and more talk back when challenged, deprived or aggressed. And they have learned to use the Federations to amplify their voices, using the loudspeaker metaphor also for the weight of their social capital in public events. To illustrate, in 2005, Shingimari Union, Hatibandha, was shaken by an acid-throwing attack on a college girl. Her teachers and fellow students took out a march to protest the crime, but the echo in the community was feeble. The local Federation organized a mass rally to which the Hatibandha Upazela Federation Coordination Committee sent delegations from nine other Unions. The students, not normally very close to the Federation, folded their protest into its campaign. The attacker has been apprehended and sentenced.

Figure 14: Nowadays we can discuss

“In the past, in front of outsiders, our voice was stuck in our throats. Nowadays we can discuss an issue in an organized way before a group of people. We can discuss with the chairman and members of the Union Council. Our Federation is a great blessing for us that no money can buy” – Dulali, member, Chowrahata Women’s Group, Chhinnai Union
While Federations occasionally make spectacular public statements, more of the members’ added communicative competencies are quietly exercised within. Again, we can perceive only the tip of the iceberg. A visitor to a Federation office will in many places find an amazing variety of planning documents and activity reports, some purely ornamental (and often outdated), others active project documents and multiple dispute mediation portfolios. RDRS’s role has been helpful in creating frameworks rather than uniform solutions. For example, executive committees nowadays produce a written report for the annual general meeting. Chairmen or secretaries read it out. Some display it on notice boards, others distribute a good number of photocopies. As in parliamentary systems, the ability of representatives to probe their executive is limited. We know of one case where a member expressed his indignation at a line in the financial report showing Taka 200 ($3) paid to workers who carted trees from a Federation lot to the mill. Taka 150 ($2) should have been enough for the job. He had no comment on the amount the trees fetched, the main position under plantations. But he was heard and answered.

Together with improved transparency inside, greater voice outside makes the Federation a place where the poor feel that they can obtain justice. This expectation is particularly strong among women, as Nath found during a visit of eight Federations and their affiliated groups (Nath 2005: 13). It has only grown since the previous study in 1997; the Federations are meanwhile in a stronger position to deliver.

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**Case study: How poor women transmit expertise**

Most of the active ones among the 459 members of the Shingimari Federation in Hatibandha Sub-district, Lalmonirhat District, are women. At the request of a majority of them, the executive committee arranged training in tailoring. Hiring an expert trainer, the Federation trained 30 poor women in the first batch. Many of them are now in the business of making clothes for local people; they are earning enough to meet basic survival needs. In fact, of the thirty, every one bought her own sewing machine. In March 2006, when we did our fieldwork, the training program was into its second batch - 15 women. Of special note, Rasheda, a trainee of the first batch, launched a sewing school at her home in South Goddimari village.

The Upazela Nirbahi Officer and the Youth Development Officer, Hatibandha, as well as the local Union Parishad chairman visited training classes. They pledged to donate four sewing machines to the Federation, requesting it to spread the program to other Unions as well. The Federation leaders, in a note of thanks, shared some of their ideas on how to generate more employment opportunities.

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34 For this vignette, we used the Bangla text that Motiur Rahman, Manager, Social Organization, Hatibandha Upazela, produced in a case-writing exercise on Federation effectiveness, during the zonal meeting in Kurigram, 7 March 2006.
Women executive committee members

The Federations as a development forum for the poor have expressed this quality by increasingly electing women to their executive committees. The bye-laws written by RDRS require them to have a minimum of three women in the committee, one of them vice-chairperson.

Women started to take executive committee seats above the statutory minimum many years back, and already in 1997 a quarter of the Federation exceeded the minimum. In most Federations, the latest elections took place in 2002 (a few held elections as late as 2005), with new leadership in 70 percent of all Federations (RDRS 2004: 12); as a result over half returned more than three women to their committees. The power of the chair is still considerable; and only 14 Federations currently have a woman chairing the executive committee. The female vice-chairman position is widely seen as decorative.

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<th>Federations</th>
<th>Percent</th>
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<tr>
<td>Below statute (0-2)</td>
<td>23</td>
</tr>
<tr>
<td>Statutory minimum (3)</td>
<td>101</td>
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<tr>
<td>Slightly above (4-5)</td>
<td>79</td>
</tr>
<tr>
<td>Clear majority (6-9)</td>
<td>57</td>
</tr>
<tr>
<td>Total</td>
<td>260</td>
</tr>
</tbody>
</table>

The number of women serving in a committee in summer 2005 was strongly associated with the tradition of electing women early in the Federation history and with structural factors of interest³⁷. Three have to do with women directly:

- As one would expect, the female presence responds very strongly to the fraction of women in the 2003 membership.
- Federations that had more women in the committee in 1997 tended to have more in 2005. Since the women’s strength in the membership is already controlled for, this represents the effect of tradition. We already saw this effect operate strongly on the women’s overall membership.
- Federations in Unions with higher female literacy in 2001 tended to elect more women. The plausible reason is in the size of the candidate pool with educational skills that the voters consider adequate for the task of an executive committee member.

Other desirable traits of Federations – greater wealth, larger membership – counteract the female presence in the committees:

- The larger the Federation capital (by RDRS definition) was in 2003, the fewer women tended to be in the committee in 2005.
- A similar effect is observed of the size of the 2003 membership.

³⁵ Note that this requirement was lifted for the Federations registered with the Social Welfare Department. We will come back to this regressive development later.
³⁶ Believed to be temporary in most such cases, due to death, illness or mobility.
³⁷ A statistical model is given on page 167.
These negative effects point to a latent structural contradiction. Together with the sobering fact that only 14 Federations had a woman chairperson, they suggest possible inherent growth limits. In themselves, the negative effects are probably endogenous; in other words, there must be some common factor pre-2003 that expressed itself both in the 2003 Federation characteristics and in the 2005 committee composition. One possibility is that Federations with a stronger record in income-generating projects attracted more male groups and from among them produced more candidates for the executive committees. The other is that Federations with a tradition of women in the committee exceeding the minimum of three attracted less support for income-generating projects. We do not know which was at work, and how. Incidentally, the level of social activism measured in 2003 and the membership density (the ratio of members to Union households) had no effect.

In a similar way, we will find a negative association between the women’s position in the Federations and one of the next steps charted out on the social development road. We find this effect in models that look at the effect of the female membership share on the probability that a Federation was registered as a local NGO of its own legal identity.

**Registration with Social Welfare**

In 2002, the first six Federations obtained registration as independent local NGOs with the government Department of Social Welfare. RDRS initiated this process. Whether it did so at the suggestion of its core funding partners is debated. The objective to have 200 Federations registered by June 2006 was written into the Federation support project agreement with the European Union (Jakobsen 2002: 15). By the end of 2005, 140 Federations had obtained registration (this figure includes the 6 registered in 2002, prior to this project). For most of them, this covered operations in their respective Unions; one Federation, in Panchagarh, secured permission to operate in the entire district. Some time in 2005, the government halted the registration of local NGOs (under Social Welfare; some other possibilities remain open).

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38 Not least the fact that the elections were held in most Federations in 2002, and the dependent variables were measured in mid-2003.
39 The coordinator, Social Organization Unit, held that RDRS was led down this road by its partners. Jensen (2006), for DanChurchAid, maintained that the consortium supported an RDRS initiative.
Table 10: Federations registered with the Social Welfare Department, by RDRS Units, end of 2005

<table>
<thead>
<tr>
<th>RDRS Unit</th>
<th>Federations</th>
<th>Registered with Social Welfare Dept. end of 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panchagarh</td>
<td>43</td>
<td>21</td>
</tr>
<tr>
<td>Pirganj</td>
<td>22</td>
<td>13</td>
</tr>
<tr>
<td>Thakurgaon</td>
<td>35</td>
<td>11</td>
</tr>
<tr>
<td>Nilphamari</td>
<td>40</td>
<td>14</td>
</tr>
<tr>
<td>Lalmonirhat</td>
<td>41</td>
<td>31</td>
</tr>
<tr>
<td>Kurigram</td>
<td>28</td>
<td>23</td>
</tr>
<tr>
<td>Nageswari</td>
<td>30</td>
<td>20</td>
</tr>
<tr>
<td>CDP</td>
<td>21</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>260</strong></td>
<td><strong>140</strong></td>
</tr>
</tbody>
</table>

In view of how NGOs function in the aid market in Bangladesh, the fact that RDRS encouraged this process contradicts conventional wisdom. Certainly, by becoming independent legal entities, the Federations will find it easier to resist RDRS demands. The Social Welfare Department required the Federations to register under names that, in most cases, no longer include the term “Federation”; thus RDRS is losing part of the brand value that this designation carried among donor representatives familiar with the Northwest.

The initial rationale for registration was given in rather vague terms of sustainability, to relax “limitations in their institutional responsibility and also wider involvement in development and advocacy” (ibid.). Registration as a prerequisite to access funding sources outside RDRS was not an explicit motivation in the application to the EU. Inside the Federations, motives were of a different order. Leaders, particularly of some of the larger and wealthier Federations, were outspoken in their desires to develop their own NGOs. They gave reasons. For example, some Federation-led mediation rulings and efforts to move intractable cases to courts were challenged by Union Council chairmen, the police and others as coming from groups without legal status; leaders hoped registration would improve their clout in this regard. In this line of logic, the blooming of a Federation in the mantle of an independent NGO, with greater member benefits and stronger community standing, seems compatible with social development aspirations.

Informally, another layer of fears and motivations lingers. Registered Federations follow bye-laws that the Social Welfare Department created, with some district-specific features. Differently from the old bye-laws (written by the RDRS Social Empowerment directorate), government regulations do not require executive committee members to step down after two terms in office. They allow them to run again in committee elections. It appears that this was an incentive particularly for chairmen, secretaries and cashiers to seek registration of their Federations. The bye-laws of registered Federations differ in yet other respects; as mentioned earlier, they no longer admit gender quotas in decision bodies. Membership is individual; the old practice that members belong qua membership in a neighborhood group represented at the monthly meetings continues but without legal backing.

In addition to extending tenure, another motive is that many Federation leaders have concluded that under RDRS they will never become salaried employees. As leaders of local NGOs contracting with donors and other intermediaries, they may find new income opportunities.
Interference by Social Welfare Department personnel is also apprehended. Several chairmen mentioned that they paid bribes to obtain registration, or to obtain it faster. Since the Department can inspect registered entities, they anticipate that they “will have to entertain the officers” (some of whom might otherwise create audit problems).

Wealthier and socially more active Federations were more readily registered as legally independent local NGOs. The benefits seem more attractive to men than to women, who face possible loss of committee seats under new rules. Statistically, some of the motivations show through in the set of factors that predict whether a Federation would be registered or not by end of 2005. As a result of RDRS selections and the Federations’ own eagerness to follow through, typically the registered Federations were wealthier and institutionally better developed, but also more active in social development⁴⁰.

Once those factors are taken into account, it turns out that Federations with a larger proportion of women members were less likely to obtain registration. This may be an indication that the men were more strongly motivated by the registration promises. One may suspect that, as in many poverty contexts, men are more anxious to multiply arrangements and contacts that will ultimately pay dividends in new arenas, whereas women may be more concerned with autonomy in local social networks in which their family roles bind most of them. However, the statistics do not say this much; only speculation connects these dots with some of the anecdotal statements of Federation leaders, most of them men. We do not know the ordinary members’ view of the registration pros and cons. But we do know that several of the women chairmen went out of their way to push ahead with registration.

The freshly registered Federations went briskly to work stretching out feelers and placing applications for project funding with a variety of organizations. Again, RDRS helped them in this although some of the leaders seem to have learned the trappings of modern NGO bureaucracy beforehand, judging from all the individualized new letterheads that sprung up from helpful computer shops in the local bazaars. The coordinator of the Social Organization Unit is fond of relating how he received a call from a known Federation chairman filing a funding request with an office in Dhaka, proudly reporting: “I am in line here with dozens of others; if all goes well, they will have entered our application in two hours from now.”

The chairman was referring to the “Bangladesh NGO Foundation”, which the government has set up to expand support to local NGOs throughout the country. Project grants are awarded competitively. From RDRS’s side, 33 registered Federations entered proposals, of which the foundation approved 15. Grants were uniformly Taka 200,000; several Federations have since received a first payment of Taka 100,000. Applications were submitted also to a variety of other potential donors; of note among them is the large CARE Bangladesh “Shouhardo” project (funded for five years through a $ 85 million USAID grant), which underwrites community-driven projects through NGOs and CBOs (the Federations were put into the latter category; and CARE has subsequently put the CBO selection process on hold). This project adds an interesting

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⁴⁰ “Social development activism” as measured through a six item scale. The statistical model is given on page 174. Since the registration process took wings in 2003, we use 2003 values in the explanatory variables.
ramification in the sense that it attempts to vitalize Union Councils for pro-poor work and may thus add pressure to clarify roles between Councils and Federations.

However, the other grants that the registered Federations have so far received are mostly very small and from diverse sources.

Table 11: Funding proposals and grants, registered Federations, 2004-05

<table>
<thead>
<tr>
<th>RDRS Unit</th>
<th>Federations registered</th>
<th>Among registered, submitted at least one funding proposal</th>
<th>Among applicants, received at least one grant</th>
<th>Sum of grants received by successful Fed's (Taka, median)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panchagarh</td>
<td>49%</td>
<td>76%</td>
<td>6%</td>
<td>70,187</td>
</tr>
<tr>
<td>Pirganj</td>
<td>59%</td>
<td>100%</td>
<td>46%</td>
<td>6,750</td>
</tr>
<tr>
<td>Thakurgaon</td>
<td>31%</td>
<td>73%</td>
<td>30%</td>
<td>20,000</td>
</tr>
<tr>
<td>Nilphamari</td>
<td>35%</td>
<td>100%</td>
<td>33%</td>
<td>5,000</td>
</tr>
<tr>
<td>Lalmonirhat</td>
<td>76%</td>
<td>74%</td>
<td>20%</td>
<td>5,000</td>
</tr>
<tr>
<td>Kurigram</td>
<td>82%</td>
<td>78%</td>
<td>61%</td>
<td>100,000</td>
</tr>
<tr>
<td>Nageswari</td>
<td>67%</td>
<td>85%</td>
<td>29%</td>
<td>3,000</td>
</tr>
<tr>
<td>CDP</td>
<td>33%</td>
<td>29%</td>
<td>0%</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>54%</td>
<td>79%</td>
<td>31%</td>
<td>15,000</td>
</tr>
</tbody>
</table>

Most of the large grants paid out so far have gone to Federations in Kurigram District. This may very well reflect a policy preference of the “Bangladesh NGO Foundation”. However, even when this locational factor is considered, our statistical model shows that the wealth of the Federations as well as its social development activism both have a positive effect on the amount of grants received from outside RDRS. At this stage of the process (after registration, considering amounts of grants only), the strength of the female membership no longer has any effect.

The leaders of the registered Federations are yet to absorb the probability that when they move in the aid market, they will be subject to donor policies in substantive, timing and geographical regards, and may no longer benefit from the equalizing forces built into the RDRS Federation support. There is considerable clustering in grant seeking success. Areas outside these clusters may see a mass of “poor cousins” for whom compensatory measures will be needed.

The experience of registered Federations so far has been brief, too brief to draw conclusions. It is an oversell when RDRS reports that registration improved the payment of membership subscriptions (Jensen and Karim 2006: 11). In the mid-2005 data, such a pattern is not seen, and any later effect will likely be explained away by the pre-registration payment levels. While it is too early to assess the costs and benefits of registration, RDRS has jumped over its own NGO shadow by letting the Federations depart for an uncertain local NGO evolution. Some of them have shown considerable agency in moving the process and in leveraging the newly found status.
Summary

If social development is the realm in which Federations have performed best, it is also the one in which cause and effect are the most difficult to prove. Part of this challenge stems from the great heterogeneity of activities that one is inclined to sort into the social development pigeon hole. Activities that we would, for example, credit to the solidarity among the poor (because, say, Federations helped non-members) happen in great diversity, with rare known instances in each type.

The usual indicators of social development such as group-specific mortality rates are absent from the semantics that Federation members use to describe social development. Recurring themes in their language are the unity of the poor, the Federation as a place where bribes are neither given or taken, and the skills and courage for poor people to speak out publicly and in front of people of means and power.

Federation members, like other organized poor people in Bangladesh, have been the addressees of “development messages” meant to foster behavioral changes that will advance social development. However, very little is known about how leaders, ordinary members and non-members close to Federations have assimilated these messages into their cognitive systems and use them to negotiate their internal processes when NGO staff are not present. The fact that the word “advocacy” is securely lodged in the leaders’ lingo does not mean that advocacy programs are effective. A more cogent evidence-based evaluation of social development programs, including the Federations’, is still needed.
Federations as Economic Actors

Federations as income-earning firms have been viewed by RDRS as pursuing two objectives. Their various income-generating schemes were to meet an increasing portion of their operational needs while at the same time providing income for some of the members. In the triple personae of local development association, cooperative and interest association of the poor, the business ambitions were part of the cooperative character. In reality, the pooling of local resources, a defining trait of cooperatives, mattered chiefly for tree plantation projects. Other businesses were started largely on the strength of loans and grants from RDRS; and even in trees, of which Federations used to own a lot, the indirect subsidy by way of RDRS supervision was considerable.

Over the years, the RDRS policy in supporting income-generating ventures of the Federations evolved dramatically, from liberal credit policies that landed many of them in default, dissension and economic paralysis to debarring Federations from most loan products in 2003. Similarly, observers have noted imbalances between RDRS’s very limited capacity to study the feasibility of projects that Federations proposed and the imposition, in the scramble after project targets, of some that they did not want. In the large Federation support program, funded by the European Union, support for income earning projects is simply absent from the catalogue of objectives.

We know little of the vision that Federation members themselves attach to economic projects. Employment for poor people, including, in some places, emergency employment for non-members (particularly women) in distress, may be the most common aspiration. Some Federations, and also field staff working with them, would be satisfied with small demonstration projects, as proof that they have the ability in the eyes of their communities to provide economic help to at least a handful of needy persons.

The business side of the Federations has always been faced with a duality of objectives: to pay for part of their operational needs and to provide income for members, and sometimes even for needy non-members.
Institutional capacity building concerns are echoed in rare hypothetical statements of the kind “If we had more income generating projects, we could run a school for poor children” and the like, but we do not know how strong the incentives are to generate business profits for social purposes. In the aid environment, a more promising strategy for a Federation to become involved in a social project may well be to build a reputation for reliable implementation of grants-based projects, rather than earn revenue from commercial enterprise. And, in fact, given the magnitude of resources that RDRS and others have donated to Federations, there is no surprise that economic projects are not prominent in their assets nor in their incomes. This bears one exception, tree plantations, which need special consideration.

**Assets and liabilities**

In summer 2003, the Federations were audited for the first time by an external firm. Previously, audits had been sporadic and had been performed by members of RDRS’s internal audit unit. The period July through June was adopted as the audit year, on the grounds that the Federation support project would come to an end in June 2006, concurrently with the fourth audit year\(^{41}\). For the first two years, the external auditors used different accounting frames from Federation to Federation; as a result, the reports were not comparable between Federations. However, Bangla language copies were distributed to all Federations and were prominently displayed on notice boards in most Federation centers, as one of the tools to make Federation accounts transparent to the membership.

\(^{41}\) The RDRS financial year is the calendar year.
For the first time in the 2004-05 reports, the external firm used a uniform accounting frame across all Federations. The extent to which it was discussed with RDRS, and specifically with the monitoring staff of the Federation support unit in Rangpur, before fielding auditors to each Federation, remains unclear. The compilation of the 260 reports into a unified database was later done by the support unit; the frequent calculation errors, differences in classification and spreadsheet formulas used by the auditors were corrected to the extent of detection.

With this caveat, the audit established that in mid-2005 the Federations had property and assets worth Taka 11.8 crore (US$ 1.7 million), or on average Taka 4.5 lakh ($ 6,500) per Federation. Most of this value was tied to the Federation infrastructure that RDRS had underwritten and built through contractors, notably the Federation centers and grain stores. The auditors reckoned their value as the construction cost minus some depreciation. The land owned by the Federations was valued to make up roughly 11 percent of the total worth, the buildings made up 68 percent, the furniture another 2 percent. Machinery was valued as 2 percent of the total worth.

Stating the large portion of the asset value taken up by donated buildings is a necessary precondition to understanding the capital and liability side of the balance sheet in this special audit situation. Before we go there, we need to point out a substantial asset missing from the audited balance.

In July 2005, 221 of the 260 Federations owned 1.03 million trees, grown in 3,500 km worth of roadside, and 4,800 decimals’ worth of block, plantations. Their value does not figure in the balance sheet; their inclusion, even at a low rate per tree, would dramatically change the picture.

The history of Federation audits has been such that observers are left with a fragmented image of what their assets are worth, and who owns them. In 2005, the average Federation had property and assets worth US$ 6,500. This figure would have been considerably higher had the one million trees owned by Federations been valued.

Most assets are from donated equity, with little rapport to manifest business vitality. The Federation Support Unit found it necessary to rely on its own measure of Federation capital – cash plus investment in current income-earning projects (again, without trees). On this score, the average was $ 360, or less than one dollar per member.

42 And only after a considerable amount of persuasion directed at both auditors and RDRS accountants.  
43 For buildings a rate of 6 percent was applied, but we do not know how the value was assessed at the beginning of the period covered by the two external audits, 1st July 2003. By July 2005, 73 percent of the Federations had a brick-building (“pukka”) center, and 31 percent had a grain store.
Table 12: Combined balance sheet for 260 Federations

As of 30 June 2005

<table>
<thead>
<tr>
<th>Capital and Liabilities</th>
<th>B'desh Taka (Lakh)</th>
<th>US$ (rounded to ,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors and sundry liabilities</td>
<td>5.2</td>
<td>7,000</td>
</tr>
<tr>
<td>Shares, loans for joint business</td>
<td>20.6</td>
<td>29,000</td>
</tr>
<tr>
<td>Member savings</td>
<td>0.8</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Total short-term</strong></td>
<td><strong>26.5</strong></td>
<td><strong>38,000</strong></td>
</tr>
<tr>
<td>Long-term: Loans from RDRS</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>116.7</strong></td>
<td><strong>167,000</strong></td>
</tr>
<tr>
<td>Member equity</td>
<td>44</td>
<td>1,066.1</td>
</tr>
<tr>
<td><strong>Total capital and liabilities</strong></td>
<td><strong>1,182.8</strong></td>
<td><strong>1,690,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Property and assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>31.7</td>
<td>45,000</td>
</tr>
<tr>
<td>Debtors</td>
<td>2.6</td>
<td>4,000</td>
</tr>
<tr>
<td>Investment in groups</td>
<td>102.4</td>
<td>146,000</td>
</tr>
<tr>
<td>Investment in IGAs</td>
<td>33.1</td>
<td>47,000</td>
</tr>
<tr>
<td>Savings with RDRS</td>
<td>9.1</td>
<td>13,000</td>
</tr>
<tr>
<td><strong>Total current</strong></td>
<td><strong>178.9</strong></td>
<td><strong>256,000</strong></td>
</tr>
<tr>
<td>Net fixed</td>
<td>993.1</td>
<td>1,419,000</td>
</tr>
<tr>
<td>Other long-term</td>
<td>10.8</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>Total long-term</strong></td>
<td><strong>1,003.9</strong></td>
<td><strong>1,434,000</strong></td>
</tr>
<tr>
<td><strong>Total property and assets</strong></td>
<td><strong>1,182.8</strong></td>
<td><strong>1,690,000</strong></td>
</tr>
</tbody>
</table>

US$ 1 = Taka 70

Compared with the US$ 1.43 million in long-term assets, the short-term positions are minor or misleading. What is shown as “investment in [member] groups” consists, in significant though unknown portion, of uncollectible loans that, under previous executive committees and RDRS support policies, were passed on to member groups. Most of these borrower groups have since turned passive as a result of repayment disputes. In view of such problems, and for its own monitoring needs that predated external audits, the RDRS support unit has been operating with a modest proxy for the short-term financial position of each Federation. This is the sum of cash and investments in income-generating activities. Its total stood at $ 92,000 in mid-2005, or $ 360 per Federation.

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44 Member subscriptions not tied to specific short-term projects, undistributed earnings, and donated equity.

45 Including land, buildings, furniture, machinery, office equipment, disaster equipment, social care centers' equipments, library books, music instruments, as well as some unspecified as “other assets”.

46 Including shares bought in, and contributions made towards, projects of other organizations.

47 Under the “survival credit” policy of the nineties, Federations receiving such loans had to pass on at least half of them to their member groups.
On the financing side of the balance sheet, we are showing the lion’s share as member equity (The external auditors term the position “Capital”). However, the largest part of this is donated equity. As a result of long years of an accounting system that focused on cash, loans and savings, the “capital” position essentially is a balancing convenience, which can no longer be parsed into its share capital, undistributed profits, donated equity and other legitimate components. In fact, most share capital has been raised for specific projects, often by a minority of member groups concerned with them, and is shown as “Loans and shares for joint business” (including those for tree plantations!). The auditors identified a total of $ 29,000 in this category, less than a quarter of the $ 129,000 still owed RDRS in income-generating project loans.

In sum, the audited balance sheets are uninformative, except to drive home the point that donated buildings dominate the Federations’ book value. A large asset, tree plantations, is not reflected. Members’ genuine equity, the most important key indicator for any voluntary association with co-operative connotations, remains unreconstructable. In response to this shortcoming, the internal monitoring has favored the amount of land owned by the Federations as an equity proxy. Most of the land was acquired with funds that the members raised for the purpose, and as a precondition for RDRS to construct a brick building48. As mentioned, the value given the land in the 2005 audit amounts to 11 percent of total property and assets.

Figure 16: Value of property and assets, by Federation infrastructure

The value that the auditors calculated for these totals spanned more than two orders of magnitudes among the Federations, from Taka 5,900 ($ 80) to Taka 1.3 million ($ 19,000)

48 In the mid-nineties, a number of Federations diverted RDRS “seed money” loans to land purchases in order to expedite eligibility for center construction. In recent years, Federations desirous for a brick-building center had to front up Taka 30,000 before RDRS would begin construction, and Taka 20,000 more over the following two years.
approximately. As discussed, and as starkly visible in this combined graph, much of the variation is explained by the centers and grain stores donated by RDRS.

**Profitability**

The hybrid nature of the Federations – part interest and local development association, part cooperative-like firm – finds its financial counterpart in the distinction of business and non-business transactions and subsequently categories of profit and loss. We created these profit and loss figures on the basis of information that the external auditors placed in the income and expenditure account; they themselves did not attempt any profit and loss statements.\(^49\)

**Table 13: Profit and loss, 260 Federations, 1st July 2004 - 30 June 2005**

<table>
<thead>
<tr>
<th>B'desh Taka (Lakh)</th>
<th>US$ (rounded to ,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business income</td>
<td>76.8</td>
</tr>
<tr>
<td>Business operating cost</td>
<td>(19.8)</td>
</tr>
<tr>
<td><strong>Gross profit (loss)</strong></td>
<td>57.0</td>
</tr>
<tr>
<td>Non-business operating cost</td>
<td>(43.8)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(40.4)</td>
</tr>
<tr>
<td>Total operating cost</td>
<td>(84.1)</td>
</tr>
<tr>
<td><strong>Operating profit (loss)</strong></td>
<td>(27.1)</td>
</tr>
<tr>
<td>Recurring non-business income</td>
<td>16.5</td>
</tr>
<tr>
<td><strong>Profit (loss) from continuing operations</strong></td>
<td>(10.6)</td>
</tr>
<tr>
<td>RDRS loan remissions(^50)</td>
<td>116.9</td>
</tr>
<tr>
<td>Other unusual items (donations, etc.)(^51)</td>
<td>131.2</td>
</tr>
<tr>
<td><strong>Net profit (loss)</strong></td>
<td>237.5</td>
</tr>
</tbody>
</table>

US$ 1 = Taka 70

**Federation businesses**

All but 20 of the 260 Federations posted some income or expense in the 2004-2005 audit year that, from the audit reports, may be classified as business-related. However, only 147 Federations showed any business operating cost during that period.

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\(^49\) The profit and loss hierarchy used here was suggested by Barry Lynam, Finance Coordinator, Lutheran World Federation, Geneva, formerly with RDRS.

\(^50\) Contained in the auditors’ income account and balance sheet.

\(^51\) Its constituent elements are drawn from the auditors’ income and expenditure account. Its amount is automatically reflected in the position “Excess of income over expenditure”, which is then transferred to the balance sheet as “Profit during the year”. For details, see later in this chapter.
This indicates a classification problem. In some cases, Federations may have posted proceeds from sales (chiefly of trees) while the related expenses were charged in the previous year. In other cases, a Federation may have pursued an income-generating project in the form of a so-called “partnership project” in which RDRS supplies seeds and fertilizer on an in-kind loan basis. But then wages for workers would have been posted. Only 72 Federations did so.

The large number of Federations with presumed business activity, but no expenses shown in the audit year, limits the scope of analysis considerably.

At face value of the audit information, 194 Federations made a gross profit in that year, 46 incurred a loss, and 20 did not have active business transactions. Most of the results were barely significant; 90 percent of the Federations with active businesses had a gross result between a loss of Taka 5,500 ($ 79) and a profit of Taka 139,000 ($1,990), with the typical (median) Federation reporting a gross profit of Taka 3,500 ($ 49).

No surprise, then, that only 44 Federations paid their members any dividend in that period. However, among the dividend paying ones, three made gross profits of over half a million Taka. On top of the pack, Hafizabad Federation, in Panchagarh Saddar Upazela, made a profit of Taka 587,000 ($ 8,400) on forestry proceeds of Taka 815,000 ($ 11,600).

Figure 17: Gross profit 2004-05, geographical distribution (Taka)

The business results cluster geographically to a degree, but what the map below suggests is only that there must be greater variability in the western part of the RDRS working area. This may well have something to do with the maturity structure of tree plantations.
In fact, when we select a statistical model that considers the fact that tree plantations are not harvested every year, we find that these profits are clustered within Upazelas and respond to the magnitude of the trees owned by the Federations. Moreover, Federations with larger active membership tended to make bigger profits although the association narrowly fails to reach statistical significance. By contrast, the women’s share of members, social activism, and the presence of a brick-building Federation center did not have any significant effect on gross profits.

What these businesses were, besides tree plantations, has not been the object of any of the standardized statistics kept by the Federation support unit. This may be so because of their large diversity and often transient nature. The monitors do keep tabs on the number of different income-generating projects and on the estimated value of the investment. In mid-2005, only 77 Federations had any projects besides trees, and the highest number operated by any particular Federation was four projects. The typical investment in Federations with any projects was estimated at a mere Taka 9,000 ($140). But non-tree projects ranged from the very solid and permanent such as the weaving center of Thetroy Federation in Ulipur to transient seed production projects and thence to the exotic. The Jhunagachh Chapani Federation in Dimla made a handsome Taka 70,000 ($1,000) in the audit year, renting out its folk singer group to the large NGO BRAC.

**Tree plantations and dividends**

The strong involvement of Federations in roadside tree plantations is a historic outgrowth of a major RDRS success in reforesting the Rangpur Dinajpur region in the two decades prior to the Federation movement. The program spearheading this success, the Environment and Disaster Preparedness Program centered in Kurigram, and, in a subsidiary role, the previous agriculture programs (now part of the Livelihoods Program), were the ones lending the technical support to the expanding Federation forestry.

The Social Organization Unit essentially worked out the blueprints for public land leases and smoothed collaboration for the harvesting and sale of trees. This was no small challenge as the Unit found out in recent years. Leases were routinely taken from Union Parishads (and rarely from private parties), but the law of the land makes District Councils the real owners of roadside land, and these have asserted their title more vigorously. Cutting and selling trees involves a bureaucratic marathon race, involving Union, district forestry, and police authorities; at every step, a weak Federation can be pressurized into illicit concessions, and these pressures seem to have mounted in recent years. In response, the support unit conducted workshops in most RDRS working districts in 2004 to clarify and smooth out harvest-related administrative procedures, and a similar series of workshops in a larger number of Upazelas in 2005.

Traditionally, both the Social Organization Unit and the Environment and Disaster Preparedness Program worked together in the monitoring of tree plantation projects, which included a

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52 The statistical model is given on page 176. We estimate it for the 143 Federations for which some business cost was claimed during the audit year. The profit/loss claims for those without any business-related expenses seem less credible.
quarterly survey of surviving trees. Federation-wise statistics have been kept since 2002; they seem more consistent for roadside than for block plantations. This can easily be seen from the fact that the initial planting rate is 1,000 by km roadside, and 10 trees by decimal block plantation.

Table 14: Trees owned by Federations, 2002 - 2005

<table>
<thead>
<tr>
<th>Quarter/Year</th>
<th>Roadside tree plantations</th>
<th>Block plantations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>km</td>
<td>Trees</td>
</tr>
<tr>
<td>2nd Q 2002</td>
<td>4,134</td>
<td>1,550,602</td>
</tr>
<tr>
<td>2nd Q 2003</td>
<td>3,433</td>
<td>1,173,309</td>
</tr>
<tr>
<td>2nd Q 2004</td>
<td>3,675</td>
<td>1,056,412</td>
</tr>
<tr>
<td>2nd Q 2005</td>
<td>3,505</td>
<td>982,984</td>
</tr>
</tbody>
</table>

With nearly 14 km worth of roadside plantations per Federation, the statistic for 2005 is impressive. Yet the trend of decreasing stock and productivity is obvious, and is confirmed by field managers. Large-scale theft of standing trees in recent years has gone unchecked; Federations have been reacting by cutting and selling at the earliest possible point in time. Replanting is low; RDRS seems to be giving little support for this, for lack of a project that would pay for dedicated staff (an earlier WFP-supported project came to an end some years ago). Anecdotally, more instances are reported of Union Counselors demanding illicit payments for the permission to harvest trees; in one Union, a showdown between the Federation and the Parishad chairman ended (for now) in a Federation victory. In the audit reports, the relationship between sales proceeds and “expenses for tree sales” is erratic.

However, one should not forget that turnover in forestry is natural, and a measure of replanting must have taken place. Over a quarter of the Federations (69) owned more trees in mid-2005 than they had two years earlier, and 35 of those had not owned trees in mid-2003 at all, thus came back into this business afresh. But in 162 Federations, the tree stock did decrease during that period of time\(^5\). The rate of change varied regionally and did so extremely strongly.

\(^5\) A comparison with the 2002 baseline would certainly yield more dramatic results, but it is for the 2\(^{nd}\) quarter 2003 that we have the best covariate data, and thus, in line with other statistical models created for this study, we use the latter year as the baseline in this comparison. In order to handle zero tree holdings, we model the relative change as \(\log_{10}(\text{trees}_{2005} + 1) – \log_{10}(\text{trees}_{2003} +1)\).
In most cases, we simply do not know why Federations behaved so differently from area to area. For example, in Domar Upazela (the big red blob in the center of the map), trees had been planted under a previous project that did not bother to enter into agreements with Union or District Councils. It took special negotiations with the District to obtain permission to harvest the trees; little has been replanted there. Growth clusters were also Upazela-specific; Aditmari, Nageswari, Rajarhat in the East, and Panchagarh, Thakurgaon and Jaldhaka in the West stand out. But why?

A statistical model\textsuperscript{54} of the mid-2005 tree holdings confirms the very strong Upazela-wise clustering (and, of course, the dependence on the number of trees that the Federations owned two years before). In addition, we tested for relationships between community standing and overall economic position in 2003 with the forestry outcomes two years later. Several are significant:

- The number of disputes heard in the same two-year period is positively associated with the relative change in tree holdings. This effect is most likely endogenous, in the sense that among more active Federations some may have scaled up both forestry and mediation activism\textsuperscript{55}.

\textsuperscript{54} The statistical model is presented on page 177.
\textsuperscript{55} This can also be seen when we introduce the magnitude of the membership change in the same period as a control. The number of disputes heard no longer has a statistically significant effect. But these relationships do point to a significant unobserved underlying activism factor.
Federations that counted a larger share of the Union population as members in 2003 were less involved in preserving and expanding their tree holdings. This may point to difficulties of managing economic projects that involve only part of the membership (primarily groups living close to the leased roadides, and those able to raise shares); these difficulties may grow proportionately with Federation size.

The effect of the Federation’s capital position in 2003 (using an RDRS, not the auditors’, capital construct) is similarly non-linear as for the dispute cases heard. The effect on forestry takes off strongly for the wealthier Federations.

However, the finding that may warrant the most scrutiny and discussion concerns the women:

The larger the women’s portion in the membership, the greater the relative shrinkage in tree holdings. This lets us think (although the inference is analytically not cogent) that women members felt lesser concern to preserve and expand tree holdings, and Federations with larger female constituencies were less able to do so.

This last point is remarkable. If correct, then poor women are nowadays attaching much less significance to tree plantations than in previous eras. Earlier, when RDRS was managing large roadside tree plantations directly, employment of very poor women as tree caretakers was one of the most appreciated components. In Federation tree projects that RDRS is no longer directly supporting, this incentive is absent. Therefore, the speculative interpretation goes, the women constituency does not work particularly strongly for the continuation of forestry projects.

In the context of addressing the poverty of poor rural women and of the Federations with their numerous tree plantations, that finding clearly needs a second look.

During the audit year in point, July 2004 through June 2005, 113 Federation reported proceeds from tree sales. These sales totaled Taka 64.7 lakh ($ 92,500); Taka 13.1 lakh ($ 18,800) had to be offset in maintenance and sales expenses, which included the lease payments to the Union Councils.

Of these 113 Federations, 36 paid their members dividends. Only 8 of the 147 Federation without tree sales paid out any dividends, and some of these may have resulted from sales in the previous year. The dividend volume in the audit year was Taka 17.6 lakh ($25,100), or, on average, Taka 6,800 ($ 97) per Federation. In reality, dividends go to a small number of groups who had underwritten shares for income-generating projects; for illustration, in the last quarter of the audit year, 172 groups (out of the total of 8,335 groups) were the sole recipients of dividends. A year-wise statistic is not available, but it is certain that the circle of dividend cashing groups was small.

**Non-business income and expenditure**

We have seen that from the audit reports a small gross profit can be established over the ensemble of 260 Federations. This amount is not entirely offset by the depreciation that the auditors assumed for property and assets. The stated depreciation, however, is only part of the asset attenuation; the considerable losses of trees to theft and premature cutting are not accounted.
From various expense categories that the auditors created in their accounting frame, Taka 43.8 lakh ($ 63,000) worth of non-business operating cost can be collated. Recurring non-business income (Taka 16.5 lakh, $ 24,000; such as from member subscriptions, mediation fees) did not match that. On the non-business side this shortfall is expected (that is, as long as we accept that members have weak incentives to match it with higher dues) and is of a size a fraction only of the Federation support program budget.

The audit information on non-business income and expenditure appears more consistent than the business-related part, in the sense that there are only two Federation reports from which zero or negative non-business expenses or incomes appear. It is, therefore, tempting to observe how the ability to raise non-business income is related to non-business expenses (a large part of them underwritten by RDRS) as well as to other structural and local factors.

Non-business income from recurrent activities varies widely, but was nowhere more than a modest amount. In the audit year, the Federation with the smallest such income raised Taka 490 ($ 7), the largest was Taka 42,200 ($ 600), and the mean for 258 Federations with positive income was Taka 6,400 ($ 91). To put this in perspective, averaging over the 129,469 members in mid-2005, the Federations raised local income to the tune of Taka 12.7 per member, compared to Taka 103 subsidies per member that they received from RDRS, other NGOs and government in the same period of time. This latter figure only involves subsidies that went through the Federation books, not the cost of the RDRS support unit. In the audit reports, they are called donations.

The amount of subsidy received in the audit year ranged from Taka 200 ($ 3) all the way to Taka 5.6 lakh ($ 8,000). The largest amounts were posted in the 14 Federations which received, during the audit year, a brick-wall center (at a cost of Taka 4 lakh or more), but there is considerable variation among others as well. The subsidies totaled Taka 133 lakh ($ 190,000).

The recurring non-business income that the Federations raised was very strongly affected by the amount of subsidy and by local (Upazela-level) factors. The community standing of a Federation, measured by the seats it won in the 2003 Union Council election, was also positively linked to the ability to raise local incomes. Other factors have effects on incomes in the expected direction, but they are not statistically significant.

The donations – some non-recurring items, some probably paid each year such as for the observance of international days – have by far the strongest effect on recurring non-business income. If we assume constant elasticity, then for every 7 percent the donations are increased, the Federations match with one additional percent of non-business income.

Other things being equal, it takes a 7 percent increase in donations from RDRS and other outsiders in order to prompt a 1 percent increase in locally raised non-business income.

Thus, subsidies have not discouraged financial self-sufficiency in Federations, but they have been inefficient for that purpose.
The Upazela effects are very important, theoretically as well as in the actual situation of these Federations. Theoretically, they express the ability and willingness of neighboring Federations (those in the same Upazela) to raise income from their members and surrounding communities after the effects of the observed individual traits are accounted for. In other words, this is a measure of member identification and self-help capacity specific to each Upazela, the unit in which Federations exchange information, learn together, and are supported by RDRS and some government authorities in similar ways.

The actual distribution of these effects leaps from this map.

Figure 19: Upazela effects on non-business incomes, 2004-05

The dark blue areas stand for Upazelas in which Federations raised incomes to a significantly higher level than expected, controlling for donations, Union Council seats and a number of other factors (these will be mentioned below). Panchagarh, Dimla, Kishoreganj, and Aditmari are in this class. Those with significant Upazela penalty on their non-business income earning are shown dark red; they were more numerous. The Char areas belong here probably because of greater poverty. The causes of this effect in the other dark-red Upazelas are not known, but some have speculated that members in peri-urban situations may be identifying with their Federations less strongly (they have more institutional alternatives). This would fit with Lalmonirhat and Kurigram Upazelas, but not with Panchagarh.
Stronger representation that a Federation enjoys in the Union Council is associated with higher non-business incomes, but this is probably due to the few that had won the highest number of seats, and to their special situations. How work in the Union Council translated into the Federation coffers, the statistics cannot answer, though. This may have to do more with members’ pride in the public standing of their Federation and thus willingness to pay higher dues, rather than with non-business services that councilors from the Federations might cause the Union Parishad to contract for.

These statistical findings may be challenged on the grounds of likely endogeneity. In other words, the Federations with higher non-business incomes were those that RDRS had recognized as high performers already before the audit year, and then rewarded, during the audit year, with higher subsidies. This is a realistic possibility, and we tried to forestall it by including a measure of past preference, that is, whether a Federation already received a brick-wall building before the audit year. Also the number of active members at the beginning of the audit year is included; this, too can be expected to influence RDRS’s perceptions.

Several other structural and performance factors were also measured before the period began for which non-business income was observed. As in other models, we used the RDRS’s own measure of estimated Federation capital in a specification that admits non-linear effects. These capital effects are indeed similarly non-linear as those found in the dispute mediation model, but they narrowly miss the significance mark in this income model. Similarly, the size of tree plantations helps to push non-business incomes, but again the effect is not significant.

Regarding Federation demographics, we included active members, fraction of women members, and ratio of members to Union population. None has a statistically significant effect although their signs are as expected. Federations with higher proportions of women members raise less non-business income, plausibly the result of poor women’s difficulty to pay dues. More active members and greater member density should produce more income, as the coefficients suggest.

For community standing, in addition to the number of Union Parishad members from the Federation, disputes heard in the one-year period prior to the audit year were included. The effect, in contrast to the Union Parishad effect, is close to zero. This is a surprise. One would expect that the kind of appreciation that larger numbers of mediations express would translate into motivations exploitable for other purposes for which the community is willing to pay. The statistical model does not support this idea.

What social factors enable Federations to raise more non-business incomes remains largely unclear, except that there are strong Upazela effects.

This may mean that people contribute more when they perceive that the Federations make a difference, not only in their own Union, but as a larger movement.

56 The statistical model is presented on page 179.
The one overriding finding that sits squarely in this section is the strong association between the Federations’ own non-business incomes and donations from outside. This will need to be thought through in the context of long-term sustainability. What will happen to local incomes when the donations dwindle?

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**Case study: The social economics of a center for the poor**

Kachakata Federation in Nageswari Upazela, Kurigram District, embodies the kind of synthesis between business acumen and social commitment that many would consider an ideal for Federations. Founded in 1993 in a Union frequently ravaged by floods and river erosion, this Federation grew to have 429 members by 2005.

*Figure 20: The Kachakata Federation student coaching center*

Over 150 students are sharing space in the coaching center that the Kachakata Federation operates in its premises. Assuming that a large fraction of the students are from non-member families, this is a significant daily occurrence that links the member organization to the larger community.

What makes Kachakata so attractive is its own ways of combining diverse and creative income generation with a focus on employing poor persons. Moreover, its projects are financed to a

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57 This vignette draws on a case study written by Mobasher Hossain Khondokar, Manager, Social Organization, Nageswari Upazela, and translated by Nurun Nobi Shanto, in March 2005. Shanto and Ekramul Kabir, both with the support unit in Rangpur, visited Kachakata in April 2006. Their notes as well as Federation monitoring data are also used here.
high degree from member subscriptions and recycled earnings. It has also been its own microfinance outfit, gathering savings and giving out loans.

Its brick-building center is regularly rented out for social functions and training events. Similarly, the Federation uses its kitchen and banquet equipment to cater to numerous outside events, for which it offers tenting and decoration services as well. In 2005, the Federation earned Taka 12,500 in this business line. Members and very poor non-members enjoyed large discounts or, in exceptional cases, were served for free. This made it affordable for poor families to host dignified receptions at weddings and other occasions. In 2005, 96 poor families availed this facility.

In the same year, the Federation helped 22 poor women with loans worth Taka 75,000 to run small income earning projects. The repayments were such that the Federation made a profit on those loans. It earned good money also from the sale of trees, using it to reward the tree caretakers, whose standard of living noticeably improved. Most of these projects did not run continuously; the loan program, for example, was suspended in early 2006 in order to use the fund (Taka 28,000) for stocking 1.5 tons of wheat, to be sold when the price goes up.

The Federation’s financial position in 2005 was solid enough to build two tin-roofed huts. In one of them, a cow fattening project was started. Three of these cows were then given out to very poor women. In the other hut, academic coaching began in June, initially for 85 local students. When the Federation was convinced of its success, the first hut was also converted to a classroom, and by April 2006 the number of students had gone up to 174. Thirteen teachers from different schools of the Union were looking after grades one through ten. Student fees varied from Taka 50 to 150 while teachers each drew Taka 500 per month. When all was said and done, including expenses for an office helper, a night watchman, classroom materials and even the occasional cultural activity, the Federation would make a profit of not more than Taka 700 on a monthly average.

The Federation center was used as a training venue by the Union Council, RDRS and other NGOs such as BRAC and AID Comilla. In 2005, the Federation drew Taka 10,000 in rental income.

All in all, these projects have been keeping 12 poor persons in more or less continuous employment (in addition to the self-employed borrowers). They are the result of small sums saved, collected and smartly invested by poor people. Even if they keep workers employed, the individual projects are not continuous; they ebb and flow with opportunities, and are swiftly liquidated for other, more promising lines. Profits are modest also because members and some non-members receive discounts. More members expect loans, and successful borrowers expect larger ones. There are obvious economic conflicts built in that have to be managed by social consensus mechanisms, of which we know little. For example, while the monthly general meetings are assemblies of poor people, the day-to-day presence in the center of a dozen teachers may over time create the public perception of a middle-class institution, and the weight of the coaching operation may throw up its own dynamic.

The community has noted those endeavors with approval, is using the services and facilities eagerly, and has recognized the Federation with a measure of influence in other arenas. But its standing in the Kachakata community is still modest and far from growing continuously. Back in 1997, this was one of the Federations that sent a resounding number of victorious candidates to the Union Council – it took six out of 13 seats. In the 2003 elections, the Federation did not raise any candidates; it had concluded that Council politics threatened its unity too dangerously. The
Federation did start mediation services, but the number of cases brought before it during our two-year observation period was modest, and of these 10 cases it was able to resolve three only.

In 2004, the Federation obtained registration with the Social Welfare Department. As a result, it had to change its name to “Kachakata Polli Unnoyan Sangstha” (Rural Development Association) and to do away with the three executive committee seats reserved for women. By 2006, two women sat on the committee, neither of them in the powerful positions of chairperson, vice-chairperson, secretary or cashier.

RDRS, over the course of the years, changed its evaluation of Kachakata Federation several times. Considered dysfunctional prior to the 1997 election victory, the Federation worked its grades up to A by 2001, then went through a dip during the next two years – RDRS gave it a B – to be reinstated in A grade in 2004. In a participatory assessment exercise in 2005 to which all Federations were invited, Kachakata rated itself as the equivalent of an A. Its business and employment generation savvy earned it rightly.

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**Debt remission and other unusual items**

When depreciation of assets and recurring non-business items are considered, the Federations ran a combined loss from continuing operations in the audit year 2004-05 to the tune of Taka 10.6 lakh, or roughly $ 15,000. This figure pales in front of a net profit of Taka 237.5 lakh, or $ 339,000.

Between these two profit and loss figures stand the extraordinary items that the auditors recognized. During the audit year, RDRS wrote off more than half of the debt it held in the Federations. Loan remissions totaling Taka 116.9 ($ 167,000) compared to a balance, at the end of the audit year, of obligations (debt minus savings) of Taka 81.1 lakh ($ 116,000). The write-offs were opportunistic, i.e. most of the unserviceable loans had not seen any repayments for years. If structure were detectable (other than the fact that loans under a particular recent project were not written off), it would be difficult to interpret.

Other unusual items contributing to net profit or loss even exceeded loan remissions. We placed the following in this category:

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58 RDRS grades Federations A, B, and C (in 1997 also D). The system is described on page 114.
Table 15: Profit and loss 2004-05, other unusual items

<table>
<thead>
<tr>
<th>Donations</th>
<th>B'desh Taka (Lakh)</th>
<th>US$ (rounded to ,100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>From RDRS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mostly property and asset development</td>
<td>105.0</td>
<td>150,100</td>
</tr>
<tr>
<td>Mostly ongoing program subsidies</td>
<td>26.2</td>
<td>131.2</td>
</tr>
<tr>
<td>From other NGOs</td>
<td>1.3</td>
<td>1,900</td>
</tr>
<tr>
<td>From government</td>
<td>0.4</td>
<td>500</td>
</tr>
<tr>
<td>Sale of fixed assets</td>
<td>0.5</td>
<td>800</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>6.6</td>
<td>9,400</td>
</tr>
<tr>
<td>Registration with Social Welfare</td>
<td>(8.7)</td>
<td>(12,500)</td>
</tr>
<tr>
<td></td>
<td>131.2</td>
<td>187,500</td>
</tr>
</tbody>
</table>

US$ 1 = Taka 70

Debt remissions and the other unusual items added Taka 248 lakh (approx. $354,000) to the donated equity part of the Federation’s capital. The debt write-offs essentially were book transactions only (in terms of accounting; the fact that they had been delayed for many years had very real consequences for the functioning of numerous executive committees expected to collect from previous office holders and defunct groups). Other unusual items capture real-world transactions. The bulk consists of donations from RDRS, which we discussed in connection with the Federation’s non-business position. These donations alone exceed the combined business and non-business incomes of all Federations.

**Summary**

In their business incarnations, the Federations have in their large majority remained insignificant. Although three quarters of them reported a gross profit in the audit year that we studied, the median profit was only Taka 5,500 ($79). The variation in profits is extreme, but the analysis is limited by data quality issues in the audit reports.

The absence of strong businesses in the majority of Federations has to do with the quality of the support that RDRS has been able to render to income-generating projects, managerial conflicts within the Federations, and weak incentives to start and expand businesses. Support quality is the subject of a different chapter. Managerial conflicts have been known anecdotally from stories of projects for which Federation executive members failed to specify effective rewards and responsibilities (the “who is to feed the cows, and what does he get in return” problem). Statistically, they transpire by way of the negative effect of membership density on the ability to preserve and expand tree holdings.

Weak incentives to develop businesses can be inferred indirectly only and may well be the result of the large donations that dwarf the profits from commercial endeavors. The objectives that Federation members pursue in the economic sphere may differ from those that RDRS reads into their brief. Plausibly, many Federations want income-generating projects to provide employment for the poor, and especially emergency employment for persons who approach them in distress.
But they may feel that they do not need such projects in order to finance social activities and their own institutional capacity as long as they can reasonably assume that RDRS and others will meet these needs with donations. Regrettably, with the current data, the effect of subsidies on business results cannot be investigated. The data quality is better regarding non-business income from recurrent activities. These incomes do respond positively to donations, but the response is very inelastic. For every doubling of donations, the predicted non-business income goes up by about 11 percent.

Local factors are strong. This is seen both on the business side (the ability to expand tree plantations) as well as in the ability to raise non-business income. The quality of RDRS support and of relationships with communities and local government matters strongly for business outcomes, through such mundane conditions as the protection against theft of trees and illicit demands.

In sum, the business side of the Federations is insignificant. They are marginal to the livelihoods of member households.

Yet, Federations fulfill a social safety function by arranging emergency employment for individuals in distress.

Moreover, the annual loss from continuing operations is so small ($15,000 for the 260 Federations combined) that RDRS can easily offset it.

The largest part of the Federation assets is in donated buildings. Directly productive assets, whether donated or acquired with the help of loans or recycled earnings, are minor, indexed by a mere 2 percent share of the value of machinery in the total audited worth. Wages and dividends per member added up to Taka 115 ($1.64) in the audit year; donations per member were Taka 103 ($1.47). It took 89 cents of subsidy, for multiple purposes, in order to transfer one dollar to the poor. If the full annual cost of the Federation support structure were taken into account, the transfer cost would be several times higher.

Federations are marginal to the livelihoods of the member households, providing them direct financial benefits equivalent of 2 – 4 daily wages only. They are
inefficient as income transfer mechanisms. The best that can be said about their business personality is that in numerous small experiments, most of which did yield a profit, Federations have been directing income to some poor persons. The worst that must be said is that after 12 years of Federation history and generations of auditors scrutinizing their books, our understanding of their business dynamics is still little sophisticated.
Organizing Federation Support

Federations, as was observed repeatedly, have multiple personalities of local development bodies, interest associations, even cooperative-like enterprises. We therefore expect that Federations relate to a variety of actors and resources within RDRS, the “Mother NGO” that founded them, and which has kept supporting these personalities through the years. Different support needs, projects and member categories call for different expertise, financial as well as material resources. The Federations are not sovereign buyers procuring these goods and services in the open market. The support they receive is the result of grants that RDRS secured from donors. Predictably for that reason, a center of coordinating these transactions has evolved inside RDRS. The Federations complement the coordination function with their own devices, notably their executive committees, other meetings in which member groups are represented, and, increasingly, also formalized interactions among Federations of given sub-districts.

Within RDRS, the coordination of Federation support has had an effect on the departmental pattern, and in turn has been affected – profoundly, as will be shown – by the existing departmentation. Formal organizations arrange their departmentation primarily in response to the prevailing image of uncertainties that threaten them from their task environment; in decomposing these complexities into workable chunks, RDRS is behaving like any other formal organization. Primary drivers of departmentation are expertise and funding. Expertise comes packaged in individuals with particular jobs, educational credentials, and organizational careers. We will, for example, learn that RDRS has seen fit to package into the Federation field support a number of positions that ensure the application of accounting knowledge. Yet, at the same time, these field accountants practically have little or no involvement in loan administration; for different, overriding reasons, RDRS has vested this element of Federation support in another project operated by a department with a largely agricultural outlook.

In the Bangladesh aid market and NGO funding context, fundable projects are the ultimate cookie cutters in reducing task environment complexity. Essentially, the Federation support unit is the unit that administers the one major grant that RDRS has received for Federation capacity building – and little else. However, because this project does not address the needs of all the Federation personalities, cross-departmental coordination challenges have arisen. Much of this chapter is concerned with them, and with the balancing of the supporting NGO’s own dynamics with the integrity of the Federations.

RDRS departmentation

Until recently, the area covered by the 260 Unions with Federations was largely congruent with the operational areas of the major RDRS programs. These are assigned each to one of four substantive departments, Micro-Finance, Livelihoods, Social Empowerment, and Health. This

A unit coordinating Federation support has evolved in Rangpur, the center of the RDRS field program administration.

Its essential function has been to keep the European Community-funded “Federation Capacity Building and Social Mobilization Project” reportable upstream and to drive its timely and effective implementation downstream.
working area covers a crescent-like poverty belt bordering India in the northwest of Bangladesh, a shape that appears in all the maps of this study.

For a basic understanding of this matrix, a few special factors need to be pointed out. The traditional core region of the RDRS Health Program has been limited to parts of the region east of the Teesta River, in Lalmonirhat and Kurigram Districts, with variable extensions to the western area. The other three departments have, in minor ways, expanded beyond the 29 Upazelas\textsuperscript{59} containing the Federations. Their coordinators are in Rangpur, the major city of the Rangpur Dinajpur region, from which RDRS takes its name. The Health Program head office is in Lalmonirhat, an hour’s drive from Rangpur. While the departments share offices in district and Upazela headquarters, the specific projects that they administer form a motley patchwork evolving with funding patterns. Opportunities for them to interact with the local Federations vary, therefore, not only along substantive considerations, but also geographically.

Federation support is organized chiefly in the Social Organization Unit, which, alongside the Women’s Rights Unit\textsuperscript{60}, some educational projects, etc., is overseen by the Director, Social Empowerment, in Rangpur. But the Social Organization staff are not the only ones relating to the Federations, and their coordinator does not exercise hierarchical authority over the Federation support field staff, let alone over the staffs of other units and departments when they interact with Federations. Formally, the support unit staff in the field answer to the district coordinators\textsuperscript{61}, Social Empowerment, who in turn report to the eponymous directorate in Rangpur. Thus, the support unit is more of a coordination and technical unit. Its essential function is to keep the Euro 2.5 million European Community-funded “Federation Capacity Building and Social Mobilization Project” reportable upstream and to drive its timely and effective implementation downstream.

The extent to which the unit has the resources to coordinate the implementation of Federation support policies in a broader sense is difficult to assess. Though it includes a monitoring cell in Rangpur, the unit receives partial information only of the totality of projects and resources that RDRS transacts with the Federations. Payments posted in connection with Federations other than the EU project are consolidated over the Federations of a district at the RDRS Unit\textsuperscript{62} accounts. Once they reach central accounts in Rangpur, income and expenses are allocated to projects; by then they can no longer be traced to individual Federations.

To illustrate this point, when we sought information on the nature of some of the larger RDRS contributions that external auditors had marked as “donations” to specific Federations, monitors

\textsuperscript{59} The 260 Federations were in 29 sub-districts as defined by the government. Our statistical models use 28 sub-district-like units. The Char Development Program, which looks after Federations from several sub-districts, is considered one of them. Thakurgaon Upazela is divided into two, as per current RDRS administrative setup.

\textsuperscript{60} Called the Women’s Rights and Gender Awareness Unit until 2005.

\textsuperscript{61} Designations vary: Program Manager, Social Empowerment; Social Empowerment Coordinator. The Coordinator, Char Development Program, who supervises, among others, Federation support staff on the Brahmaputra sandbar islands (“chars”) reports to the Director, Livelihoods department.

\textsuperscript{62} There are eight Units, two of which are being folded back into the ones seated in the headquarters of their districts (Pirganj into Thakurgaon, Nageswari into Kurigram). To add to the confusion, the Units are occasionally called “Projects” in RDRS lingo, going back to the era of the Comprehensive Project in the eighties and nineties, which had a much stronger district-level program integration emphasis. What matters in this study is Unit = RDRS resources in a district or, in two special situations, part thereof. Plus, for logistics reasons, the Char Development Project, covering part of Kurigram district, is treated as a Unit.
In the Rangpur support unit would call support staff in the nearest Upazela offices. These would beg for time to enquire with the concerned Federations directly. Similarly, the so-called partnership projects that RDRS has been conducting on commercial lines, with a number of Federations among its contractees, have not routinely exchanged information with the support unit, although, ironically, the support unit coordinator and the partnership project database operator occupy adjacent cubicles in the Rangpur office. Our impression is that the support unit is perceived by other RDRS staff as being narrowly concerned with the EU project implementation; information from outside it is generally not volunteered.

In the districts, the managers Livelihood, Social Organization, and Micro-Finance are of equal rank (in Lalmonirhat, the Health Program wields a heavier punch because its leader has director status). Although RDRS has begun to review the administrative merits of this arrangement, politically it has weakened the RDRS representation with district and sub-district authorities, for lack of a commanding spokesperson. In meetings with district commissioners and Upazela Nirbahi Officers, RDRS is generally not strong enough to present concerns of the Federations, and some observers have linked this weakness to the unchecked wide-spread theft and damaging of trees from Federation plantations. We were told anecdotes of NGO coordination meetings chaired by district commissioners in which representatives of Federation coordination committees gave a much stronger show than the RDRS staff present.

For the same organizational reasons, there is no hierarchical mechanism in the field to resolve conflicting issues over relationships and activities that involve several RDRS units dealing with Federations. Solutions have to be worked out using the goodwill of equals, or else matters have to be referred to Rangpur. Here the concerned units and individuals then will decide whether the issue is worth picking a battle over, or should rather be diligently ignored.

In either case, the Social Organization Unit in Rangpur has no formal authority to force the hand of other units and departments. Conversely, other units in RDRS seem to respect the autonomy of the Federation support unit rather well. At this point, formal structure and personality reinforce each other. The current coordinator, who took over in 2002, has a long career in NGO rural development programs, with considerable experience directing RDRS field units, and is rated a very astute manager. His director, like the other Rangpur-based directors permanently overburdened with project negotiations, VIP handling and the coordination of reporting to donors, is all too grateful to know the implementation of the large Federation capacity building project in capable hands.

In turn, the support unit has accepted as a fact of life in RDRS that the directors’ time and capacity to address field-level coordination issues is residual. The issues to be brought to their attention have to be chosen carefully, after exhausting informal means further down the

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63 The Upazela Nirbahi Officer is the senior government officer in the sub-district, with the task to see to the coordination of development projects, including the NGOs’.
hierarchy. Resolution of any one may be delayed by more pressing concerns. It is this author’s impression, based on conversations over several years, that this has resulted in a universal conflict avoidance culture the consequences of which ultimately the Federations bear. We will offer illustrations further below. Some of the avoidance strategy has been formalized by omitting from the EU project brief any reference to the support of the Federations’ income-generating projects. Thus, this is the point to outline the EU capacity building and social mobilization project.

**The Federation Capacity Building and Social Mobilization Project**

**Objectives**

The European Union-funded project was formally instituted as a co-financing project with European development NGOs, which, in this case, are a coalition of Nordic country Church-related aid agencies led by DanChurchAid. The current (as of this writing) grant of Euro 2.5 million is for the project period January 2003 through June 2006. DanChurchAid has obtained a no-cost extension covering the second half of 2006 and has filed a proposal for a second phase. RDRS is the sole implementing NGO.

The specific objectives of the current phase, namely to:

- "Increase in Union Federations accepting and adhering to an agreed constitution and democratic practices including the active involvement of women"
- Improve protection of Union Federations legal status through registration of Union Federations
- Improve organisational management and record-keeping by Union Federations
- Enhance community facilities operated under Union Federation management
- Enhance awareness of relevant social and related issues, especially women’s rights
- Enhance issue-specific local activism and engagement of Federations in their wider communities” (Jensen and Karim 2006: 3)

speak to the strong focus, apart from gender and social mobilization agendas, on strengthening the legal, managerial and infrastructure-wise capacity. The objectives are broken down into a host of activity targets specifying scope and extent of training of Federation leaders (as well as of support staff), facilitation of regular meetings, quality of financial management (audits, stationary, etc.), legal registration with the government Department of Social Welfare, preparations for, and orientations after, tri-annual executive committee member elections, and more.

One of the more expensive cost positions is for RDRS to have low-cost centers, generally brick-wall, iron-sheet roofed, buildings with 3 – 6 office, library and meeting rooms. In 2005, 25 such centers were built, bringing the number of Federations with a “pukka” center up to 221.

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64 In a small number of these, the sole pukka structure would be a grain store.
The project is also underwriting what might be considered the beginnings of Federation staff support, by paying honoraria to volunteers. Every Federation currently has a general-purpose volunteer. In addition, every three or four Federations share a para-legal volunteer, of which kind there were 70 at the end of 2005, all of them women.

The volunteers, young people from the Union with a graduate education (for women relaxed to intermediate level) ensure limited day-time opening hours of the Federation premises, that is, access for members and the public to come to the Federation center while the elected office bearers tend to their day jobs. They help with record keeping, run errands between member groups and executives, and are occasionally used for recombining defunct groups into viable ones, motivating members to pay dues and to deposit savings with the RDRS Micro-Finance Program. The para-legal volunteers’ main focus has varied over time, in response to the presence or not of para-legal volunteers from the Women’s Rights Unit. At the higher level, in the sub-districts, and although they are not called volunteers, Federation representatives meeting in the so-called Upazela Coordination Committees receive small ad-hoc payments for food, travel and stationary.

Beyond the formal administrative capacity building, the project has seen to the funding of advocacy and mobilization activities of various kinds, using print, radio, film, folk song and popular theater media, outside legal services to prosecute serious crime (in a small number of cases in which Federations took a direct interest), and the Federations’ own specialized committees (called “cells”) in disaster management, dispute mediation and women’s affairs.

All in all, the capacity building project carries 48 reportable targets, almost all of them tagged to a particular budget line. In addition, the Federation support unit has been facilitating work on 15 other targets towards which RDRS was contributing funds from its core program. For comparison, the Women’s Rights Unit, also under Social Empowerment, listed 22 targets in the 2005 RDRS annual work plan document, of which five mentioned Federations explicitly. The other projects with Federation-specific targets were two community education projects (aiding Federations with small schools, particularly on the Chars) and the Environment and Disaster Preparedness Unit (orientation sessions with disaster preparedness cell; seedlings for tree plantations). By contrast, the Health, Micro-Finance and Livelihoods department work plans referred nowhere to Federations.

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65 The history of arrangements between these two groups of para-legals offers almost quasi-experimental evidence of how strongly projects as grant-wise units determine field activities. The Women’s Rights Unit laid off its volunteers in summer 2005 when funding of its legal support program ran out. Before that, its para-legals focused on case tracking while their colleagues under the Federation support unit limited themselves to broader legal awareness activities. Afterwards, they had to assume case tracking work as well. This is liable to change back again, to a degree, in 2006: the Women’s Rights Unit, under a new grant, has re-hired 110 para-legal volunteers, who, however, will work chiefly in the wake of the Micro-Finance activities for the ultra-poor.

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The support staff to Federation ratio is close to 1 : 3. In addition, RDRS supports volunteers with honoraria.
Support staff and support cost

At the end of 2005, 89 persons were on the EU project payroll, 14 of them for a quarter of their time, the others full-time. In a simplified organigram, the backbone of the support structure consisted of 32 Managers, Social Organization, eight Field Promoters and eight Gender Development Trainers. Managers each looked after the Federations in one sub-district, with some large sub-districts, notably in the Char Development Project with its communication challenges, employing two of them. While the managers were essentially generalists and were expected to spend at least two days per month in each of their associated Federations (on General Meeting and Executive Committee meeting days), Field Promoters and Gender Development Trainers covered larger areas each and spent less extensive time with each Federation. While the trainers’ function seems self-explanatory, Field Promoters were essentially RDRS’s own field auditors tasked equally to train and supervise Federation leaders in financial management.

Figure 22: Simplified organigram, Federation support staff

Shaded boxes denote positions that work full-time in the Social Organization set-up. Solid lines denote hierarchical authority lines; dashed lines (visible in part only; they link the coordinator to all shaded boxes) denote subject-matter authority. Dotted lines indicate working areas.
For their day to day supervision, those staff categories depended on the managers (exact designations vary), Social Empowerment, at the district level. The EU project is underwriting a quarter of the cost of six coordinators/managers as well as of eight district managers, Environment and Disaster Preparedness. In each of eight district offices and sub-offices, one accountant has come into the project fold, but is normally working also for other projects.

For some specialized functions, the support unit is keeping a number of staff at the “zonal level”, meaning that they have offices in Lalmonirhat and Thakurgaon that send them covering one of the two halves of the traditional RDRS working area, neatly divided by the Teesta river. In this arrangement, we find two monitoring officers, two trainers in popular theater, one in folk song, two audio-visual specialists, and two administrative assistants.

As mentioned earlier, the substantive coordination is housed in Rangpur, with the Coordinator, Social Organization, supported by his own staff. These include another long-serving staff member given the title of Program Manager, Social Organization (de-facto he is one of the monitoring staff), two senior monitoring officers, two material development officers (one de-facto loaned to another program), an audio-visual officer, two office managers (designations vary) and one driver. Overall, this corresponds to a ratio of staff to beneficiary units (the Federations) of roughly 1 to 3. The ratio of the frontline worker category *par excellence*, the Managers, Social Organization, to the Federations is 32 to 260, thus close to 1 to 8.

These ratios are meaningless without a notion of what this unit transacts with the Federations, and what productivity is expected. However, the ratios do generate conflictual perceptions. Federation leaders form their own evaluations of staff density and productivity; some of them have in various conversations expressed hopes to themselves become RDRS employees. Others will at least make comparisons of assumed staff salaries, Federation volunteer honoraria and their own earnings. Given that the growth of voluntary associations at certain critical thresholds depends on leaders and workers able to give more time, it is the comparative efficiency of staff salary support and of direct Federation support that is on many minds. Not surprisingly, support unit staff and Federation members see things differently.

The unit coordinator himself has been critical of the competencies of some of his staff and of the value that they create for the Federations, other than helping him to report on the progress of the Federation support project. Over the last few years he variously estimated that between a third and half of the Managers, Social Organization, were demonstrating a level of analytical and social intelligence that made them suitable to serve organizations of the poor.

We agree with his diagnosis that in part the scarcity of competent staff is the result of how the managers are graded within RDRS, and of the competition from other NGOs who outpay RDRS. Also, it is true that, although virtually all managers and Field Promoters were educated to master’s level, their abstract reasoning skills are rather modest, as several workshop exercises have shown. But in the same situations, when allowed enough time and stimulated with questions from outside the work plan line item boxes, these same persons have demonstrated detailed and pertinent knowledge of factors that accounted for differences in program outcomes between Federations, Upazelas and RDRS Units.
Two questions need to be asked at this point. One is whether these workers are there chiefly because of project reporting formats and of the fluctuating boundary of the English language domain. Reporting needs and language boundaries may make them, by virtue of their reading skills in English and in “development Banglish”, indispensable pivots between people’s associations and the supporting NGO. But do they create genuine value for the Federations, beyond bureaucratic bottomlines? Such a question is very difficult to answer without detailed observations of the cognitive and social workflows.

Second, and easier to probe, what is “enough time”? This is a productivity question. Therefore, to better know its denominator, one has to look at the support cost.

RDRS in 2005 charged Taka 106 lakh (EURO 133,000; US$ 151,000) in staff salaries to the Capacity Building project. For the year, the total project cost was Taka 522 lakh (EURO 657,000; $ 746,000), of which Taka 146 lakh (EURO 184,000; $ 209,000) was spent on the construction of Federation centers. There is no easy way of calculating how much of the project expenses went through the Federation books. For the audit year July 2004 – June 2005, RDRS subsidies and donations recognized in the Federation accounts amounted to approx. Taka 131 lakh ($ 187,000; see page 92). Also relevant in this comparative context is the volume of wages and dividends that the Federations paid; in the audit year it was Taka 149 lakh ($ 212,000); this sum, in other words, became incomes of the members and of other workers, most of them also poor, directly attributable to the Federations. We will make use of these figures in the section on efficiency on page 132.

**Coordination mechanisms**

The Federation support unit staff meet monthly in two separate “zonal” (see above) one-day meetings directed by the Coordinator, Social Organization, coming from Rangpur. These are attended by the district managers/coordinators, Social Empowerment, as well and, rarely, also by district-level staff of other RDRS departments and units such as the Women’s Rights Unit. Also in a monthly rhythm, in each RDRS Unit, staff of all projects under Social Empowerment meet, including from the Federation support. These meetings do not normally draw participants from Rangpur.

Support unit zonal meetings usually have as their chief business the update of staff and Federation activities against the line item targets that concern them in the Annual Plan of Work. Administrative matters are liable to consume a good part of the time, but the meetings have a reputation for a fair participatory style. The coordinator tries to pack in training segments meant to build conceptual understanding among the mostly young field staff. Researcher from the RDRS central monitoring unit (now part of the North Bengal Institute and separate from the Social Organization Unit’s own monitoring resources) occasionally travel from Rangpur to present study findings of common interest. Even the most timid newcomer is invited to extemporize on his work experience and is rewarded with a sympathetic hand, a noticeable contrast to the more directive culture of other departments.

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66 These calculations are based on RDRS financial report figures in Euro, with a stipulated rate of Euro 1 = Taka 79.3833. The US$ rate, as elsewhere in this report, is $ 1 = Taka 70.
It is natural to assume that the district managers, Social Empowerment, being the line supervisors of the district’s Federation support staff, will assimilate meeting outcomes and information of unit-spanning importance to other segments of RDRS within their reach, but we have not ourselves observed these processes, neither in their routine conduct nor in contentious issue situations that might shed light on their interplay.

Figure 23: Presentation at Zonal Meeting

A Social Organization Manager is staring, a bit perplexed, at his own figurework that he is projecting to update a zonal meeting audience on the annual plan of work achievements in his Upazela. Most of the 32 managers are young, between 25 and 35 years of age; virtually all have a master’s degree, from a variety of disciplines.

The next major coordination focus to come to mind is the Federation itself, where indeed the members, and above all others the chairperson, are the addressees of demands and information that the various RDRS players extend to them. And it is at this level that some limited insight can be gained from case studies, but also from the statistics of the so-called “partnership projects” that the Livelihoods Department has been contracting with a minority of Federations. In such partnerships, but also vis-à-vis other projects and departments, chairpersons may come into the situation of having to harmonize conflicting or uncertain expectations from RDRS, member groups and their own other social roles.

**Partnership or implementation convenience?**

All RDRS departments have at times found it difficult to gauge the Federations’ capacity and willingness to be partners in projects the success of which was critical to RDRS. Conversely some departments, units and staff members have occasionally placed survival concerns and
personal agendas above what a sympathetic outside observer might duly perceive as fair treatment of the Federations.

For example, the widespread abuse that executive members committed with the so-called seed money and survival loans of the nineties led to a hardening of RDRS attitudes and ultimately, by 2003, to denying the Federations access to most loan products. There was no systematic debate any more that Federation income-generating projects, like other growing businesses, might need to be partly financed with debt; only in rare cases was equipment still provided to Federations through loans offered by one particular project. In the case study on Khangaon Federation (page 11), we learned how its tailoring business was refinanced using loans from another NGO, to which RDRS Social Organization staff made the connection.

Beyond their exchanges through the direct support staff, the Federations interact, in variable measure, with each of the major RDRS departments. These relations span the gamut from the antagonistic to the mutually supportive, from strategically withheld information to open dialogue.

More damaging than the embargo on fresh loans were delays, for several years, in writing off uncollectible old loans; this left many newly elected executive committees mired in demands to repay loans on which their predecessors or individual groups, many defunct, had defaulted. These conflicts essentially paralyzed some of the Federations thus pressurized. The RDRS management knew this, yet did not write off aggressively, partly of lack of reserves, partly because the micro-finance field staff objected. Forgiving the Federations any bad loans, their fear was, would encourage member groups to default and would thus endanger their jobs. When the write-offs finally did come, the Federations were not notified.

For the Health Program, frequent and mutually supportive interactions can be demonstrated with the Federations of Lalmonirhat District (and plausibly also with some of other districts). The Health Program selectively reinforced the Federation infrastructure and involved a good number of executive committee members in health education and also specific project orientations; in return, the Federations facilitated some of the regular health program activities. However, the host of health subjects discussed with Federation members contrasts with the dearth of specific technical tasks that they perform within the Health Program. One cannot help a bit of friendly sarcasm thinking that the Federations are willing beneficiaries of the “Bangladesh awareness industry” (with lunch served on orientation days) while the program management keeps its trust in the professional expertise of its own health care workers. Some Federations that we visited in the district were wondering why the Health Program was not accommodating more of its satellite clinics in Federation buildings.

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67 More consequential than that even, the disappointment over the corruption of Federation leaders probably let to deep skepticism, among several RDRS directors, re: the Federations’ suitability as poor people’s organizations. This skepticism can still occasionally be felt nowadays. In the nineties, it created an attitude that basically meant that RDRS should keep supporting the Federations, but would be ill advised to bank its future on their progress and integrity.

68 A micro-finance consultant recommended in 2001 to immediately write off Taka 10 crore in bad loans (all programs, not only Federations), but RDRS finally acceded to writing off Taka 9 crore worth in 2004.

69 See the case study on eye clinics and Federations on page 122.
The issue of expertise and dialogue is also one of those testing the relationship between Federations and the Livelihoods Department. On the one hand, it is recognized that the department is working to identify high-value production niches and to induct at least some of the Federations to such opportunities. Quality seed multiplication is one of these niches, and the department has contributed to converting the (generally underutilized) grain stores of some Federations to more useful seed stores. Similar high-value productions were the object of common projects earlier, in cattle and fish fingerlings.

At the same time, the staff of this department are the ones most removed from the spirit of fostering poor people’s associations and have repeatedly attempted to use Federations as implementation reservoirs. Some of this was done in a high-handed attitude, causing resentment, although not much active resistance 70. In 2002-03, an outphasing German-supported project in Kurigram District left revolving funds in eight Federations in the understanding that they should be used for income-generating projects of local choice. These funds were sizeable, some over Taka 7 lakh ($10,000). Their use, and the quality of the technical support that Livelihood department staff rendered to these projects, became controversial (for a critique of this collaboration, see Nath 2003a; 2003b; 2004a; 2004b). In August 2004, the Director Livelihoods ordered the balance of these funds withdrawn, also to supplement liquidity for one of the successor projects. In the same year, one of the Partnership Project staff made off with over $1,000 worth of garments inventory from one of the affected Federations. This individual was terminated, but RDRS did not refund the Federation for its loss. The ensuing bitterness among Federation leaders in the area is still palpable.

An RDRS spin-off, “RDRS Enterprise Private Limited”, has engaged Federations in so-called “Partnership Projects”. Begun in 2002, these risk-sharing contracts were given to a small number of Federations only. In 2005, twelve Federations participated, one in a groundnut stock venture, the others in wheat and rice seed production. RDRS provided inputs, technical advice and marketing services after the Federations put down ten percent of the contract value as earnest money. They provided the land and labor; the Livelihoods Department paid for the conversion of some grain stores to seed stores. Gross profits and losses are shared on a 60 to 40 basis between RDRS and participating Federations. Project accounts show that 2002 through 2005 Federations were paid a Taka 5.3 lakh in gross profit share, against total sales worth Taka 404 lakh and a gross profit of Taka 55 lakh (RDRS Enterprise Private Limited 2006).

This form of Federation support is ambivalent. Quality seeds production is one of the few lines available in which producers in the Northwest may occupy a high-value market niche, and Federation have potential, thanks in particular to their storage facilities. The risk-sharing tries to structure incentives and monitoring arrangements that drive both sides to optimize market results. But the contracts turn RDRS and Federations into distributional antagonists, particularly over the calculation of profits. Federation leaders argue that the formula does not take account of the labor cost that they incur for these projects. Moreover, for supervision reasons, the RDRS field

70 In one instance, this author was told, the Livelihoods Department abruptly withdrew a seed dryer from a Federation that had been using it profitably in one of its income-generating projects. RDRS wanted to install it on its experimental farm in Rangpur. The Federation did surrender the equipment, but only after disabling the heating element.
workers relate to a small number of persons in participating Federations only. De facto, as a contact list in the Rangpur project office shows, practical work was done chiefly with a subset of executive committee members. One chairman, whom we interviewed in 2004, admitted that he was using his Federation’s name for what essentially was his private project.

If this is the rule rather than the exception, then partnership projects are repeating the earlier unfortunate experience of the so-called “seed money” loans. These, too had in their time – the mid-nineties – been part of a standardized support package, but in a large portion of Federations wound up being used by executive committee members and their favored clients for personal gain. Moreover, in four years of operating these projects, the combined Federation share plus RDRS’s net profits ran to less than $30,000. Compared to the grant money that the EU project brought in (close to $3 million in a shorter period), and considering the managerial opportunity cost, questions of relevance and efficiency arise.

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**Case study: Participant recruitment under time pressure**

On 27 February 2006, this author saw the chairman and secretary of the Tabakpur Federation at the annual general meeting of a neighboring Federation. Tabakpur has a reputation as one of the strongest Federations in Kurigram District and has carried out several projects in cooperation with the Livelihoods department of RDRS. The visitors asked for translation of a letter that they had received form the department’s sub-district assistant manager for crop production the previous day. Issued by the Coordinator, Agriculture (Neogi 2006), in Rangpur three days earlier, it was addressed, among others, to the district manager, Livelihoods, in Kurigram. Marked “for necessary action”, a copy duly found its way to the Ulipur sub-district. The assistant manager there dropped this copy (in other words, for her the original - not a photocopy!) onto the desk of the Tabakpur chairman, asking him to take care of the matter. He (and others present, one must assume) command very little English and did not understand the contents.

The letter requested to “immediately on urgent basis […] collect, select and finalize the RDRS groups for FFS [Farmer Field Schools] […] and hand over the same to selected PNGO [Partner NGOs] before 1st March 2006, so that they can start their scheduled FFS session in the first week of March.”

The tone of the letter gives away that partners and the contents of cooperating with them had been defined beforehand, but that there was an implementation delay that had to be addressed with urgency. However, even assuming that all in the chain of communication understood what was meant and requested, this left an indecently short period of time for the Tabakpur executive committee to consult with its members and find out who, if anybody, wanted to sign up for farmer schools.

The choice of the English language and the timing both imply that the department puts very little stock in their supposed partner’s agency and need for consultation. In fact, the behavior of the assistant manager – English language skills at this level of staff are generally weak – expresses a cry for help rather than disrespect – she too may simply not have understood the “necessary action”. Her way was to seek out one of the most capable Federations at hand and make it responsible.
It would be misleading to close this section on a note that makes particular departments appear as cultural misfits for working with Federations in the spirit of partnership. In their defense, it must be said that the Social Organization Unit has been ill-equipped to make their tasks any easier. There are two major criticisms that must be leveled at the way the unit, in fact the larger Social Empowerment department, dealt with information in the gray areas of inter-departmental cooperation:

- First, the old discipline of fostering primary groups to join the Federations withered in a policy vacuum. Graduations became exceptional rather than a steady exercise. Updating the primary group database was left to the Micro-Finance Department, which developed this information on purely customer criteria, with no concern for groups unfit for their business, but perhaps still valuable potential members of Federations. Occasionally lists were borrowed from Micro-Finance, but no effort was made to keep an up-to-date overview of unfederated primary groups, speed up graduation procedures independently from Micro-Finance information (and with active involvement of the Federations themselves!), and canvas candidate groups with the reassurance that they would remain eligible for loans if they joined their local Federation. In fact, as Nath found out consistently (Nath 2005: 3), the Social Organization Managers themselves did not know the recruitable primary groups in their Unions. They certainly did not volunteer information concerning them for the Federation executive committees.

- Second, the monitoring information that the unit has been collecting and analyzing has not been shared in a decision-making perspective. For example, the Federation grading system (which we summarize in a later chapter) has not been tried out as an internal credit rating substitute in order to stimulate the return of the Micro-Finance Department into the Federation arena. Similarly, while the decline of Federation tree plantations – their business mainstay - was discussed in a few meetings, these seem to have ended in an air of general resignation; the unit did not map out the extent of the problem, its regional variations, and any way forward that might have motivated other departments to join a rescue effort.

**Upazela Coordination Committees**

Upazela-wide meetings of Federation representatives had been taking place occasionally and without a consistent format for several years until 2003. In that year, a formal framework (RDRS 2003) was created for Coordination Committees, composed of two representatives of each Federation in the sub-district. Committees meet bi-monthly. RDRS has been supporting them, as was mentioned, with small allowances.

Little is known of what these committees have focused on; they have not yet found a place in the Federation monitoring system. The guideline that RDRS circulated in 2003 (op.cit.: 1) left it to the Federation in each sub-district to create and approve bye-laws for their coordination committees. We do not know whether a bye-law to this effect exists anywhere.
organize protests against social injustice and to engage in advocacy work. They are to help resolve conflicts by liaising with authorities and other organizations. The committees we spoke with see their roles in almost identical terms, as trouble shooters in case a member Federation falls into internal conflicts and as amplifiers of social mobilization efforts in specific campaigns. This happened, for example, in the protest following the acid-throwing incident in Hatibandha, described on page 67. Also, the committees host an Annual Leadership Review Meeting (see page 118) in which executive committee member evaluations done in each Federation are discussed for better management lessons.

The best known of their activities are the mass gatherings that the committees in several sub-districts organized. These events brought together thousands of members, with cultural performances, speeches by delegates as well as by officialdom and RDRS staff members.

One such event that we attended in 2004 drew so many members from all over Rowmari Upazela that it took them hours filing through lanes of the bazaar until the meeting ground was full. The crowd under the large tent and around it was visually stunning, but the speech delivered the Committee’s secretary had been scripted by well-meaning RDRS staff (in the event, from both the Social Organization and the Women’s Rights Units), and the themes seemed to be drawn largely from a consensual repertory including, for example, opposition to child marriage (the subject of the afternoon’s popular drama).

Such spectacles are different from coordination meetings to which Deputy Commissioners in some districts reportedly have admitted representatives of the Federations’ Upazela Coordination Committees. Some representatives in Nilphamari amazed everyone with their outspokenness, but this anecdote was related, not concerning substantive issues, but rather for the contrast with the
rather bland NGO staff in the meetings. The ability of some of these committees to formulate and analyze may just begin to be recognized; the Federation support unit included a committee member in all of the participatory assessment exercises in spring 2005 (see page 117). The Hatibandha Upazela Coordination Committee that Nath and Siddika interviewed impressed us with its own thoughtful typology of Federation effectiveness.\footnote{Summarized as a sidebar (page 130) in the chapter “Mutual Observation.”}

Within RDRS discussions erupt sporadically of whether the time is ripe to move the concept and practice of federating poor people’s groups to the next geographical level, by creating Upazela Federations. For many years, this idea was discredited by the failure of such Federations that Caritas Bangladesh had organized and supported in several regions, including in Dinajpur, where several RDRS staff visited them.\footnote{Benini and Benini (1997) devoted a chapter to the Caritas Upazela-level Federations, but these no longer appeared in any recognizable shape or form in a recent (2004) Caritas annual report.} A consensus is growing that increased cooperation between RDRS and the Federations in advocacy projects is calling for such Federations, but their shapes and mandates have not been defined.

**Summary**

RDRS has been able to build a strong support structure for the Federations, thanks to a large grant received for the purpose. The support is coordinated by a unit that exercises weak authority over field resources and processes. In fact, the Social Organization Unit does not coordinate policies and relationships that other departments have formed with the Federations. This reflects the character of RDRS Rangpur as an interface between the aid market and project implementation. Department directors have hierarchical authority over project staff but are absorbed with cultivating donors, development of new projects, and reporting. Substantive policy implementation and harmonization is left to coordinators with technical briefs. In the case of the Federation support unit, issues met in the field and in Rangpur have been handled informally, in a conflict avoidance strategy that basically abandoned the development of the income-generating part of Federation support.

The staff-to-Federation ratio is high (1 to 3), and with experienced Federations and Upazela coordination endeavors needing more highly qualified support, the question of marginal productivity of spending on staff vs. spending on Federation leadership looms in the background. The staffing intensity has certainly helped create a bedrock of solid financial management and democratic procedures in the Federations. But the attendant line item culture may in the longer run get into the way of creativity and of fostering autonomy. Part of the problem is the way the information flow between the support unit field staff and the Rangpur center, including the monitors, is organized. More participatory than the
ways of other departments, it has yet lacked in creativity and rapid response. For example, the monitors have for several years been collecting data on the Federations’ tree plantations, and certainly must have picked up signals of growing theft and illicit pressures from conversations with field staff, but have shown no initiative to map out the decline in tree holdings and help bring the issue to the forefront.

The behavior of other departments towards the Federations has varied. Some of it indicates that Federations are considered just one project among many others that RDRS is executing. Others see more in the story and try to find areas of partnership even though the Federations may be lacking some of the requisite competencies. While managers at the top may be harboring varying degrees of appreciation and skepticism, informed by a longer common history, further down the younger generation of field staff outside the Social Empowerment department has had only superficial and opportunistic exposure to the Federation movement.

Both in the field and in the grander lines of cooperation between departments, a measure of RDRS self-competition has hampered the productivity of Federation support but also of other programs. The management of primary group information has come into the fold of the Micro-Finance department; its fieldworkers have not encouraged groups to join Federations. Conversely, the Social Empowerment department has not fought hard for those groups to come into the Federations. The omission, from the EU-supported Federation capacity building project, of a coherent economic support policy in turn meant that there were no guidelines for the Livelihoods department to direct more income generating project towards the Federations. We see both commercial and bureaucratic rationality at work in the same NGO: a micro-finance project unwilling to put its portfolio at greater risk; a unit administering a large project grant, to good effect, but unable to convince others to commit beyond its current mandate.

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73 The decision to use the July to June period as the Federation audit year, at odds with the RDRS financial year, illustrates this well. It was taken to maximize the use of audit provisions in the EU project budget, rather than out of any consideration for the use of audit data and reports. This period choice makes audit-based statistics incomparable with those drawn from annual accounts. Regardless, the (very modest) level of analysis of the Federation finances reached in this study could have been achieved two years ago, by the Unit’s own monitors, with ample scope to scale it up in subsequent audits.
Mutual Observation

It is nowadays customary to find NGOs operating what development lingo calls “monitoring systems”. In fact, there is hardly a project grant awarded without its own monitoring system as part of the conditionality, often adding yet a new format without regard for existing ones or for the limited capacity of any formal organization, NGOs included, to collect and process data on its task environment.

It is thus natural to expect one or several such systems – “monitoring” being understood sometimes as the totality of observation tools in place, but more commonly as the non-financial part of project reporting – employed to document the progress of the 260 Federations and of the allied RDRS support activities. This, indeed, is the case, and these systems can be described and evaluated in monitoring terms. However, essentially they are organized observation systems. Working from such an abstract concept, and out of a more balanced concern, one should describe RDRS and the Federations as mutually observing systems. This concept seems more appropriate than the self-contained perspective of monitoring systems as one-way observation tools.

The Federations may have few formalized systems to observe the NGO that is their major supporter. Yet their committees and ordinary members eagerly observe RDRS through communications that emanate from RDRS staff or from others in their communities speaking of RDRS. The formalized systems on their side include, among others, their accounts in which financial transactions with RDRS are recorded, as well as the formal meetings that RDRS staff attend.

While we have next to no information on how Federations make practical use of their observations of RDRS, any description of the NGO monitoring systems should be prefaced with a reminder of the interpenetrating observation systems. We will briefly mention substitutes that Federations use for formalized systems, notably participation in training events. In outlining the history of Federation monitoring, we will also show meeting points of different rationalities that operate within RDRS. Chilundo and Aanestad (2005) have used a multiple-rationality framework to demonstrate how arcane nuts-and-bolts issues in a reporting system undermine essential information integration (in their case in disease monitoring in Mozambique). Such problems may intrigue a few specialists only. If left unattended, such as in monitoring Federation tree plantations, the consequences are very real.

Rather than describing a customary adjunct of an NGO project – its “monitoring system” -, we prefer to look at RDRS and the Federations as mutually observing systems.

The Federation monitoring system

The Federation monitoring system – in the sense of collecting standardized information on every Federation, organizing it in spreadsheets and producing descriptive statistics for periodic reports - predates the capacity building project that began in 2003. Its beginnings can be traced back to a summary table in September 1994, with totals for 241 Federations of membership, savings and
investments, and even of social projects, though of undefined nature. The constituent database has not been preserved74.

By 1997, a quarterly system of standardized data collection was in place. Its 37 fields were focused on membership, buildings, loans (from RDRS to the Federations, known as “seed money”, as well as from them to their member groups), member equity and the total financial situation. While the system was no longer tracking social projects, it was still possible to approximately apportion liabilities to member equity, donated equity and debt. Member equity, an important indicator of member commitment, became unobservable in subsequent years; RDRS was not able to assess undistributed earnings, shares paid in for special projects and the value (or even transactions) of loans to member groups.

Other programs in Rangpur were also pursuing monitoring activities or even had formalized monitoring cells. The Federation support unit was largely out of touch with them, not least because they were housed, until 2001, in separate office buildings. The credit unit (now the RDRS Micro-Finance department) followed its own large group-based loan portfolio, in which loans to Federations were a small part. Another unit, mandated with generic monitoring and evaluation functions, was busy keeping track of the growth and achievements of the so-called primary groups. These groups were not yet members of the Federations; the work of this unit initially was of minimal interest to the Federation monitors. There was no common nomenclature or common identifiers for Unions, sub-districts, and RDRS field units.

Gradually a dialogue developed. The monitoring and evaluation unit conducted a number of database management workshops, in which members of the Federation support unit participated. A system of common administrative unit identifiers and spellings was introduced to the primary group, Federation and to micro-finance monitoring systems. Although compliance was to be less than perfect (some of the allied programs such as Women’s Rights, the entire Livelihoods department and the district coordination offices never adopted it), in Rangpur it started a tradition of exchanging and, where productive, merging data. The Federation support unit had an incentive to cooperate: Regarding the RDRS program participants organized in groups, the most up-to-date information was available between Micro-finance and the monitoring and evaluation unit, not to itself. From its own field staff, the support unit received only membership data aggregated to the Federations, and thus had to tap other sources from within the RDRS family.

Substantively, this cooperation was important in the context of member recruitment for the Federations. The repayment crisis of the RDRS micro-finance program led to the discovery of a large number of groups, primary (non-federated) and secondary (graduated in order to join the

74 See Benini and Benini 1997: 86. Tellingly, it had never been shared with the support unit in Rangpur. Similarly, the Federation baseline data that an RDRS Dhaka-based unit collected in 1995 was subsequently destroyed, a precursor to another mishap that caused all Federation monitoring data of the year 2001 to be lost.
Federations), that in actual life were defunct. In 1999 and 2000, a census of the nearly 17,000 groups in the Microbanker database was taken; financial transaction data and field staff reports on group meetings were combined to create a classification of active, dormant and dead groups. Lists of active primary groups from this and subsequent exercises were used in the evaluation of individual groups for Federation membership, a process internally known as “group graduation”. The point to retain is that the Federation support unit essentially was a consumer of the information that the other units collected and processed, and did not, at the group level, contribute to the monitoring effort.

This arrangement had policy consequences that went beyond the technicalities of group and Federation monitoring. By 1999, it was clear that loan recovery from member groups was significantly poorer than from unfederated primary groups. This essentially had to do with the way how the frontline workers, then engaged in both microfinance and extension tasks, were dividing their time between those two types of groups. The reputation of federated groups as defaulters set in motion a cycle that disconnected a growing fraction of them from access to RDRS loans. In the following years, until now, this created strong disincentives for primary groups to join Federations. The support unit was probably aware of this, but the Federation monitoring system did not reach down to individual groups. It has rarely been in a position to document the program exposure of member groups, let alone the impacts on the livelihoods of individual members. This limitation was not due as much to lack of opportunity as to lack of interdepartmental vision; the household surveys that the group-monitoring unit began in 2001 with samples of participant households have been stratified on primary and secondary groups – it would have been easy to add measures of Federation participation and correlate them with socio-economic conditions.

Instead, starting around 2002, the Federation monitoring system became more elaborate in terms of organizational capacity, collective social action, and Federation-level income generating activities. Examples include the very tight monitoring of the executive committee elections in 2002 and the quarterly reporting of member subscriptions, training days, public events organized on international days, and of the size of tree plantations. The number of fields in the quarterly spreadsheets went up from 40 to 70 (and further to 90 by 2005). Some financial indicators were also included although in the absence of proper financial reports the sum of cash and of investments in IGAs remained the sole indicator of the Federations’ economic standing for many years. Importantly, these developments took place prior to the 2003 – 2006 capacity building project. They came in

Endless criticisms may be leveled at the Federation monitors for not seizing the obvious opportunities, particularly in joining forces with other units.

The fact remains that they generated the figurework that helped RDRS to successfully apply for the large Federation capacity building grant.

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75 In addition to the actively discouraging attitudes that credit organizers reportedly have been displaying in this regard.

76 The preserved monitoring spreadsheets hardly give away any exceptions to that fundamental regularity. In 2002 counts were done in several quarter-years of group member households with sanitary latrines. As far as we know, that was the only household level indicator used in the Federation monitoring. Member group statistics, then and in other periods, were specific to gender and group size, and later came to include also some indicators of active-group status.
response to recognized weaknesses in Federation management. The figurework that they generated helped RDRS to apply for this large project grant.

During the capacity building project period, the support unit focused on forming a reliable picture of the Federation membership and on institutional and social development indicators. Criteria to measure active membership were introduced (see page 35); this, together with the membership figures supplied by the field staff (practically, the Managers, Social Organization), allowed the support unit to observe growth and the change in member activism at the same time. However, by using savings deposits with RDRS as one of the criteria, it also made the measurement contingent on the utility and smooth functioning of another program, thus introducing unwanted validity and reliability issues. Nevertheless, it is fair to say that the monitoring system has gained a firm grasp at least of the demographic side of the Federations, and that the growth in active membership that it demonstrated for the period 2003 – 2005 was genuine.

The monitoring toolbox was diversified, although slowly. Not all of it happened in the very name of monitoring, and not necessarily by finding a substitute for information no longer available from field observation or from other sectors of RDRS. Two examples may make the point:

- First, it is chiefly for micro-finance purposes that RDRS organized new groups of poor households in recent years. The old socio-pedagogic agenda that dictated group formation in the eighties and early nineties has fallen by the wayside. Thus the new primary groups, while still potential candidates for Federation membership, are no longer essentially destined for it. The lists of groups that the Micro-Finance department produces are diminishing in value as far as they concern the recruitment of new members for the Federation.

- Similarly, when the support unit realized that it was impossible to disentangle the various streams feeding into the member equity element of Federation liabilities, it resorted to looking at paid dues as shorthand for the members’ financial commitment. This is valid to a point, except that equity for income generating projects is often underwritten in special drives involving only part of the members, and contributions to social causes can be raised ad-hoc.

Thus, as often in NGO monitoring, these information tools are a second best. There have been other tools that have enriched the RDRS Federation monitoring, although the direct Federation monitors have not played a central role in every aspect. Two that need to be highlighted here are the quality grades that RDRS has employed periodically and the external audits that are part of the capacity building project.

**Federation grading**

As far back as 1997, the support unit classified all Federations into several quality grades, denoted A, B, C, and (later abolished) D, A standing for the best. The information used to inform the grades changed over time, and so were the algorithms used to determine them. The 1997 grades were based on a scoring system that assigned between zero and five points on each of 20 performance indicators. The ratings were done by the concerned field staff, then called the Social
Development Coordinators. The grade was assigned on the basis of the total points – technically speaking, an unweighted compensatory method, in which a Federation could make good for a shortcoming in any aspect of its management by outstanding performance in other aspects. Statistically, of the twenty indicators only eight discriminated well. When suitably dichotomized, they resolved to two independent factors, the first explaining 34 percent, the second 17 percent, of the variance.

Table 16: 1997 Federation grading, select indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Component weights</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First</td>
</tr>
<tr>
<td>Management quality</td>
<td>0.68</td>
</tr>
<tr>
<td>Advocacy strength</td>
<td>0.76</td>
</tr>
<tr>
<td>Access to local resources</td>
<td>0.67</td>
</tr>
<tr>
<td>Cultural events</td>
<td>0.75</td>
</tr>
<tr>
<td>Trainings and workshops</td>
<td>0.40</td>
</tr>
<tr>
<td>Training centre use</td>
<td>0.15</td>
</tr>
<tr>
<td>Tree plantation activity</td>
<td>-0.16</td>
</tr>
<tr>
<td>Seed money situation</td>
<td>0.21</td>
</tr>
</tbody>
</table>

This historic result\(^{77}\) is remarkable for two reasons. The perceptions of the assessors were not what we would necessarily expect – the field staff considered those Federations well managed that excelled in advocacy and cultural events, not in infrastructure and loan management first. Second, the validity of these items (though not necessarily of the entire rating exercise) was reinforced by the highly significant association that both factor scores showed with member equity. The implication was that, despite the absence of solid financial information in subsequent years, it was possible to evaluate the relative quality of the Federations on the basis of staff opinion.

By 2000, rating domains were more consistently established, with equal point budgets for institutional, social and economic development as well as for what an explanatory spreadsheet called the “gender perspective”. However, the intra-indicator ratings were difficult – for example, who could reliably establish that a Federation had fought out “access to local resources in 100 percent of all cases”, or that the meetings during the reporting quarter ended in “consensus [and were] recorded properly”? These ratings depended on special data collections and on expert opinion of the field staff; the quarterly monitoring reports filled those needs only partially.

By 2003, the grading exercises were felt to be tedious, and the support unit asked the general-purpose evaluation and monitoring unit in Rangpur to develop a system that could make do with the quarterly monitoring data, and would be less arbitrary. This economized on information collection and produced uniformity across several half-yearly grading exercises. A clear policy was formulated for the scoring of institutional, economic and social development performance.

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\(^{77}\) The analysis is based on Benini (1998).
But its downside was an opaque algorithm that prevented the Federation support unit from taking ownership of the process. They simply did not understand it. The formula introduced non-compensatory aspects; a Federation had to score at least 60 percent of the maximum possible point score in two of the three domains in order to be graded A. These maxima were different between domains, with 12 indicators for institutional development (60 points), nine for social (25 points), and only three for economic development (15 points). This system was carried out three times, using the 2nd and 4th quarter 2003 and the 4th quarter 2004 data.

Three results should be brought out at this point. One is that the stability of being a strong, resp. a weak Federation could be gauged with greater precision\(^{78}\). All in all, about two-thirds of the good and weak Federations maintained their respective grades for another six months – a moderate degree of persistence at the extremes.

The old, non-participatory grading yielded two important insights:

Typically, Federations would fairly often change grades. Top performers would lapse; and from the bottom it was possible to revive struggling Federations with special attention and support.

Second, Federations did not follow a uniform development path. Some Federations were economically poor, yet strong in social development.

This finding was important because it suggested that different development paths might be viable for the Federations (at least as long as the RDRS subsidies were flowing). As a concept, this developmental variety was well known to the Rangpur support unit, as conversations over the years gave away, and intuitively must have been clear to field staff as well. There had always been some well-known Federations that were economically poor (and even did not care to do much in the way of economic projects), yet had feisty social activists.

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78 Some of this still depended on interpolation because the intervals between gradings varied.
79 By means of a two-step cluster analysis. But these differences would have been easy to visualize with the well-known tools at the disposal of the Rangpur staff, such as spreadsheet pivot tables and scatter plots.
However, the differences never registered formally in any of the monitoring communications, and never found expression in a differentiated support policy. A number of factors may have blurred them out. The responsibility to produce the grades was delegated to another unit, whom the Social Organization Unit did not want to second-guess. More importantly, the unit had little control over the economic support for Federations, as we amply demonstrated in previous chapters. Thus it had no incentive to advance any differentiated policy along that line and to analyze its data (or even reorient its monitoring) for its defense.

Ironically, it was the director of the Livelihoods department who initiated a change from the mechanistic grading system, using monitoring data and a difficult-to-understand formula, towards a more participatory system. The irony results from the power differential between the Livelihoods directorate and the Social Organization unit as one of the reasons why the unit had not worked out an economic support policy, and from the fact that the Federation staff, with some merit, considered their group culture to be more participatory than that of most other units. In 2004, the director attended a conference of Lutheran World Service country program representatives in Australia. He brought back a set of proformas that the Cambodia program staff had been using to determine phasing-out of aid to village communities and suggested the Social Organization unit try them out on the Federation. The initial semantic confusion between “graduation” (Cambodia) and “grading” (RDRS) was mind-boggling, but it turned out to be creative.

The support unit created a tool, patterned on a template from Cambodia, that was to enable executive committees to rate their Federations on levels of “empowerment” in several domains:

- Institutional development
- Social development
- Civic engagement, and
- Economic development

In a virtual return to the instrument used in 1997, twenty indicators were selected, five by domain, and four levels were defined for each of them. These definitions proved to be the major challenge, and their clarification in terms of linguistic clarity, precision, likely consensus and independence from other indicators required several rounds of discussion. As before, the score ranges that would translate into certain grades were set by RDRS.

But the difference was that this time the proforma was carefully translated, pre-tested (in all Unions of one sub-district), revised again and rehearsed with the field staff who would administer it. This was done in the space of a few weeks in all except one Federation, with the concerned Managers, Social Organization instructing the executive committees. The ratings were then proposed in a first session that brought together three of the nine executive committee members, the manager, as well as a member of the Upazela Coordination Committee to which the Federation belonged. They were subsequently validated in a General Meeting, in which a representative of each member group could participate. Reportedly, in most Federations committee members and group representatives discussed and argued in bursts of enthusiasm.
Given that this was a new idea, the participants accomplished it with surprising bravado. The results showed considerable agreement between the committees’ self-assessments and the grades based on the monitoring data of six months before\textsuperscript{80}.

Table 17: Federation gradings - Traditional and participatory

<table>
<thead>
<tr>
<th>Grade - Participatory assessment</th>
<th>2nd Q 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade - Monitoring data</td>
<td>A</td>
</tr>
<tr>
<td>4th Q 2004</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>20</td>
</tr>
<tr>
<td>B</td>
<td>21</td>
</tr>
<tr>
<td>C</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>41</td>
</tr>
</tbody>
</table>

The structure of the ratings by the executive committees confirmed a degree of independence of the economic development vis-à-vis the more unified view on the other domains, as earlier data used for traditional gradings had already delineated\textsuperscript{81}. The point to underline in this chapter on mutual observations is that the structure of self-observation (by the committees) and of foreign observation (by the RDRS staff collecting monitoring data) was similar.

This novel exercise roused much enthusiasm, not only because it involved Federation members actively, but maybe also because the traditional exercise had simply become boring for the support and field staff, and they, too welcomed the change. But then the support unit fell back into its Rangpur-centric reflexes, produced an English-language report several months later, and gave no feedback to the Federations, which in many places had expressed their desire to know more about their neighbors’ assessments. As of this writing, a second round of self-assessment was going on, with more thought given to dissemination.

Other instruments

Annual Leadership Review Meetings

In a similarly participatory vein, RDRS has been facilitating a self-assessment exercise of the Federation executive committees. Although not formally an activity of the Upazela Coordination Committees, these provide the venue for two members of each committee in the sub-district to gather for the “Annual Leadership Review Meeting”. The representatives take there the results of an internal leadership evaluation that was done publicly (in a General Meeting) in each of the

\textsuperscript{80} The statistical measure, gamma = 0.73, supports this view, but what is easier to understand is the fact that none of the Federations that RDRS had rated as strong on the basis of monitoring data was rated weak on the basis of the indicator ratings chosen by their executive committees, and vice versa. We do not know to what extent the presence of the Managers, Social Organization influenced the ratings.

\textsuperscript{81} Technically, a polychoric principal component analysis of the 20 indicators with 4 levels each (thus ordinal variables) rendered two components, one accounting for 38 percent of the “variance”, the second for 11 percent. The first component was strongly positively correlated with the scores (sums of rating points) of all four domains, but least so with the economic domain (still at a high +0.73). The second component was positively associated with the economic domain score only, and only moderately so (+0.43).
Federations. Each of the nine executive members was evaluated following a proforma set out by the Rangpur support unit. The items vary according to the duties of the different office holders as defined in the Federation bye-laws. As an example, the following table details the scores given to the chairman of the Gunaigachh Federation, Ulipur Sub-district, in the 2005 exercise.  

Table 18: Annual Leadership Review, sample scoring

<table>
<thead>
<tr>
<th>Item</th>
<th>Chairman</th>
<th>Maximum points</th>
<th>Points obtained</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Possesses clear knowledge on Federation development</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>2</td>
<td>Was present in all the GC &amp; EC meetings of this year and conducted efficiently</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>Signed the vouchers, resolutions and other relevant papers after check</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>4</td>
<td>In all the meeting provided scope others for discussion and took all the development initiatives after discussion with the GC members and supervised those initiatives efficiently.</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>5</td>
<td>Maintained liaison with the govt. and NGOs and obtained supports</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>6</td>
<td>He himself did not create any conflict in Federation and in the community and took initiative to resolve other conflicts</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>7</td>
<td>Introduced process for the development of new leadership in Federation</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>8</td>
<td>Subscription, renewal fee of his/her group was regular in this year and encouraged the other groups to be regular in this regard</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>9</td>
<td>Meeting and savings of his/her group was regular in this year and encouraged the other groups to be regular in this regard</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>10</td>
<td>At present he/she and his/her group is not credit defaulter</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>Played role for getting admitted in Federation of the evaluated groups</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
<td>91</td>
</tr>
</tbody>
</table>

These results are then compared, and possible actions to improve leadership are debated, at the annual review meetings hosted by the coordination committees. Although facilitated by the Managers, Social Organization, these meetings are largely an internal affair. The meeting resolutions are not transmitted to Rangpur. The point of the exercise is to stimulate, in a face-saving format close to that of the Appreciative Enquiry (Ludema 1993), General Meeting participants, Upazela-wide representatives and frontline staff to exchange ideas and experience of effective Federation management.

**Annual audits**

Before the start of the capacity building project in 2003, staff known as Field Promoters used to audit Federations. These audits were sporadic, but we may assume that they helped in gathering what little financial information would be included in the monitoring reports.

As described in the chapter “Federations as Economic Actors” (page 75), things changed in 2003. An external firm was called in to audit accounts of every Federation once a year. The choice of the audit year (July to June) was made to maximize the use of the budget line for such audits and was unfortunate from analytic and policy viewpoints. These, however, were not important.

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82 As translated by Shanti Debnath, Federation support unit.
initially; the basic intent was to reinforce, among leaders and members, a sense of accountability and periodic information, for all, of the real financial situation. The key outcome, therefore, was the report, in Bangla, that was given to the concerned Federation and prominently displayed on the Federation center message board and, in many places, used for the report to the Annual General Meeting.

The adoption of a common accounting frame and the use of the data for analytical purposes were resisted for considerable time by the audit firm as well as some of its interlocutors within RDRS and succeeded only with the third annual audit. The reasons for this resistance are important from the viewpoint of providing competent support for a network of grassroots associations and demand a brief reflection on the analytic competencies necessary for effective support.

While the history of auditing grassroots associations in northwestern Bangladesh may strike most readers as arcane and boring, it poses two questions of general concern for those supporting organizations of the poor:

*Can the actors in the aid chain manage the cultural translation effort that audit formats require for meaningful accountability?*

*And: Can the learning speed in the supporting NGO (and its auditors) keep pace with the changes in the environment, including in the Federations to be audited?*

The reasons of the external firm are quickly dealt with. The auditing firm did not want to extend its responsibilities beyond the usual brief of verifying the probity of accounts. If RDRS needed more (such as spreadsheets compiling balance sheets and income and expenditure statements for all Federations), the contract would be more expensive. The firm did not want this assignment, one may assume, because the effort needed to properly (from its perspective) reclassify Federation business and non-business transactions was unpredictable. In other words, the classification schemes used by outsiders (the audit firm) and grassroots committees brought together by a supporting NGO entailed translation problems.

RDRS did begin to provide this translation, notably by helping to create a common accounting frame for the audits, if not yet in the Federation accounts everywhere. But all of that happened very slowly. By the time the first compiled detailed financial data became available (early 2006), 260 Federations had been operating for twelve to fourteen years, and the capacity building project was into its final six-month period (before the 6-month no-cost extension). It is useless to belabor the observation that within RDRS expertise was scattered between social mobilizers and economic promotion units. This will be the case in most support NGOs, in one way or another. And it is of local interest only to note that because of internal arrangements, personalities and power differentials the Federation support unit did not have an incentive to pursue integrated social and financial monitoring in more aggressive and sophisticated ways.

What, however, ought to be put firmly on the agenda of research into organizations of the poor is the speed of learning that supporting intermediary NGOs attain. The pace of innovation within
the RDRS Federation monitoring, including the audits, illustrates this well when compared to what happened in the “real world” of the Federations. As discussed earlier (page 82), the most important business line of the Federations, tree plantations, contracted massively during the lifetime of the capacity building project. This activity had been followed, for several years, in the non-financial monitoring (surviving trees, length of roadside under contract) as well as in the audits (expenses and sales proceeds). Yet the support unit was not challenged sufficiently to marshal the data extant into a simple, coherent analysis for an early, strong alert.

The fundamental issue then is the speed of conceptual learning in the supporting intermediary given the pace and graininess of change in the supported associations and in their local environments. In the case of RDRS – and, one may speculate, of other NGOs -, the major inhibitor may well be the burden that the administration of numerous projects imposes. The coordination capacities at the various levels are so badly stretched that coherent cognitive innovation is very difficult to sustain. This will be the case all the more so when several units in the NGO need to contribute.

This assumption is contradicted by the success of the microfinance administration, which relies on a widely used application (Microbanker) to simplify its monitoring complexity and to periodically update it for new types of knowledge. One would assume that similar instruments for Federation-like bodies and their support exist in the world of the cooperative movement. RDRS has not had access to such instruments; and thus only research in other settings can answer the question whether the issue of slow conceptual change in support networks is a recurrent one, or was a challenge uniquely for RDRS.

**What do the Federations communicate about RDRS?**

While much is known about the 260 Federations as a result of the RDRS monitoring efforts, we are largely ignorant of the ways in which the Federations have perceived RDRS and have communicated these perceptions. Trivially, each meeting between Federation members and any RDRS staff generates perceptions also of RDRS as an organization. The assumption that the members talk extensively about RDRS is natural even if ethnographic insight or detailed data is scarce.

The executive committee and general meetings are regularly attended by the concerned RDRS field workers, first of all the Managers, Social Organization. The meeting resolutions, therefore, constitute a track record of how each Federation has absorbed some of the communications from RDRS. To that extent, the resolutions books in which the secretaries write the minutes can be construed to form an embryonic monitoring system. These threads are purely local and are less important than the conversations through which members and other local people update each other on RDRS.

There are two forums in which the monitoring, of RDRS by Federations, comes closer to its usual meaning. The Upazela Coordination Committees provide for the systematic exchange of experience among neighboring Federations, and this includes their perceptions of RDRS, its policies and qualities. These committees have been meeting for a few years only; their collective opinions are not usually documented in ways that RDRS Rangpur accesses, and thus are not known to us.
Most executive committee members, in their long careers as RDRS program participants, have attended training courses, and most of our interviewees whom we asked about them had been in more trainings than they could specifically remember. These courses bring together people from different Federations. Thus, both officially (through the messages that RDRS aims to convey) and in informal exchanges, they expose RDRS to repeated comparisons. These comparison opportunities should be considered as a surrogate monitoring system even if they do not leave written traces. They are all the better informed because a considerable fraction – Nath's and Siddika's interviewees estimated between 10 and 50 percent – of RDRS group members, including Federation executive committee members, work with other NGOs as well. Some Federation representatives have yet another window to look at RDRS, by participating in coordination meetings that the district commissioners and Upazela Nirbahi Officers conduct with NGOs.

Substantively, Nath (2005) has uncovered a number of recurrent elements. Members conceive of their Federations as highly multi-purpose associations, and they expect RDRS to support them in numerous activities\(^{83}\). This expectation is shared by non-member local residents and can make life difficult particularly for executive committee members. The communities assume that the Federations have received generous resources from RDRS and as a result impute a large capacity to aid needy non-members.

At the same time, members do not see RDRS as a monolithic body. They are aware of conflicts between RDRS departments. For example, they know that credit workers discourage group members from joining the Federations. One may assume that distinctions of RDRS’s internal states correlate with experience and positions. This transpires from executive committee members who have come up the ranks of RDRS landless laborer and marginal farmer groups over the last ten to twenty years. They have been to umpteen training courses and have assimilated an amount of “Banglish” (English and Bangla mixed) development lingo. These cognitive innovations are sedimenting slowly and in layers; as mentioned elsewhere (page 67), “advocacy” is nowadays almost common-place; “rights-based” seems too new to the RDRS culture to put its stamp the Federation leaders’ habits – as yet.

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**Case study: Federation leaders observe the RDRS Health Program**

In Lalmonirhat District, an estimated 48 percent of all pregnant women are seen in RDRS antenatal clinics. The health program director estimates that about one in every ten of these women is referred to the program by the Federations. Leaders as well as a good number of ordinary members – often in batches of 50 assembled for a one-day event at the Federation Center – have undergone orientations in various health-related problems and programs. In about two dozen Federation centers in the District, RDRS built an additional room for its eye clinics.

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\(^{83}\) Molinas (1998: 417) makes a similar observation for peasant committees in Paraguay: “Reducing rural poverty necessarily implies getting many things done. Therefore, a successful peasant committee may cover a wide range of activities.” However, the frequencies that he calculates for activity types show major discontinuities; some activities (in their case demonstrations for land reform and subsidized credit; joint commercialization) are more common than the next frequent types (ibd.: 427). Data from the Federation monitoring system does not allow for this kind of activity type – token analysis.
Federations may use the eye clinic furniture for other purposes as well, but otherwise have no specialized role in the clinics and the occasional surgical camps held there.

Figure 25: Eye camp at Durgapur Federation, Lalmonirhat, 2005

While Federations also refer a number of eye patients, including emergency cases sent to Lalmonirhat, as well as leprosy and TB patients, it would be incorrect to consider them the principal intake agents for the program. This role is being filled by 30 Community Health Workers, half of whom are specialized in eye care, the others in TB and leprosy work. The Federations' role is limited to offering the program the use of its infrastructure, a diffuse general health education role and to opportunistic case work.

In combination, this certainly helps to improve poor people’s access to health care. But some Federation leaders expressed regret that RDRS was not considering the Federations more when deciding the location of Health Program activities. One interviewee went so far as to suggest that if more satellite clinics were housed in Federation centers, some Federations could allocate a roadfront room for a pharmacy and thus gain added prominence (plus some rental income, we must understand) from this service to the community. The suggestion tells us that the Federations scan the RDRS programs for new opportunities of cooperation. Whatever the technical and commercial merits of them dabbling in the medicine trade, such a project would demand a degree of coordination among several RDRS units that is unlikely to come forth from current Federation support arrangements.
Summary

RDRS and the Federations are observing each other continuously. The mutual observations use recurrent settings and tools. Some of these are expected. Typically of the development NGO world, RDRS has put in place monitoring systems tracking the progress and support of the Federations. Other arrangements that we described in this chapter will not usually be seen as monitoring tools; nevertheless they organize systematic observation. This happens in both directions. An important type of social setting in which the Federations observe RDRS are the training courses in which thousands of their members enrolled over the years. And, although RDRS has promoted them primarily as forums for exchange and trouble-shooting among Federations, the sub-district coordination committees observe RDRS intensely.

In its Federation monitoring system that directly goes by this name, RDRS has shown great continuity, producing updated data almost every quarter-year since 1997. During this time, the unit achieved a measure of analytic growth, thanks also to cooperation with other monitoring units in Rangpur. Some of the sophistication was added in anticipation of increased Federation management needs rather than in response to approved projects only; such foresight enabled RDRS to obtain a large project grant for capacity building. The monitoring capacity itself improved to the point where the support unit started to get a good grasp of membership growth and of institutional and social development aspects.

The hallmark of Federation monitoring has been the continuity of data collection, combined with slow analytic growth and slow addition of participatory elements. The written systems, however, may not be the ones offering the strongest learning. This may well take place in predominantly oral settings in which mutual observation across boundaries and tiers is intense, such as zonal and Upazela coordination meetings.

Tracking the economic progress of Federations has been much harder, in part as a result of the mess that overoptimistic lending to the Federations created in their accounts. After it became impossible to track member equity, the support unit for years relied on two substitute measures – the sum of cash and estimated income generating project investment on the asset side, and paid member dues as an element of Federation income. This simplicity may have had its merits for some time, but the use of annual audits for an economic assessment (instead of only for accountability purposes) was a possibility ready, yet not used for a long time.

Even if the support unit had stayed with very simple monitoring tools, it could have put them to more aggressive uses for differentiated policy support and focused management. Simple comparisons over a number of monitoring periods, well presented, would have strengthened the hand of the Social Organization Unit in internal debates. The slow speed of conceptual change in the Federation monitoring poses questions for the long-term effectiveness of intermediary NGOs that support networks of grassroots associations like in our case. Why is microfinance monitoring so much nimbler and so much better believed? Why does it take so long to develop a mix of traditional and more participatory tools? Why has a monitoring system produced quality grades for the units monitored since early on in its evolution, but hardly reciprocated with tools that measure the quality of the support function?
These questions go beyond the RDRS Federation monitoring and arise in many contexts in which expectations are upheld normatively against an evolving environment. Some very abstract theories of mutual observation (Dittrich, Kron et al. 2006) posit that the assumptions of some observers and the behavior of others can stay out of alignment for considerable time before they settle into new equilibria.

For example, despite close observations of the modest support from RDRS, Federation members continue to expect a higher level of employment generation than seems realistic. On the other hand, the fact that the 260 Federations form a contiguous “industry cluster”, with additional observation points in the sub-district coordination committees, has arguably created similarity in expectations. This is manifest in such areas as dispute mediation, where RDRS and Federation committees broadly agree on their action space.
Evaluative Elements

The triplet “relevancy - effectiveness – efficiency” is a regular feature in the evaluation literature, together with “impact” and “sustainability”, plus variable admixtures of other criteria. Long before they became standard in OECD DAC-sponsored evaluations, “relevancy - effectiveness – efficiency” were seen by Bangladeshi NGOs as major waypoints in scaling up innovations beneficial for the poor. We use them here as organizing tools in the summary that the reader expects at the end of several special-focus chapters. This study is not an evaluation in the conventional sense that this term takes in development cooperation, but it is obvious that after so much detail a synthesis is needed.

It will speak to questions of how much the objectives of Federations are central to the welfare of the poor, how well they attain these objectives, and how these achievements compare to the effort extended. Yet relevancy, effectiveness and efficiency concerns – which we group under the heading “Performance” – can rarely be put down to graphic index numbers; Federations, with their diffuse multi-purpose nature, immunize themselves against succinct valuations. Instead, we consider sources of variability, contradiction and agreement.

Also, the line between Federations as organizations of the poor and the Federation support from RDRS is continuously crossed. This is particularly manifest in the two additional segments on inclusiveness and sustainability. Who is a member is the outcome, to a far greater degree, of a managed participation regime through which RDRS supplies well-prepared candidates, than of any Federation decisions. Similarly, we think of sustainability less as a property of the individual Federations than as a partnership in which they, RDRS and its partner donor agencies co-evolve.

Performance

Relevancy

To put the conclusion before the argument, the RDRS Federation experiment is relevant for two reasons. In the history of cooperation between this NGO and the people of northwest Bangladesh, the Federations were a “natural” outgrowth of working with organized local groups of poor households. “Natural” must be placed in inverted commas because alternatives historically were not unthinkable. The majority of Bangladeshi NGOs did organize program participants in groups, but then did not proceed to federating the groups. Others, such as the Catholic NGO Caritas, created Federations directly at a level higher than the local commune, that is, in the sub-district. If the RDRS history makes the emergence of the Federations appear natural, it is primarily because of high density effects at the local level.

The fraction of RDRS group members among the poor in the late eighties and early nineties was considerable. Associative forms beyond the small group were suggested by staff members as well as the groups themselves. For example, in Unions where the local farm ecology allowed for most households to acquire RDRS-manufactured manual pumps, popular enthusiasm and the momentum of the attendant extension services secured the federating idea strong grassroots

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84 Development Assistance Committee (DAC) (1998: 114)
support. One might call, for lack of a better term, this original situation the “self-organized relevance” of the Federations.

But what applied to the genesis of the Federations may not necessarily be valid for their permanence and sustainability. That the Federations have lasted has more to do with the place that empowerment holds within the broader logic of poverty reduction. Contrary to household-level interventions that made significant differences for the livelihoods of poor families – notably savings and loans, trainings, and farm technology - membership in the Federation has bestowed marginal economic advantages. The Federations have been attractive for a different reason - their insurance function. This insurance is diffuse, non-contractual and poorly enforceable, lessening the risk to assets, incomes, health and personal integrity and improving chances of redress and compensation. The attraction exists because formal insurance is scarcely available, and community members do not have equal access to the law and to state protection. In an NGO landscape dominated by micro-finance competition, this quasi-insurance function is almost in itself sufficient for a relevant niche.

That said, two reservations spring up. While the “shelter for the poor” metaphor can co-exist with an insurance perspective, the members themselves do not reduce the importance of their Federations to that function. What matters for them is the provision of a space free of corruption, in which the dignity of the poor is respected, and which serves as a training ground to make their voices heard outside.

Even if the Federations are marginal to the livelihoods of the poor, they are relevant on account of their insurance function. Members may yet see this differently: to them, Federations matter because they defend the dignity of the poor.

Second, what other relevant development alternatives does the support of the Federations weaken or preclude? What is its opportunity cost? RDRS could have chosen to work through existing institutions, as it does in other projects. For example, its quality-of-education advocacy projects are working with local schools in the perspective of giving children of poor families access to an ultimately useful education. Similarly, the coexistence of elected councils and the RDRS Federations in the same Unions is often commented upon. Projects to strengthen the pro-poor functioning of the Union Councils are a conceivable alternative to Federation support. At least one major NGO project in Bangladesh, CARE’s Shouhardo (“Solidarity”), has made pro-poor capacity building with Union Councils a key agenda point.

RDRS’s point has been that the Federations brought poor people directly into an organized format of participation, and more effectively so than through attempts to make institutions more pro-poor. Initially, a pedagogical model of graduating groups to higher-level institutions, akin to educational transitions, guided the Federation support. It was followed by emphasis on honest management and democratic procedures, which the capacity building project reaffirmed in parallel with cleaning up the loan corruption. Lately, concern for the public standing of the Federations and for their effective civil society role accelerated the transition to independent local NGOs for a majority of them.
If these rationales, added over time rather than succeeding each other, are in broad agreement with empowerment concepts, the triple personality of the Federations as group interest associations, local development mechanisms and cooperative economic actors does not seem well balanced. The first two incarnations are seen as positive: The Federations, as spaces of autonomy and as voices of the poor and particularly of women, are widely appreciated. Similarly, there is agreement that they have been making local institutions more accountable and more focused on the needs of the poor, even though the evidence for this is more anecdotic than systematic.

Their lives as income-generating project holders are less compelling, not only in view of the known results, but for lack of clear rationales from the start. Were these projects relevant in order to create employment for members (and even for non-members in distress), or were they taken on for the ultimate financial self-sufficiency of the Federations? We did demonstrate that greater wealth promoted the social development role that a Federation assumed in the local community, but this does not answer what the relevant business profiles should have been, and how they could be effectively supported. Except in tree plantations, for which their “power in numbers” secured Federations access to an underutilized resource (roadside land), this type of organization rarely enjoys competitive advantages over private business. At the same time, the relevancy of income generating projects cannot be summarily dismissed even if, hypothetically, the institutional needs were wholly underwritten by member dues and grants by RDRS and others. As we have seen, part of the insurance function is encapsulated in expectations that Federations can provide emergency employment. These contradictions have not been resolved.

**Effectiveness**

Let us assume that despite doubts and reservations all the three mandates – of interest groups of the poor, local development associations and cooperatives - are relevant in a poverty reduction perspective. Have the Federations attained the goals implicit in them? Have the poor joined? Have the Federations spurred the Union Councils into better projects? Have they provided income to any poor persons as well as improved their own finances?

Surprisingly little is known with any precision, but even a fuzzy picture seems mixed. Literally, a strong public standing leaps to the eye in the shape of the brick-building centers that a majority of the 260 Federations have acquired (221 Federations had one at the end of 2005). There is life in these centers, pulsating in activities as diverse as the plying of leaders between executive committees and the Union Council, ordinary people coming to attend mediation sessions, and families renting the space for weddings. These activities may happen so often that for many Federations they can be considered routine, but they say little about the attainment of the larger goals. At most one may concur with RDRS to say that sponsoring a solid brick-building center was a good investment, and Federations enjoying these facilities are better respected than those that, for lack of contributing a piece of land or for some other shortcoming, are left to operate without a pukka center.

Federations are organizations for collective action, and Sampson, McAdam et al.’s (2005: 676) insight that collective efficacy is best observed under conditions of challenge applies to them as well. Again the picture is mixed. Some examples make the point but cannot draw a sum. Over the years, the communities have been submitting an increasing number of disputes for the
Federations to resolve. Yet, when the parties are of very different socio-economic standing, a Federation’s writ may not go far. In the 2003 Union Parishad elections, fewer Federation candidates were successful than six years before; yet the ones who were elected prevailed in a much more difficult environment than in 1997. The business side of Federations has held up least well to challenges, as evidenced by the contraction of their most important line, the tree plantations; yet almost all Federations continue to pursue some business activity\(^{85}\) and to report some profits.

The weighting of strengths and achievements in multi-objective organizations is not straightforward although there are models that, given good indicators, attempt to evaluate this diversity (see below, under “Efficiency”). Given the limitations of the Federation monitoring system, a more abstract perspective is needed, still under the motto that efficacy is best examined under challenge.

For this purpose, we briefly look at a study from another country. In an analysis of 72 conflicts that village communities in Indonesia managed, Gibson and Woolcock (2005 : 28) developed a typology of collective efficacy. They considered two variables that make sense also in the context of our Federations: how the local elites share power, and how leaders and ordinary members interact within local associations. Four styles of conflict management appeared, with elite capture the worst and adaptive problem solving the most favorable for the poor.

**Figure 26: Gibson and Woolcock's typology of local conflict management**

<table>
<thead>
<tr>
<th>Style of associational interaction</th>
<th>Types of power</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top-down, adversarial</td>
<td>Autarchic</td>
</tr>
<tr>
<td>Partial capture</td>
<td>Elite capture</td>
</tr>
<tr>
<td>Access, but little or no influence</td>
<td>Countervailing</td>
</tr>
<tr>
<td>Participatory, collaborative</td>
<td>Interest group politics</td>
</tr>
<tr>
<td>Adaptive problem solving</td>
<td></td>
</tr>
</tbody>
</table>

In the RDRS-founded Federations, the elite capture and interest-group politics options hardly occur; the mechanism by which Federation members were recruited ensured that wealthier individuals and households were excluded. A top-down interaction style may be present in Federations with leading executive committee members that have risen to solid middle-class positions – a visitor described a Federation secretary driving up on a 120 cc motorcycle and the intimidating effect that his appearance had on the members standing by. The rarity of female Federation chairpersons belongs there as well. But this kind of elite formation from among the ranks of upwardly mobile poor is categorically different from control by large landowners, businessmen and local politicians.

The relevant spectrum, therefore, ranges from access to institutions without significant influence to more genuine and adaptive roles in problem solving, all within a relatively participatory interaction style that most Federations are practicing. The first type of outcome is expected in communities that leave power in the hands of a small elite group that Gibson and Woolcock call

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\(^{85}\) To the extent that one trusts the external auditors, who reported business income in the latest audit year for 240 out of the 260 Federations.
autarchic. The Bachor Federation’s failed mediation story (page 55), from the Thakurgaon – Panchagarh region with its notoriously more persistent feudal structures, likely fits this stylized picture. Where, however, the power structure has grown more pluralistic, Federations may get to gain some countervailing power to the dominance of public affairs by local elites. Our fieldwork in Lalmonirhat District, agriculturally a smallholder area, received hints at collaborative problem solving, with one Federation offering to do the legwork for the Union Council in the siting of sanitary latrines, and another Federation mobilizing protesters from beyond the Union causing an acid throwing attacker to be jailed.

The distribution of the 260 Federation on the continuum from “access without influence” to “adaptive problem solving” is difficult to assess more specifically. The point that fewer Federation-supported candidates were elected to the Union Councils in 2003 than in 1997 has been belabored many times. Two other observations may illuminate the strengths and limitations further. While Federations and Union Councils have consulted each other in many places and on many matters, we have not heard of a single case where the Federation obtained a copy of the Council’s budget and discussed it in the executive committee and with group representatives. In the other direction, in a manner of speaking, reaching downwards to the poor, Federations have been able to involve considerable numbers of non-members in sporadic activities, such as issue-based gatherings. But the particular recruitment mechanism has not allowed them to grow membership among the majority of poor people in their Unions. In our interviews, all executive committees, member groups and the sub-district coordination committee concurred that they wanted more members. But it is doubtful whether strong incentives to recruit exist, and they certainly have not yet become effective. The recruitment aspect will be resumed below under “Inclusiveness”.

Sidebar: The Federations’ own effectiveness typology and evaluation

In a focus group meeting that Nath and Siddika conducted with all twenty members of the Hatibandha Upazela Coordination Committee (13 March 2006), the functions of the Federations were inventoried. The members volunteered their own typology, which held four “pillars”, as they put it, of Federation development. The meeting proceeded to rate the ten Federations in the sub-district on each of them.

- The first pillar, “psycho-social” support, is a free translation of the Bangla word “manoshik”, which, literally, means “mental”86. The Federations are sought out by poor people in acute depression; Federation members – often the leaders themselves – give advice and encouragement. A committee member added that this function had become all the more important since neighbors these days were less willing to care about persons in distress.

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86 The translation of “manoshik” as “psycho-social” was proposed by Kamaluddin Akbar, RDRS Executive Director. In 2005, RDRS hosted a training workshop on ‘Psycho-Social Services in Disasters’ for staff persons from LWF India, LWF Nepal, LWF Cambodia, from Indonesia as well as from RDRS that one of its partners, the Church of Sweden Aid facilitated.
• **Social** (Bangla: সামাজিক “samajik”) development forms the second pillar. The participants did not elaborate much on its contents, but rather stressed the need to build coalitions in the community so that benefits would go to all the poor. A need to set priorities too was recognized, as was the aspect that some social problems can manifest themselves with great urgency, demanding quick response.

• **Financial** (Bangla: আর্থিক “aarthik”) development is a concept whose ambiguity the participants did not resolve. They used it in both connotations of the Federation’s own institutional capacity as well as of employment creation for persons in need. Morally, the second had priority, but participants stressed that without firm financial bases, a Federation was not in a position to employ anyone. Some participants said that Federations deserved to be called “shelters for the poor” only once they were capable of helping larger numbers of people to earn. This evaluation is in contrast to the presumed majority interpretation that social development achievements already by themselves make Federations effective shelters.

• The fourth pillar is **sangthonik**, institutional development. This needed to be strengthened in both directions. Capable leaders in the Federations needed to be developed further, so that they could work competently in higher-level structures, “at least to the Upazela level”. There had been neglect of leadership building in the groups; more needed to be done to make secondary-group leaders respected and capable leaders in their hamlets and villages. Achievements in the larger arenas depended on the strength of the people’s organizations below.

For each Federation, the representatives gathered in the focus group were asked to mark its current achievements on the pillars if these stretched to a height of 100. Nath and Siddika retained the sub-district averages in this table.

**Table 19: Upazela coordination committee rates effectiveness**

<table>
<thead>
<tr>
<th>Pillars of Federation development</th>
<th>Average current achievement against an ideal level of 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psycho-social support</td>
<td>30</td>
</tr>
<tr>
<td>Social development</td>
<td>35</td>
</tr>
<tr>
<td>Financial development</td>
<td>15</td>
</tr>
<tr>
<td>Institutional development</td>
<td>65</td>
</tr>
</tbody>
</table>

While the scores have no literal interpretation, they give away three distinct levels of satisfaction. The Hatibandha committee believed that the Federations had done best in terms of institutional development, regardless of how much it still left to be done. The psycho-social support and social development functions were scored at a level that suggests significant, if perhaps overall disappointing results. The financial development, or rather the employment that healthy Federation finances are supposed to generate, has known scarce success.

For an outside observer, the implied message is that expectations for benefits are by far not being matched by actual delivery, but the continued existence of the Federations is taken for granted.
Efficiency

One of the criticisms aimed at multi-objective development organizations is that they make evaluations of their efficiency impossible due to inscrutably heterogeneous output mixes and continuous claims to “new and improved” products and approaches. This line of argument is at least implicit in Easterly (2003) and, for Bangladesh, Gauri and Fruttero (2003). We have noted that Federations have specialized in the things in which they excel; this is true in social development as well as in income generating projects. This has created considerable challenges for the monitoring system; for example, the diversity of income generating projects has been such that, except for tree plantations, specific types of projects have not been recorded. If they were, most would be found active in very few instances at any given moment although numerous Federations may have experimented with them at some point of time. The discontinuity of tree harvests (from which Federation drew the largest part of business income) is already a formidable obstacle to analyzing the business side; in our fieldwork it quickly proved impossible to determine which of the projects experimented with in recent years was currently active, seasonally dormant or abandoned for good.

There are two ways out of this dilemma. One is to essentially restrict efficiency analysis to quantitative summaries of a variety of measures if an aggregating metric is available. This is the case with monetary measures. For example, in the chapter on Federations as economic actors, we noted the figures needed to calculate income transfer costs (page 102). For every Taka worth of income transferred to the poor, in wages and dividends, the Federations had received Taka 0.89 in subsidies. This figure does not include RDRS establishment and other project cost; if the Social Organization payroll were added\(^7\), it would go up to Taka 1.59.

This is not unusual for community-driven income generation; in South Africa, for example, the cost to the government of transferring one Rand to the poor through such projects ranged from 2.5 to 12 Rand (Adato, Hoddinott et al. 2005: 39). The problem with such ratios is that they take account only of activities that fit the aggregating metric. For example, where Federation dispute mediation deters further violence against women, there are considerable savings to members and to local society, apart from the non-monetized values of peace and dignity. These savings are not measured in the Federation accounts.

The second approach is to value the size and the diversity of the Federation

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\(^7\) But not any other costs, in order to avoid double-counting with subsidies and donations reported from the Federation books.
activity portfolio at the same time. The basic idea is to do justice to diversity by weighting all pairs of activity types, rather than adding scores for individual types. An activity pair is weighted more heavily if the two activities are more dissimilar in type (because the investment required to achieve both is bigger). For example, one could express, through suitable indicators, the performance in each of the three Federation personalities. Paid membership dues can proxy for interest associations of the poor; the number of disputes heard, a service to the community, is shorthand for the local development association aspect; the sum of wages and dividends paid out captures the cooperative side. The diversity statistic could then be divided by an appropriate effort or asset value, in order to distill an efficiency measure.

We leave these reflections at the theoretical firmament. Our data is too spotty to bring them down to the Federation earth. Instead, here we exemplify the efficiency question with a statistic that we used earlier. On page 58, the relationship was shown between a 2003 wealth index and the predicted number of disputes heard during the subsequent two years. The key finding was that Federations received significantly more cases when they were comparatively very wealthy.

In fact, if we formed the ratio of disputes heard to the wealth measure, it would precipitously fall as we move from poorer to richer Federations – including at the high end. This is trivial, up to a point. We cannot expect Federations to attract mediation cases in proportion to their wealth. But the fact that over a large range of capital Federations did not attract more cases, and the additional ones received by those at the high end were not very numerous, gives pause. It raises the larger question whether multi-objective associations like these Federations are confined within narrow productivity barriers. They do a lot of different things. Most of them are done in small numbers. And most of them may be relatively expensive if the full cost to the aid chain were apportioned.

“May be expensive?” - One of the consequences of supporting multi-objective organizations is a reporting system that lacks the coherence over time to decide most efficiency questions. This inability is systemic and not particular of RDRS; it stands in contrast to the insistence with which members (and others in their communities) want Federations to address a multiplicity of issues in their lives. This at the same time mitigates inefficiencies – the Federations’ diffuse mandates create motivational bases for unpaid work and other voluntary contributions. Most of these are not measured, and we have not yet seen suitable models to come to terms with the efficiency dimension.

With RDRS acting as the intake agent, the Federations never learned to recruit actively. They traded strength in numbers for the credentialed qualities of a minority of the poor in the local community.

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88 A possible metric is suggested by Stirling, in his “integrated multicriteria diversity index” M (Stirling 1998: 94). In principle, given stronger data, one could adapt the portfolio share variables for Stirling’s M for our 260 Federations. This would remain an internal measure; Federations could be ranked one relative to the other, but not to outside entities (unless these are measured on the same variables). The measurement of wages and dividends during the one audit year is too capricious; this frustrates a practical exercise. We encourage researchers with access to other sets of people’s organizations to explore Sterling’s M for efficiency measurement.
**Inclusiveness**

The Federation members form a minority among the local poor. This follows from the recruitment mechanism, which in turn is a consequence of the managed participation regime created by RDRS. Individuals join Federations by virtue of being members of small groups – composed of either all men or women from a neighborhood – that RDRS formed, supported with extension services, trainings and loans, and after a number of years, declared fit to enter their local Federation. As variously mentioned, this graduation, as the transition is called in the NGO’s lingo, was based on a pedagogical model inspired by the labor-organizing and adult literacy campaigns of the eighties, and has survived that program era. The graduation process has been marked by discontinuities; recently, recruitment rules were modified in a minor way to admit individuals provided they find a member group willing to admit them. By implication, Federations have not recruited actively, and poor people organized by other NGOs have not been invited to join. They would face obstacles from their NGOs, most of which, in the manner of safeguarding their patronage capital, do not allow their beneficiaries to join other groups – despite widespread de-facto multiple membership by the same households.

The managed participation regime has impacted on the size as well as the composition of the Federation membership. We have dwelt at length on the intricacies of having to operate with a double membership concept, affiliated vs. active members. In summer 2005, just over one third of all members belonged to groups that RDRS rated as active. Depending on the choice of member enumerators and population denominators we obtain different proportions, but they all confirm the minority status. An estimated 3.5 percent of all households in the 260 Unions were home to an *active* Federation member; this gives a lower density bound.

A high estimate for the member density requires explanation. When executive committees estimate the proportion of poor households belonging to their Federation, they consider *all* members. Their basis for the denominator may be subjective. Thus we need to look at other sources. For the northwestern region as a whole, the government of Bangladesh estimated in 2000 that 63 percent of the population were poor (Ahmed 2004: 11). A much lower estimate is provided by the Bangladesh Bureau of Statistics (2004), in a joint study with the World Food Program. Their Union-level estimates place the population living under the (lower than in Ahmed, op.cit.) poverty line at 38 percent. Using this latter denominator to estimate the high bound, the ratio of members to poor households is 0.26. One is tempted to think that a quarter of the poor belonged to Federations, but an unknown fraction of members may be above this comparatively low poverty line.

Among the five executive committees with whom we worked out estimates of the proportions, four settled close to 10 percent of the poor households being members. For the fifth, the estimate was just above 20 percent. In the end, low, central and high estimates all leave room for the same two conclusions: The Federations have so far not been open to the majority of the poor. And: In most Unions, they unite such a small number of the poor that they will rarely come to be seen as

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89 Not a global figure for the Northwest, but calculated by the author for the 260 Unions with Federations, and then averaged with weights for the 2005 estimated number of households. Because of their large standard errors, the BBS-WFP estimates should not be used for density estimates in individual Unions. Nevertheless, one statistic of interest is the 31 (out of 258) Unions in which more than half of the poor households were estimated to be Federation members.
a threat to the local elites. This latter statement is in part assumption, modified by the fact that non-members do tend to join ranks with Federations around issue-specific events; the unpredictability of this popular support is a source of influence with which, in some places at least, others must reckon. The protests that the Shingimari Federation orchestrated to bring an acid-throwing criminal to justice (page 67) exemplify this mechanism.

Because members had been RDRS program participants for a number of years before they joined their Federations, one would assume that most of them improved their economic lot prior to joining. Indirect evidence for this comes from the comparison of RDRS graduated-group member household incomes with those of an external reference group. Median incomes for households headed by men were one third higher among the first category. At the high end of the distributions, the lead over the reference group vanishes. On the other side, secondary group members have slightly lower household incomes than unfederated group members, in part because since the late nineties the RDRS micro-finance program has admitted more middle-class borrowers. Such people, while not yet graduated, lift the average of the primary group member incomes (Benini and Ferdous 2005).

What does all that mean? Relatively few of the Federation members nowadays belong to the very poor strata of northwestern rural society. This is a program, not a selection, effect; RDRS, prior to the fast expansion of its micro-finance program, had biased recruitment to the very poor. But if members are less poor than before they joined RDRS primary groups, neither have many moved up to solid middle-class status after graduating to secondary groups. Federation membership, as we saw, has marginal direct effects on their economic conditions.

Executive committee and ordinary members differ in this respect; the incomes of the former are substantially higher. As was already manifest at the time of the previous study (1997), it is primarily from among upwardly mobile individuals with a long RDRS beneficiary career that chairman, secretary, and cashier positions were filled. One of the strong motivations fueling their voluntary work is to reinforce their fragile new middle-class status in the local community. They seem to achieve this, in the absence of monetary compensation, chiefly by leveraging the social capital that their positions in the Federations bestow.

90 Female-headed households were rare in both samples. For details, see page 43.
91 This formulation is not entirely correct. What we know is that the median 2004 family income of 26 executive committee members in the 2005 RDRS Impact Survey sample was Taka 49,360. This is close to the 80-percentile value in the general population. The value for 365 secondary-group members who did not report executive committee status was Taka 30,870. Most, though not all, of these 365 must have been Federation members, but we do not know the sample median for those who in fact were members.
92 Molinas (1998), in a study of 104 cooperatives and peasant committees in Paraguay, observed that these organizations performed better when some of their committee members had land holdings above the median size in the community (ibd.: 421). He demonstrates that, other things being equal, there is an optimum point of inequality. Molinas’s explanation is that “community members with bigger landholdings [...] benefit proportionally more” (ibd.: 420) than others from the collective good such as joint marketing, and thus are more motivated to work hard for collective success. These kinds of rewards are rarely flowing from Federation activities. Executive committee members are more likely to benefit in ways ordinary members don’t, e.g. by getting elected to the Union Council. The advantage of moderate inequality in Federations rather comes from the likelihood that middle-class members can afford giving more unpaid time.
Sidebar: Relations capital and occupational multiplicity among executive committee members

The social and economic positions even of the Federation “nomenclatura” (chairperson, secretary, cashier, also the vice-chairperson, who in most cases is a woman) are so fragile that typically these office holders distribute risks through occupational and associational multiplicity. The chairmen and secretaries of the Tabakpur and Bozra Federations, Ulipur Upazela, illustrated this theme in a recent conversation. Bozra's chairman, putting training with RDRS to good use as a private livestock vaccinator, and his secretary, a full-time farmer, are the single-line exceptions. Their cashier colleague is still working as a rickshaw driver, but spends part of his time as the president of the local rickshaw drivers' association. The vice-chairperson is a housewife who has meanwhile started her own poultry business.

In neighboring Tabakpur, the chairman at one time managed the fish nursery in the RDRS Ulipur compound. After a falling-out between the Federation and Livelihoods staff, he found work as a fish-fry producer with a private competitor. He also runs a catering business patronized chiefly by government offices. The secretary speculates in commodities – what others call “stock business” - and sells garments; he steadies his income with a small job in an RDRS program outside the Federation support. The cashier farms and also operates a power tiller service. Outdoing all in originality, another committee member supplements his day job as a carpenter with small earnings from acting in a popular theater group.

The managed participation approach has, to a degree, traded inclusiveness for quality. Those who join Federations have gone through similar small-group cooperation, technical training, savings and loan use experience. They know RDRS as much as interaction with a number of field staff and social comparisons can teach. This commonality makes it easier to solve consensus and coordination problems within the organizations that take them as members, in agreement with experimental studies that demonstrate how “slow growth coupled with the exposure of entrants to a group’s history [leads to] large, successfully coordinated groups” (Weber 2006: 125).

There are other advantages, too. Progressive RDRS policies that were already employed in the primary groups are easier to transfer to the Federations. For example, a bias in allocating group-organizing resources to poor women, together with large training and volunteer-management efforts to address domestic violence issues, has reinforced incentives for women to stay with the Federations. Again, we must not lose sight of the downsides. The thin membership basis limits Federations in how much countervailing power they can attain in the local socio-political arena. It excludes the poor who have not followed RDRS beneficiary careers from participation as members although they may benefit from the effects of Federations indirectly. And there is a consequence for sustainability as well: with RDRS being the de-facto recruitment agent for the Federations, these have not learned to recruit actively.

93 With the author, during a break at the Bozra Annual General Meeting, 27 February 2006.
94 In this, we echo Cleaver (2003): “Social capital as an asset [cannot] be readily created, used or substituted for other missing ‘capitals’ (human, natural, financial and physical). […] Processes of institutional formation do not necessarily result in inclusive forms of social capital. […] The poorest people are severely limited in their scope for exercising agency. We should be cautious about claims that it is possible to get institutions wholly right for poverty alleviation and social inclusion.”
Sustainability

Statements of the kind “If RDRS withdrew its support, between 100 and 150 [of the 260] Federations would survive” are common among the staff. This particular range – between 40 and 60 percent roughly – was volunteered by the coordinator, Social Organization unit, who is likely the person knowing the Federation portfolio better than anyone else, although largely from the Rangpur perspective. The workers closer to the field were less optimistic; the ones that Nath and Siddika interviewed in the eastern zone converged on 30 percent survivors for this eventuality. Although responding to different questions, the interviewees in the executive committees and member groups offered similar figures. Interestingly, the prospects of financial sustainability were not deemed any more favorable for those Federations that had obtained registration with the Social Welfare Department and thus were qualified to seek funding as independent local NGOs.

Common to these guesstimates is a picture of financial survival versus organizational death in a scenario that has the supporting NGO cut its ties with the people’s organizations that it founded and fostered. Such separations may happen in extremis, and are more likely for the registered Federations, particularly if they are co-opted by other organizations and come to be seen as competing with vital RDRS interests. Some directors anticipate such risks in the micro-finance business; when the Jatrapur Federation, in Kurigram, converted its grain store – for which RDRS had paid – into rental space for the Krishi Bank, it sent teeth gnawing as far as Rangpur. But are such events to be expected frequently?

It seems more productive to deliberate sustainability in terms of the co-evolution of RDRS and the Federations. Any cynic with a minimum of inside information will point out that the Federations are too important in the aid market in order for RDRS to let them go away for short-term savings. Thus, the sustainability issue is first of all about the future qualities of the partnership. The financial aspect, certainly, is an important consideration, but not chiefly in terms of the demands that the Federations are making on scarce project funds. As we have shown, the subsidies needed to offset the total loss from continuing operations across all of the 260 Federations are modest, and even the current payroll for the Federation support consumes a small part of the total RDRS resources.

Other aspects of financial sustainability are more threatening for the long-term health of the Federations. One has to do with the observation (by Jalali 2005, op.cit.; see above page 29) that people’s organizations receiving considerable subsidies from NGOs are less successful in growing member equity; the poor perceive that their financial contribution is not needed and that whatever they scrape together will be vastly outsized by monies from NGOs and governments. Add to this the observation that while most Federations make some business profits, these are usually very small and do not pay for a significant part of non-business expenses.

Taking together all that we know of the business side, the cooperative function is the weakest part of the Federations’ multiple personality. In most lines of services and production, they have no structural advantage over private business. But scale and incentives provide only a partial perspective. It is important to see that in the major business lines adopted by people’s organizations, just as in some non-business mainstays, local autonomy mixes with global discourses. Thompson (2005) makes this point for South Africa, but several examples are handy concerning northwestern Bangladesh. Tree plantations, a successful technology in the hands of
Federations, are easy to connect to the environmental movement. They are declining because of several factors discussed earlier: Their success has attracted greedy outsiders; RDRS seems resigned to the decline; traditional partners such as the WFP are fashioning their agendas beyond what is supposed to take care of itself by now. Lending to member groups, which was a disaster taking years to clean up, was inspired by micro-credit enthusiasm fanned by neoliberal preference for individualized producers.

Other than those, there isn’t any plausible business technology at hand suitable for replication in numerous Federations. Formal insurance may come up on the horizon because Federations may be better suited to mitigate moral hazard than commercial businesses can do, and a connection can be construed with the growing “rule of law” and “property rights” discourses (Guha-Khasnobis, Kanbur et al. 2006 [forthcoming]). RDRS seed multiplication projects have used a small number of remodeled Federation grain stores; if the northwest can scale up this industry, Federations may conquer a share. Linkages with movements rejecting the corporate domination of the seed business would suggest themselves (Pimbert 2006).

On the non-business side, the connection between the struggles to keep women in Rangpur – Dinajpur safe from domestic violence and the global feminist movement is all too apparent. Thanks to the legal support project, this concern was translated into a technology – local dispute mediation – that the Federations could successfully learn and apply to thousands of occasions. There is, in the non-business realm, no other global-local exchange as widely assimilated into Federation life as resistance to domestic violence. Mass immunizations, for example, although promoted in international campaigns, have involved Federations only in an auxiliary role towards providers such as the RDRS Health Program. The prevalence of dispute mediation in the social development repertory is a monocultural anomaly of the Federations and a possible weakness for long-term sustainability.

In all instances of acting locally while thinking globally, the interpreter function of RDRS and its networked partners will be critical. This raises the question of how competently these nodes will perform. RDRS participates in numerous northwestern, national and international networks, of professional and advocacy types, but the transmission capacity further down in the chain may be a limiting factor in innovation and scaling up. In the field, many observers, beginning with the head of the Federation support unit himself, have been asking what the RDRS staff will be able, at current levels of competency, to produce of value to the Federations. As the Federation leadership grows more experienced and networked through the Upazela committees, and as old technologies draw to exhaustion, new turns must be negotiated in the competency spiral.

Sustainability, in this light, may mean fewer, but better educated and technically competent staff in the support unit, and more coordination capacity anchored in the Federations. Ultimately,
strong Federations will need staff of their own, and the means to pay them. This may be economically feasible only in rare cases and may therefore require siting such functions at the Upazela level, instead of at each Federation. But remember that many of the Federations, registered as independent units, are potential implementation partners of other NGOs and thus liable to break out from common support formats. The window for RDRS to create effective Upazela Federation structures may not stay open for ever.

**Summary**

Traveling from relevancy to effectiveness, and hence to efficiency, our evaluative conspectus offers less and less certainty. That the Federations are relevant to the poor of northwestern Bangladesh would be very difficult to refute. Affirming that fifteen years of continuity prove also their effectiveness, however, would be a naive belief. The 260 such organizations have been of uneven quality, and their most common denominator has been the creation, after much struggle, of a corruption-free space in which the poor affirm their dignity. From this foothold, they have expanded into the large variety of initiatives commonly found in multi-purpose grassroots organizations.

The Federations share functions of empowerment, quasi-insurance, and of cooperation with local government. They discharge these through participatory and collaborative interaction styles although the social difference between the upwardly mobile men of the executive committees and the poor women in the majority of the membership remains a structural trait in most places. The outcomes in the local theater vary with the strength of each Federation, with the nature of issues and the openness of the elites, fluctuating between “access without real influence” and “adaptive problem solving”.

The efficiency question is the hardest to answer, and it may be advanced fruitfully only if we fold it into the larger sustainability perspective. If the Federations have grown in their stature of poor people’s interest and local development associations, they have been less successful in their businesses. Contradictory expectations between profits for the organization and employment for members have not been resolved. The financial shortfall in continuing operations is so modest that RDRS and its partners should be able to offset it, but effective social technologies for the kind of employment creation that the members and their communities so strongly expect are not at hand.

The long-term sustainability of the Federations must be couched in terms of their co-evolution with RDRS and with its partners. RDRS and the Federations are mutually dependent. Most Federations will not in any near future become financially self-supportive, and RDRS, in the words of the Social Empowerment director, will “not be able to expand its advocacy work without the Federations.” The incentive for RDRS’s partners to contribute to the Federation support is that these provide local instantiations of the global movements to which the partners are drawn (with various degrees of comfort). We have illustrated this with three of these linkages:

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95 This comment was made by Mike Howes, consultant for the European Union (formerly IDS Sussex), whom the author met in Rangpur February 2006. The cooperative movement has struggled with the affiliated dilemmas for a long time. In Nath’s and Siddika’s conversations with RDRS staff and executive committees, lack of time for Federation matters on the part on leaders working their own day jobs was a recurrent theme.
In each of the linkages, RDRS translated a broad concern into a social technology that the Federations could learn and practice in large numbers. Not all were equally productive, and the underpinning linkages have a tendency to bloom and fade, in tune with moving agendas and task environments. Thus long-term sustainability will depend on innovations, and these in turn will be critically sensitive to cross-tier competencies. Prospects are mixed. RDRS as a regionally constituted NGO is at a disadvantage vis-à-vis the ones centered on the national capital and often scripting policies jointly with funding agencies and overseas academic institutions. At the same time, the 260 Federations filling a contiguous swathe of its working area have developed many of the strengths that industry clusters typically offer: rapid matching of capacities, scope for specialization, and positive knowledge spillovers.
Outlook and Recommendations

Our study set out with the metaphor that a woman used in an interview with her member group, “The Federation is a shelter for the poor”, and which lent the title to the 1997 report. While many more Federations have since received a brick-building service center that gives them added prominence in their communities, the shelter metaphor has become even more figurative. For example, Federations shelter women in their own homes, through advocacy and dispute mediation in domestic violence.

Yet, neither RDRS nor the members themselves are very often talking of shelter when they are referring to Federations. Previous chapters detailed perspectives from both sides on membership, economic position, social development and support dynamics and contrasted them with statistics of the 260 Federations. In this section, we summarize the relationship between RDRS and the Federations and use the shelter metaphor again to probe who should be in this shelter, and for what possible benefits. We interlace these reflections with broad practical recommendations.

Figure 27: The shelter metaphor - "Like a mosque"

“Our Federation is like a mosque. Our fathers and grandfathers built it. Our grandsons and granddaughters will take care of it. If they don't, people will graze their cattle there, and it will turn into a wasteland” - Matia Beoa, Member, Moidhya Goddimari Women's Group, Goddimari Union

“What is it worth to you?”

The Federations are a very special achievement of RDRS, and they are unique in the Bangladeshi NGO context, a rarity even in international perspective. They also are a good part of RDRS’s brand capital and, as “RDRS Federations”, name recognition. RDRS has liberally used this capital to leverage grants for a variety of programs from the donor market; the Federations have in recent years been the recipients of considerable subsidies and in return have aided RDRS in implementing projects. Some of this cooperation has been deliberate, with Federation designed to be primary partners; for other episodes Federation infrastructure, goodwill and labor were harnessed ad hoc and to various degrees of voluntary participation and satisfaction on the part of committees and members.

In RDRS’s official pronouncements, the Federations “remain the focal point of all its ventures – economic, social and environmental” (RDRS 2006a: 5). In the day-to-day reality of implementing numerous projects, Federation support is but one among many; little lets the
observer feel that RDRS is heavily banking on the Federations’ growth and strength for its own future as a regionally-focused NGO in the northwest. The current Federation Capacity Building grant, which bankrolls the support unit payroll and most types of subsidies, will come to an end in December 2006. Contingency plans to define a reduced level of support paid for from RDRS core funds have not been elaborated because chances are that the European Union will continue its support.

Apart from immediate funding needs, there is the larger issue of long-term sustainability and the place that the Federations will occupy in the total RDRS fabric. As we have seen in the profit-and-loss analysis, while the current Capacity Building grant is large, the amount needed to offset the 260 Federations’ loss from continuing operations is modest (Taka 10.6 lakh, $ 15,000, in the audit year 2004-05). Even if the full stream of subsidies that the auditors classified as “donations” were continued (Taka 131 lakh, $187,000 in that year), the cost of cultivating a civil society structure as widespread and responsive as the 260 Federations seems inexpensive in the context of what RDRS and its partners have been willing to contribute for the welfare of the region year by year.

The major challenge before RDRS, therefore, is less the financial sustainability of the Federation support, but its organizational and cultural translation. The Federation support policies need to be harmonized. The Livelihoods department, with its self-financing goals and profit motive, must relinquish its grip over the economic support policies and projects aiding Federations. Instead, the support unit needs a budget line for economic support, out of which it can choose to contract Livelihoods or outside suppliers for specific projects with Federations. Similarly, the opposition of RDRS Micro-Finance staff towards the Federations must be reversed, perhaps by creating incentives based on their primary groups joining the Federations.

A proactive response is needed also in the event that the registered Federations turn themselves into micro-lenders; RDRS cannot (and should not) use them as intermediaries, but needs to find ways of working with Federations that in one field may be competitors and in another may remain loyal partners. RDRS is rightly wary of lending to Federations for economic projects, but should admit that the commercially savvy ones will need to finance their growth through debt, and should connect them to lenders willing to take the risks. Above all, a more assertive, and less conflict-shy, conversation regarding the place of the Federations must be encouraged up and down the RDRS hierarchy, doing away with what a Rangpur-based director called “the taboo of talking about their future”. Senior staff have a responsibility to sensitize their junior and mid-level colleagues to the importance of Federations and the conduct expected in this partnership.

**RDRS aspirations**

During the current phase of the Federation capacity building project, RDRS managed the turnaround of its suffering micro-finance project, making it a very strongly managed, if not yet self-supporting sector of the RDRS activity portfolio. In the ensuing atmosphere of reassurance and discipline, the Federation support in turn was able to rectify the legacy of earlier microfinance complications in the Federations, strengthen their management and enable them to
grow their social activism competency. Yet, RDRS’s own aspirations in the new Five-Year Plan period (2006-2010) period have remained modest. This is evident in the indicator levels defined for “Outcome 9: Effective community-based organisations, civic engagement and advocacy in favour of the poor” (RDRS 2006b: 11). RDRS hopes that “50% of Union Federations maintain satisfactory governance, and membership participation, 50% of Union Federations maintain satisfactory programmes, and 10% Federations actively participate in formulation of the [Union Council] plans” (ibid.).

Thus, the accent is on consolidation. Why that should be so, is not obvious. If the Federation support were entirely shut off, then the Federations, left to themselves or adopted by other implementers and donors, would find it difficult to maintain those levels of satisfaction, however defined by external observers. But assuming that RDRS will remain a strong supporter of the Federations, actively invited by a majority of them, and resourced to continue technical and financial support, these objectives, as written in the Plan, underchallenge RDRS and the Federations.

It may not be fruitful to debate if and when those 50% goalposts have been reached. Rather, the goals of Federation support should be more transformative. A number of Upazela coordination committees are showing promise as trouble shooters for the affiliated Federations and as organizers of larger social mobilization events. Experiments with Upazela-level Federations may be indicated for this Plan period, while at the Union level the staff-to-Federation ratio may be lowered. In fact, one committee that we interviewed requested for such an experiment. These are very sensitive issues, complicated by doubts as to the value that the typical frontline support staff is able to create for Federations, by the need to enable Federation leaders to devote more time without creating a layer of paid leaders estranged from their members, and by the requisite training curricula and management systems that can help ascending Federations and the RDRS staff working with them.

**The support unit**

The Social Organization Unit has managed the Federation capacity building project to the good effects that we have described. These successes and the new challenges have also laid bare a number of weaknesses. Most of these are peculiar to RDRS and to the history of this unit and are of no concern to a study in the long-run viability of organizations of the poor.

Of wider interest is the observation that the Federation support has been administered in terms of a monitorable grant rather than as a function measured by the total effect at the Federation end. This has left the support unit in a subordinate position in which it could not (assuming it tried) harmonize RDRS policies affecting the Federations. One may look at this from the viewpoint of the organigram and the place that the unit occupies, with the attendant lack of hierarchical authority over field personnel interacting with the Federations. But this, after all, does not seem essential for coherent support. As long as the unit managed the project well, RDRS had no incentive to change the arrangements regarding Federation policies and Federation support that the four Rangpur directors worked out among themselves.

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96 As far as the existing Federations are concerned. There are plans to found Federations in new areas as well.
They are not to be blamed for all of it; for the unit did little to broadcast its problem analyses effectively within RDRS and create pressure for reform. Personalities apart, the more common question of interest is whether a regional NGO like RDRS, with the limitations that it faces in qualified manpower markets, can muster the expertise needed to set up the “careful and well-designed monitoring and evaluation systems” “with a long time horizon” with which “the evidence suggests community-based and -driven development projects are best undertaken” (Mansuri and Rao 2004).

In principle, the 260 Federations were, before registration with Social Welfare⁹⁷, homogenous enough to be monitored with a fairly simple system. This in fact was done and did succeed in describing the member demographics. However, the next logical steps were not taken. With some tenacity and cooperation with the internal audit unit and the project’s own field promoters, and without the need for external expertise, for example, the support unit’s monitors could have amplified the reach of their data with the annual audit reports.

This matters because we observe a much more aggressive symbiosis between donor and implementer expertise in large national as well as in international NGOs. This is exemplified next door to RDRS by CARE Bangladesh, an international NGO with 500 field staff in Rangpur - Dinajpur. CARE’s monitoring intensity (expressed as the ratio of monitoring and research staff in Rangpur to field staff in the northwest) is ten times RDRS’s. Donors such as USAID and DFID actively conscript CARE into project design, and both sides are collaborating on background research using donor country academic institutions.

In developing its Federations policies and support, RDRS must improve its ability to monitor Federations and its support for them. Currently, there is no clear work program for these staff, and they give the impression of personal assistants with rapidly changing small ad-hoc assignments rather than researchers. If this function cannot be properly established in the support unit, it will need to be externalized to where other RDRS monitoring staff are working in a more deliberate manner, such as the North Bengal Institute. Given current staff profiles, it may also be necessary to concentrate on products in Bangla, and arrange competent translation for those that deserve to be circulated in English. The unit already has an economist; it can thus be expected to speak to economic support issues on which policy needs to be redefined.

Improvements in the technical aspects of monitoring by themselves alone will not dramatically improve the language and conceptual translation capacity of the Rangpur coordination office. If RDRS and its partners wish to project the Federation story to international audiences more aggressively, and also to improve the speed of learning and innovation towards the local communities, they should work together to open the channels.

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⁹⁷ With registered Federations receiving grants from other donors directly, the monitoring challenges are shifting again.
“A Shelter for the Poor”

Who should be in the shelter?
In spite of numerous and severe limitations, the Federations are a civil society mainstay. The poor in the 260 Unions enjoy few alternatives in terms of interest and local development associations. Some have said that the service and insurance functions of the Federations become less vital as one moves from the Chars to the rural mainland and thence to peri-urban Unions. The poor do have more options these days of microfinance services; but the NGOs offering them discourage their customers from joining other NGOs, even those which do not compete in this market, such as the Federations associated with RDRS. RDRS itself is not above this practice. The group graduation process has been uneven; and the primary group portfolio nowadays is an asset of the Micro-Finance department with little positive, and some negative, energy for Federation growth.

As a result, a lower percentage of poor households were members of Federations in 2005 than had been in 1997. In the five Federations visited by Nath and Siddika, executive committees’ median estimate of poor households represented was 10 percent. RDRS policies have not yet responded to a perceived growth imperative, and we do not know how many Federation leaders and ordinary members in fact want to expand membership substantially. RDRS certainly is wary about inviting groups organized by other NGOs lest this give these NGO influence and ultimately in some cases control over these Federations. Its only adjustment so far has been to allow individuals to join (this policy is fraught with its own dangers where elite persons see an advantage infiltrating a wealthy Federation).

The Federations themselves have not openly challenged that the recruitment of groups should be limited to those credentialed by RDRS; and the suggestion of the Thetroy Federation chairman to organize a participatory mapping of all poor households in the Union as part of local advocacy work (he did not say that the mapping ought to result in any new members) has remained solitary and unheard. The scores generated in the participatory self-assessment exercise in all Federations in 2005 indicated that “bigger was not always better”. This was a statistical relationship, not one verbalized by the participants, who emphasized rather the unity of all poor people as one of their core beliefs. But it is a concern.

As long as the arrangement between RDRS and the Federations remains one of managed participation, both sides may in fact lack the incentives to expand membership. It does not make sense, therefore, to recommend targets for membership drives. However, the rules should be changed. The registered Federations are already free to recruit whosoever they like, but RDRS may take a forward defense of encouraging openness to organized groups of poor persons and of assuring Federations that in the allocation of subsidies they will not be penalized for inviting groups not credentialed by RDRS. This can only function when the requirement to deposit savings with the RDRS Micro-Finance Program is dropped.

More of the poor should be encouraged to join. This does not need recruitment targets, but rather needs different rules. RDRS microfinance clients need to be assured that they will not be penalized for joining Federations. Federations need to be free to invite also groups not credentialed by RDRS.
Besides changing the rules, experiments in participatory expansion may be useful. Support unit monitoring staff should be freed (perhaps by lowering the frequency of traditional monitoring reports) to do pioneer work with executive committees eager to expand their involvement with non-members (such as through the mapping proposed in Thetry, or sanitation initiatives with Union Parishads that require an amount of survey work). An outgoing, experimental attitude, careful evaluation and duplication of viable growth policies would loosen the strictures of managed participation.

**What should the shelter offer?**

We have emphasized earlier that the members appreciated their Federations greatly for two qualities – for offering a space where honesty is the rule in contrast to the spheres where bribe-giving and taking prevail; and as a forum in which the poor can speak out. The themes they speak to loudest are access to resources and protection from violence.

Deterring violence, particularly violence against women, is an observable effect of the Federations. Regardless of whether the incidence of certain types of crimes is decreasing or not, it remains high. Particularly in fighting dowry-related violence and assisting its victims, Federations need to further grow their involvement. Their advocacy and dispute mediation capacity appears to be linked to their economic performance. This happens in two ways. Wealthier Federations are able to intervene in more disputes; secondly, persons in acute distress expect relief, including emergency employment.

Access to mediation, public mobilization in the event of serious crimes, and economic relief lower the risk of costly litigation, repeated violence and endless destitution. In this sense, the Federations are meeting an insurance function. They are not ensuring assets but rather personal integrity at a more fundamental level. The insurance may not be very dependable, but it has been good enough in the recent years to attract more people to the Federations, and to increase members’ involvement. Particularly, women have seen the benefits.

What next in strengthening the insurance function? One aspect concerns the dependency on economic performance. A critical second look is needed at our finding that Federations are expected and, in some cases, are able to provide emergency employment to persons in distress. Similarly, the correlation between wealth and mediation caseload needs to be evaluated for the quality of the dispute resolution that richer Federations, handling more cases, achieved. We know very little about these outcomes; the monitors should forget their statistics for a moment and swarm out to study more cases in depth.

As for access to resources, a point made by Blair (2005: 921) comes to mind:

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98 Asset insurance will sooner or later be developed by the dynamic micro-finance industry.
“Elite domination must be expected to continue, however, and pro-poor initiatives will have to contend with it in the struggle for developmental resources. Accordingly, it is suggested that rather than pursue advocacy for policies directly targeting pro-poor groups (e.g., land redistribution, minimum wage enforcement), it would be better to forge coalitions with non-poor groups to press for more broad-based agendas (e.g., health, education) that can gain widespread support.”

In the Federation context, this points to the ability to engage with Union Councils as well as with sub-district and district committees such as the NGO coordination committees. The network situations and issue challenges can be very diverse and localized, and RDRS’s ability to be the conductor and coordinator will be increasingly inadequate, particularly among the registered Federations with their own variable networks. However, to the extent that advocacy work can be standardized, one of the best services that RDRS can render to the Federations is to create systems and syllabi that upgrade their ability. In our view, RDRS does not currently have the resources to design advocacy elements far beyond what it has achieved; these services need to be procured on the market, perhaps with help from the RDRS core partners. The mediation trainings, provided through a competent outside NGO, set a precedent that should be emulated in new areas. Opportunities for RDRS to assume additional support functions may arise in media liaison, import of technical expertise, and the development of legal and coordination templates.

As such, the shelter for the poor will be bounded less by the walls of the Federation center, but will more fleetingly (and less controllably for RDRS) expand and contract between inner spheres of poor-on-poor interactions and more daring outreach with “non-poor groups”. Some of these will turn out obstructive, and others helpful. How far can this go? The poor cannot eat advocacy even if good number of NGO workers make a living on it. The beauty of the Federations is not that “we want to have 100 percent sanitation in this Union”, but, as a chairman explained, “when a girl runs away from her torturing in-laws, and she comes to our center, we try to do something for her.”
Methodology

Data sources
We collected the information for this study from a number of sources. These included written documents, electronic databases, interviews with individual RDRS staff members and with small groups of them, group interviews with Federation executive committee and member groups, group discussions with field staff, and case writing exercises with some of them. Documents and databases go back as far as 1997; interviews and group discussions took place in November 2004, July 2005 and February – March 2006. One of the case-writing exercises was held in April 2006, after the author’s departure from Rangpur and at the support staff’s own initiative.

Documents and databases
The most important source in this category consists of quarterly monitoring data spreadsheets that the Federation support unit compiled off questionnaires filled by their field personnel. Over the years, we obtained copies of some quarterly spreadsheets from all years except 2001. The support unit lost all of its monitoring 2001 data in a computer crash. The data that we used most intensively was from the second quarters of 1997, 2003, 2004, and 2005. Data from other dates was of lesser importance, unavailable, or uneconomical to merge because of changing record identifiers that would have required manual tagging. The second quarter was chosen because we had used the 2nd quarter 1997 spreadsheet in the previous study, and because 30 June of 2004 and 2005 bracketed the audit year for which comparable audit data was available for all Federations. The previous one-year period (July 2003 through June 2004) had been used in a first small study on dispute mediation caseloads; some of these models were then re-estimated for two-year period counts ending June 2005 using the 2nd quarter 2003 covariates. Also, in 2003 Federation membership was for the first time measured at two levels, as all members and as active members (this is described in the chapter “Federations and Their Members”).

For illustration, the list of variable names used in the 2nd quarter 2005 report is reproduced here, as shared by the Federation support unit.

Table 20: Sample quarterly monitoring - Variables and descriptive statistics
2nd quarter 2005

<table>
<thead>
<tr>
<th>Column</th>
<th>Variable</th>
<th>Minimum</th>
<th>Median</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Name of Federation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td>Federation 2004 ID</td>
<td></td>
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</tr>
<tr>
<td>3</td>
<td>RDRS Unit</td>
<td></td>
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<tr>
<td>4</td>
<td>Upazela</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>5</td>
<td>Reporting Quarter</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Total number of female groups affiliated with Federation</td>
<td>5</td>
<td>18</td>
<td>50</td>
</tr>
<tr>
<td>7</td>
<td>Total number of male groups affiliated with Federation</td>
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<tr>
<td>Column</td>
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<td>Median</td>
<td>Maximum</td>
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<td>---------------------------------------------------------------------------</td>
<td>---------</td>
<td>--------</td>
<td>---------</td>
</tr>
<tr>
<td>8</td>
<td>Total number of groups affiliated with Federation</td>
<td>10</td>
<td>30</td>
<td>79</td>
</tr>
<tr>
<td>9</td>
<td>Total number of members in female groups</td>
<td>72</td>
<td>271</td>
<td>880</td>
</tr>
<tr>
<td>10</td>
<td>Total number of members in male groups</td>
<td>0</td>
<td>187</td>
<td>522</td>
</tr>
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<td>11</td>
<td>Total number of members in groups</td>
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<td>463</td>
<td>1179</td>
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<td>12</td>
<td>Total number of active female groups</td>
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</tr>
<tr>
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<td>Total number of active male groups</td>
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</tr>
<tr>
<td>14</td>
<td>Total number of active groups</td>
<td>0</td>
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<td>35</td>
</tr>
<tr>
<td>15</td>
<td>Total number of members in active female groups</td>
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<td>110</td>
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<tr>
<td>16</td>
<td>Total number of members in active male groups</td>
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<td>47</td>
<td>276</td>
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<tr>
<td>17</td>
<td>Total number of members in active groups</td>
<td>0</td>
<td>168</td>
<td>782</td>
</tr>
<tr>
<td>18</td>
<td>Total number of female groups in Federation deposited regular membership subscription</td>
<td>0</td>
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<td>44</td>
</tr>
<tr>
<td>19</td>
<td>Total number of male groups in Federation deposited regular membership subscription</td>
<td>0</td>
<td>6</td>
<td>28</td>
</tr>
<tr>
<td>20</td>
<td>Total number of groups in Federation deposited regular membership subscription</td>
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<td>18</td>
<td>65</td>
</tr>
<tr>
<td>21</td>
<td>Total amount of subscription deposited in the Federation</td>
<td>0</td>
<td>772.5</td>
<td>31599</td>
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<tr>
<td>22</td>
<td>Total number of female group representatives did not attend in General Committee Meeting</td>
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<td>4</td>
<td>28</td>
</tr>
<tr>
<td>23</td>
<td>Total number of male group representatives did not attend in General Committee Meeting</td>
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<td>30</td>
</tr>
<tr>
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<td>Total number of group representatives did not attend in General Committee Meeting</td>
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</tr>
<tr>
<td>25</td>
<td>Total number of female groups in Federation with no savings in RDRS</td>
<td>0</td>
<td>7</td>
<td>38</td>
</tr>
<tr>
<td>26</td>
<td>Total number of male groups in Federation with no savings in RDRS</td>
<td>0</td>
<td>6</td>
<td>34</td>
</tr>
<tr>
<td>27</td>
<td>Total number of groups in Federation with no savings in RDRS</td>
<td>0</td>
<td>13</td>
<td>62</td>
</tr>
<tr>
<td>28</td>
<td>Total number of female groups deposited no subscription in Federation</td>
<td>0</td>
<td>4.5</td>
<td>34</td>
</tr>
<tr>
<td>29</td>
<td>Total number of male groups deposited no subscription in Federation</td>
<td>0</td>
<td>3</td>
<td>31</td>
</tr>
<tr>
<td>30</td>
<td>Total number of groups deposited no subscription in Federation</td>
<td>0</td>
<td>8</td>
<td>60</td>
</tr>
<tr>
<td>31</td>
<td>Total number of elected female members in EC committee</td>
<td>0</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>32</td>
<td>Total number of elected male members in EC committee</td>
<td>0</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>33</td>
<td>Total number of elected members in EC committee</td>
<td>0</td>
<td>9</td>
<td>9</td>
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<tr>
<td>Column</td>
<td>Variable</td>
<td>Minimum</td>
<td>Median</td>
<td>Maximum</td>
</tr>
<tr>
<td>--------</td>
<td>--------------------------------------------------------------------------</td>
<td>---------</td>
<td>--------</td>
<td>---------</td>
</tr>
<tr>
<td>34</td>
<td>Number of Executive Members attended the EC Meeting in 1st month of the quarter</td>
<td>0</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>35</td>
<td>Number of Executive Members attended the EC Meeting in 2nd month of the quarter</td>
<td>0</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>36</td>
<td>Number of Executive Members attended the EC Meeting in 3rd month of the quarter</td>
<td>0</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>37</td>
<td>Number of group representatives attended the GC Meeting in 1st month of the quarter</td>
<td>0</td>
<td>19</td>
<td>57</td>
</tr>
<tr>
<td>38</td>
<td>Number of group representatives attended the GC Meeting in 2nd month of the quarter</td>
<td>0</td>
<td>19.5</td>
<td>51</td>
</tr>
<tr>
<td>39</td>
<td>Number of group representatives attended the GC Meeting in 3rd month of the quarter</td>
<td>0</td>
<td>20</td>
<td>45</td>
</tr>
<tr>
<td>40</td>
<td>Number EC members group with over due credit</td>
<td>0</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>41</td>
<td>Number EC members with over due credit</td>
<td>0</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>42</td>
<td>Whether the Federation registered or not ?</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>43</td>
<td>Whether both the representatives of Federation were present in the Upazela Federation Coordination Committee Meeting or not ?</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>44</td>
<td>Whether the Federation maintains all its records independently ?</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>45</td>
<td>Whether the Federation partially maintains its records independently ?</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>46</td>
<td>Whether the Federation maintains none of its records independently ?</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>47</td>
<td>Whether all the records of Federation were updated ?</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>48</td>
<td>Whether the records of Federation were updated partially ?</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>49</td>
<td>Whether none the records of Federation are updated ?</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>50</td>
<td>Total own land of Federation in Decimal</td>
<td>0</td>
<td>28.5</td>
<td>179</td>
</tr>
<tr>
<td>51</td>
<td>Whether the Federation is with only a pucca community Resource Centre ?</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>52</td>
<td>Whether the Federation is with only a kacha community Resource Centre ?</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>53</td>
<td>Whether the Federation has no house at all ?</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>54</td>
<td>Whether the Federation is with only a grain store or not ?</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>55</td>
<td>Number of popular theaters staged by Federation</td>
<td>0</td>
<td>0</td>
<td>497</td>
</tr>
<tr>
<td>56</td>
<td>Total number of days Federation Community Library were opened</td>
<td>0</td>
<td>0</td>
<td>91</td>
</tr>
<tr>
<td>57</td>
<td>Total number of readers use this community library in the quarter</td>
<td>0</td>
<td>0</td>
<td>887</td>
</tr>
<tr>
<td>Column</td>
<td>Variable</td>
<td>Minimum</td>
<td>Median</td>
<td>Maximum</td>
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<td>--------------------------------------------------------------------------</td>
<td>---------</td>
<td>--------</td>
<td>---------</td>
</tr>
<tr>
<td>58</td>
<td>Whether the Federation established residential training facilities or not?</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>59</td>
<td>Number of batches provided facilities for training/orientation/workshop in the community resource centre?</td>
<td>0</td>
<td>0</td>
<td>105</td>
</tr>
<tr>
<td>60</td>
<td>Whether the Federation promoted low-cost social event support services to the community or not?</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>61</td>
<td>Number of social events provided support service</td>
<td>0</td>
<td>0</td>
<td>29</td>
</tr>
<tr>
<td>62</td>
<td>Number of conflict cases received by Federation for resolution</td>
<td>0</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>63</td>
<td>Number of conflict cases resolved by Federation</td>
<td>0</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>64</td>
<td>Whether the Federation has Popular theater group or nor?</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>65</td>
<td>Number of popular theaters staged by Federation's own management</td>
<td>0</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>66</td>
<td>Whether the Federation has Folk-song group or not?</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>67</td>
<td>Number of folk-song sessions arranged by Federation's own management</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>68</td>
<td>Whether the Federation has advisory cell on women's rights or not?</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>69</td>
<td>Whether the Federation has a Disaster Preparedness Committee or not?</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>70</td>
<td>Number Disaster Preparedness Committee meeting held in the quarter</td>
<td>0</td>
<td>1</td>
<td>500</td>
</tr>
<tr>
<td>71</td>
<td>Total amount of taka in the Disaster Preparedness Fund</td>
<td>0</td>
<td>0</td>
<td>18000</td>
</tr>
<tr>
<td>72</td>
<td>Total kilometers of Roadside tree plantation</td>
<td>0</td>
<td>9</td>
<td>80</td>
</tr>
<tr>
<td>73</td>
<td>Decimals of block plantation of the Federation</td>
<td>0</td>
<td>0</td>
<td>1275</td>
</tr>
<tr>
<td>74</td>
<td>Total survived trees in the Roadside tree plantation</td>
<td>0</td>
<td>2000</td>
<td>43000</td>
</tr>
<tr>
<td>75</td>
<td>Total survived trees in the block plantation</td>
<td>0</td>
<td>0</td>
<td>14300</td>
</tr>
<tr>
<td>76</td>
<td>Total kilometers of newly planted Roadside tree plantation</td>
<td>0</td>
<td>0</td>
<td>10</td>
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<tr>
<td>77</td>
<td>Decimals of new block plantation of the Federation</td>
<td>0</td>
<td>0</td>
<td>190</td>
</tr>
<tr>
<td>78</td>
<td>Total survived trees in the newly planted Roadside tree plantation</td>
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<td>0</td>
<td>10000</td>
</tr>
<tr>
<td>79</td>
<td>Total survived trees in the new block plantation</td>
<td>0</td>
<td>0</td>
<td>3000</td>
</tr>
<tr>
<td>80</td>
<td>Number of local govt. resources gained by the Federation</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Column</td>
<td>Variable</td>
<td>Minimum</td>
<td>Median</td>
<td>Maximum</td>
</tr>
<tr>
<td>-------</td>
<td>--------------------------------------------------------------------------</td>
<td>---------</td>
<td>--------</td>
<td>---------</td>
</tr>
<tr>
<td>81</td>
<td>Number of National/International Days observed by the Federation</td>
<td>[Dates]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>82</td>
<td>Number of IGAs the Federation has at present</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>83</td>
<td>Total amount of investments in the IGAs of the Federation at present</td>
<td>0</td>
<td>0</td>
<td>150000</td>
</tr>
<tr>
<td>84</td>
<td>Total amount of profits gained from the IGAs by the Federation</td>
<td>0</td>
<td>0</td>
<td>9166</td>
</tr>
<tr>
<td>85</td>
<td>Number of groups the Federation has distributed dividend</td>
<td>0</td>
<td>0</td>
<td>47</td>
</tr>
<tr>
<td>86</td>
<td>Total amount taka the Federation has distributed dividend</td>
<td>0</td>
<td>0</td>
<td>95000</td>
</tr>
<tr>
<td>87</td>
<td>Total amount taka the Federation has earned with grain store use.</td>
<td>0</td>
<td>0</td>
<td>10982</td>
</tr>
<tr>
<td>88</td>
<td>Total Income of the Federation in the quarter</td>
<td>0</td>
<td>7066</td>
<td>228521</td>
</tr>
<tr>
<td>89</td>
<td>Total expenditure of the Federation in the quarter</td>
<td>0</td>
<td>7376</td>
<td>181016</td>
</tr>
<tr>
<td>90</td>
<td>Total amount of Cash in Bank</td>
<td>101</td>
<td>4224.5</td>
<td>258352</td>
</tr>
<tr>
<td>91</td>
<td>Total amount of Cash in Hand</td>
<td>0</td>
<td>224.5</td>
<td>21689</td>
</tr>
</tbody>
</table>

Variable labels as from Support Unit. Variable names not shown for space reasons. Descriptive statistics calculated by us.

Variables vary from quarter to quarter to a small extent.

Data from other quarterly monitoring spreadsheets was not used, with one exception: Data on the results of Federation candidates in the 1997 Union Parishad elections (which took place shortly after our fieldwork then) were obtained from the 4th quarter 1997 sheet. Data on the elections six years later, 2003, was held in a specific spreadsheet. The support unit shared with us a number of other thematic spreadsheets on:

- Executive committee elections in 2002 (the variable of interest, women serving in the committee, was updated in subsequent quarterly reports);
- Federation grades based on scores calculated from monitoring data (the calculations were done by a researcher in RDRS Rangpur, but outside the Federation support unit) half-yearly from December 1999 to December 2003 and for December 2004 (the grades given for the second quarter 1997 were part of the then quarterly monitoring spreadsheet);
- Domain-wise and total scores assigned Federations during a participatory assessment in spring 2005;
- The status of Federations registered with Social Welfare Department and of their applications to various donors by the end of 2005;
- Assets and liabilities as of 30 June 2005 and on income and expenditure in the audit year ending then (more on this below).
The latest quarterly monitoring spreadsheet, the one for the 4th quarter 2005, became available halfway through data analysis in February 2005; we have not made use of it for this study.

The resulting data situation is not satisfactory in all regards. Notably it obliged us to compare membership growth for two periods of unequal length, 1997 – 2003, and 2003 – 2005. Because of missing data for 2001, but also because of changes in definitions, time series models of membership changes are not feasible.

The financial data is from three sources. First, because of limited success in structuring Federation accounts before the start of the Federation capacity building project in 2003 – some of this complicated by a period of frequent loan defaults and consequent executive committee inactivity in the late nineties –, for several years the support unit assessed the economic strength of Federations using a proxy measure. This was the sum of cash and estimated investments in income-generating projects at the end of the quarterly monitoring periods. We are using this measure for lack of alternatives until 2004 and, where comparisons are indicated, for 2005. Because of confused accounting of loans and subsidies, it was (and still is) not possible to differentiate between member and donated equity. In the 1997 study, an estimate of member equity had been made; for later years this has not been possible.

The second source of financial data is the external audit reports for the 260 Federations for the period July 2004 through June 2005. This was the third annual audit that external auditors conducted under the Federation capacity building project. It was the first for which they used an identical accounting frame. Support unit staff, helped by other RDRS Rangpur colleagues, compiled the 260 reports into balance sheet and income and expenditure databases (in spreadsheet format), on the bases of which we calculated total liabilities and assets as well as the levels of profit and loss shown on pages 78 and 80. An analysis of business income and expenditure revealed frequent misclassification problems, with about half of the Federations that claimed a gross profit not showing any business expense. However, if these expenses were posted as non-business ones, their effect will be expressed in the profit or loss from continuing operations. Profit and loss at this level is an important parameter of sustainability.

Third, information on the cost of the support activities under the Federation capacity building project for the period 2003 – 2005 was obtained from Jensen and Karim (2006). Their figures are for the entire project and are not broken down to individual Federations and not even to RDRS Units (basically district operations). Conversely, the subsidies that auditors reported for each Federation (as “donations”) cannot be allocated to the capacity building and other projects, but subsidies from the former are assumed to form the lion’s share.

A number of external data sources were used. From the Government of Bangladesh 1991 and 2001 population census, data was transferred from hardcopy reports regarding Union level populations and literacy rates. The World Food Program in Dhaka shared small-area estimates of Union-level poverty rates (Bangladesh Bureau of Statistics 2004); this data arrived late; this is responsible for some of the heterogeneity in our models. It was produced, and is owned jointly, by WFP and Bangladesh Bureau of Statistics. With CARE Bangladesh (Gillingham and Islam 2005), RDRS exchanged data on household-level surveys; we use a sub-sample of their household sample (those for which we were able to determine the gender of the household head).
for a population-level income distribution, to which we compare the income distribution among those sample members who theoretically should be Federation members (theoretically because they belong to so-called graduated or secondary groups supposed to have joined the local Federation). The comparison table appears on page 43 of this report.

The a.m. data tables were merged into a master table with over 400 variables, many of them calculated ones. Due to the reorganization of a few Federations on the Chars between 1998 and 2003, and to some new foundings in one sub-district (Kishorganj), the variables measured between 1997 and 2002 carry between 4 and 19 missing values. Most of the variables measured in later years have no missing values.

A plan to include, in the questionnaire of the second panel of a RDRS 800-household sample survey in 2004 (conducted by a unit other than the Federation support unit), a scale to measure the households’ involvement in the local Federation was not carried out; and this study does not have household-level survey data with Federation-related attributes.

In terms of written reports, we received copies of the quarterly monitoring reports that summarize findings from the quarterly data updates. The reports are of interest particularly to RDRS Unit coordinators and do not carry any analyses of special interest that would justify referencing them in this report. We used a number of reports by Nath (Nath 2003a; 2003b; 2004a; 2004b; 2005) that speak, chiefly or in certain passages, to Federations. They were generally based on very small (<10) samples of Federations.

**Interviews and workshops**

**Interviews with staff members**

The author interviewed each of the four RDRS department directors in Rangpur and Lalmonirhat (see pages 95 [departmentation] and ii [acknowledgements]) in the course of February and March 2006, using a hand-written catalogue of topics adapted to each of them, but opened with the question to what extent they still considered the “Federations to be a shelter for the poor”. With the Director, Microfinance, two more conversations took place, regarding the use of the audit information. The author also had conversations with the RDRS Executive Director in Dhaka as well as with A.H. Bhuiyan, RDRS Consultant, who is commonly regarded as the founder of the Federation movement.

The person with whom the author had the most extensive exchanges was, understandably, the coordinator of the support unit (for an organigram, see page 100). During the five weeks spent in Rangpur, the coordinator was seen daily when he was in town; in addition to an initial interview in a format similar to the ones with the directors, he would read first drafts of all chapters written in Rangpur and then discuss them with the author. He accompanied the author to visit two Federations, an East Zone staff meeting and a social event of the Ulipur sub-district Federation coordination committee. Interactions with him had been numerous already in July 2005, November 2004 and previously. These have not be recorded in detail, except in a detailed note commenting on his input to the RDRS Five-Year Plan 2006-2010, which was written following a West Zone staff meeting in July 2005 (Benini 2005).
Almost daily conversations, data exchanges and case study draft discussions took place with the other Rangpur-based support unit staff although they were not interviewed individually. They, with their coordinator, participated in a workshop finalizing the interview guidelines that Nath and Siddika used in the field, and in another workshop discussing first findings from their fieldtrip, in March 2006.

Elements of that guideline were used also in interviews (some in small groups, some individually) that Nath and Siddika conducted with eight Coordinators, Social Empowerment (who operate at district level) and Managers, Social Organization (who each cover a sub-district) in Kurigram and Lalmonirhat Districts. Some of these persons subsequently participated in the Kurigram workshop below.

**Support Unit Zonal Meeting workshops**

The zonal meetings – East Zone meets in Kurigram, West Zone staff in Thakurgaon – are described as a coordination mechanism on page 102. These meetings have been ideal fora to elicit field staff opinion in a group discussion and small workshop format. The author made a presentation to the West Zone meeting in July 2005 on membership evolution, the strength of women and expansion plans being discussed in the new Five-Year Plan; group work in this meeting eventually resulted in the case study of Shahinur presented on page 55.

The East Zone meeting in March 2006 was used as a case-writing mini-workshop. The assembled Managers, Social Organization, Field Promoters and Gender Specialists ranked the Federations with which they worked. They did this twice. At first, within each of four domains (fairness and justice, income generation, other benefits, institutional development) over all Federations, then within each Federation over all four domains, both times using a scoring budget. These two matrices were then multiplied cell-wise, and the combination of the Federation and domain with the highest product was suggested for a small case study. Distantly reminiscent of Appreciative Enquiry (Ludema 1993), this procedure biases case selection to high-performing Federations and to sectors in which achievements appear easier. Five volunteers presented their cases in the workshop, followed by limited discussion.

Contrary to one of our major findings that Federations have done better in social development than in employment generation, the majority of the 23 staff writing one case each chose theirs from the income-generation domain\(^9\). Sadly, since the counts of domains chosen were established after the meeting only, we do not know the reasons why their evaluations differed importantly from the opinion spectrum of other persons and sources.

---

\(^9\) Of the 23, 14 wrote a case study of a Federation doing particularly well in the field of income generation, four wrote on the justice and fairness theme, four on institutional development, and one on other types of benefits.
This exercise was repeated in parts during the West Zone meeting in April 2006. From each of these meetings, one of the best case studies (Kachakata, Nageswari Upazela, from the East; Khangaon, Pirganj Upazela, from the West) was further processed into the versions presented on page 89, resp. page 11. Whether these case studies ought to be called that, or rather vignettes, is a matter of taste. Rigorous fact checking, involving field and Rangpur staff, was applied to them as well as to the dispute mediation case involving Shahinur. Other cases were discussed between the author and Rangpur support unit staff at the time of translation.

Discrepancies in the Shahinur story and, later, disagreements between the Nath-Siddika team and monitors spot-checking some of their claims concerning Federation income-earning projects convinced us that narrative methods do not necessarily produce information more reliable than the standardized monitoring reports. Their merits are heuristic, leading to the discovery of new relationships and producing richer illustrations of known ones.

**Meetings with executive committees and member groups**

The author met with members of several executive committees: Automir Char (Char Development Program, November 2004), Tabakpur (Ulipur Sub-district, March 2005 and February 2006), Thetroy (Ulipur, March 2005), Bozra (Ulipur, February 2006), Thanahat (Char Development Program, February 2006). These meetings were not formal interviews, but informal talks, some on the side of other, more important events (executive committee election in Thanahat, Annual General Meeting in Bozra).

Following a common interview guideline, Nath and Siddika met with five executive committees and, separately, fourteen member groups 15 through 19 March. 230 men and women gave time to discuss with the researchers, who would spend a day each with these Federations:
Table 21: Federations interviewed in March 2006

<table>
<thead>
<tr>
<th>Federation</th>
<th>Sub-district</th>
<th>District</th>
<th>Grade in self-assessment 2nd Q 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saptibari</td>
<td>Aditmari</td>
<td>Lalmonirhat</td>
<td>A</td>
</tr>
<tr>
<td>Gotamari</td>
<td>Hatibandha</td>
<td>Lalmonirhat</td>
<td>C</td>
</tr>
<tr>
<td>Goddimari</td>
<td>Hatibandha</td>
<td>Lalmonirhat</td>
<td>B</td>
</tr>
<tr>
<td>Chinai</td>
<td>Rajarhat</td>
<td>Kurigram</td>
<td>B</td>
</tr>
<tr>
<td>Gharial Danga</td>
<td>Rajarhat</td>
<td>Kurigram</td>
<td>A</td>
</tr>
</tbody>
</table>

The sample was a mixture of a convenience and a quota sample. The researchers had to use the RDRS Lalmonirhat Guesthouse as their base, and the sampled Federation had to be close enough to leave time for interviews during daylight. Aditmari and Rajarhat are close to Lalmonirhat town; Hatibandha Upazela is at a considerable distance and was chosen with a view to the possible influence of distance form the RDRS Unit coordinators (decreasing supervision).

Two Federations were selected from each of the Hatibandha and Rajarhat Upazelas, for contextual similarity (notably the same history of RDRS field personnel). In Hatibandha, in addition to meeting two Federations, Nath and Siddika spent an extra half-day with its Upazela Federation Committee. From its side, eleven women and nine men participated.

The sample was adjusted, given those Upazela quotas, for sufficient spread in Federation quality. The latest grades – from the spring 2005 exercise using a participatory self-assessment method – were used as a quality measure.

For each sampled Federation, a replacement from the same grade and sub-district was designated. This option was used for Chhinai only when the committee of the first choice (Bidyananda) was not available on the proposed date. Committees were given advance warning through their RDRS Social Organization Managers, who were not present during interviews. Some of them were met separately.

Gharial Danga, Tabakpur and Austomir Char Federations were visited in both 1997 and in 2004 – 2006. As in 1997, the sample did not include any Federations from the western RDRS Units, again for convenience reasons.

A detailed comparison of notes from the first and second study visits has not been done, because of incomplete translation and time constraints. Rather than on elaborating detailed organizational histories, the focus was on a self-assessment using the same set of open-ended questions as in 1997, supplemented with prompts for examples and case studies.
Table 22: Major headings of the Federation interview guideline

**Open-question part**
Federations as a shelter of the poor

- Plurality of perspectives: *Why are we doing this (Federation activity)?*
- Goal orientation: *How far have we proceeded so far?*
- Participation: *Who, how many have involved themselves in this?*
- Process: *How have we reached this point?*
- Resources: *What could we do with more or different resources?*
- Change: *What are we doing differently from before?*
- Satisfaction: *What is giving us joy and drive?*
- Self-confidence: *What are we able to do now which we were not before?*

**Case-study part**
Social development
- Example: Local conflict mediation
- Example: Advocacy event / campaign

Economic development
- Example: IGA

Sponsors and partners: RDRS and others
- Example: One year with RDRS

The poor in this Union
- Our own membership growth
- Our members and the other poor
- Coalitions

In 1997, the shelter metaphor was volunteered by an interviewee. This time we used it as a stage setter, dressed up in formulations like: *“In 1997, when we visited Federations, a member said ‘The Federation is a shelter for the poor’. How true is this today?”*

Nath and Siddika transcribed some of their notes into several thematic matrices. However, due to the small number of Federations visited, and the limited time available for forming classifications, anecdotes illustrating particular themes and the dispute mediation cases strike us as more informative.

**Meetings with Upazela Coordination Committees**
The author met with members of the Rowmari committee (Char Development Program) at the Upazela-wide gathering in November 2004 and interviewed several of the Ulipur committee (Kurigram District) on the sidelines of a social event in March 2006. Nath and Siddika interviewed the Hatibandha committee (Lalmonirhat District) in March 2006.

**Contacts with RDRS partner agency representatives**
During the field research and later report writing periods, sporadic conversations and e-mail exchanges took place with representatives of DanChurchAid, the leader of the Federation Capacity Building project grant consortium, and of Norwegian Church Aid. Contacts existed also with a former RDRS executive director involved in the application process for a new Federation support grant and with the Lutheran World Service finance coordinator, who had worked for
RDRS previously. The latter provided the structure of the profit-and-loss table on page 80. Otherwise these agencies were not involved in the research design or in the funding of the study.

**Empirics**

We built models that use incompletely explicated social ecological and organizational-inertia assumptions. The basic assumption is that current performance is determined by prior performance, current structure as well as current organizational environments.

By “incompletely explicated” we mean two things:

- For lack of theoretical or empirical precedent, we assume linear contributions of the covariates to the model predictors. An exception was made for Federation wealth, for whose effects prior Bayesian work (Benini 2004) had suggested a cubic form.
- Data problems (referred to variously in the main body) prevented time-series models; in their lieu, we used time-lagged covariates (incl. sometimes the lagged dependent).

The social ecological assumptions are that Union population size, economic development (measured by the poverty rate), and literacy influence the resource pools on which the Federations draw. Inertia assumptions required us to look at lagged structural and performance variables. Performance was measured mostly as the scores on principal components of variables that RDRS used in its own Federation quality grading (described on page 114). Some variables are a mixture of environment and Federation structure concepts; “member density” uses members in the enumerator and households in the Union in the denominator.

Our dependent variables are mostly from the years 2002 through 2005 (seats won in the 1997 Union Parishad elections are the exception). These quantities are in the most cases stock variables (at the end of the monitoring quarter-year) and are flow variables in a few cases (profit and loss variables for the 2004-05 audit year; membership changes in two periods).

Co-variates are time-invariant RDRS program units (used in random as well as fixed effects specifications) as well as continuous or count variables measured at points of times preceding the time stamp of the dependents. A violation of this principle occurs in the model of women in Federation executive committees. While the dependent variable is the number (or, rather, an ordinal categorization) of women serving in mid-2005, most of them were elected back in 2002.

Most of the explanatory variables were taken from 2003 reports. Of particular interest are covariates that are the 1997 (the year of the first study) values of the dependents of recent date. Examples are seats that the Federation won in Union Parishad elections, the fraction of women in the membership, women in the executive committees, ratio of members to all household in the Union.

A basic weakness of all these models is their inability to control for endogenous effects. These are highly probable. Neighborhood effects are controlled for to the extent by including a sub-district term. The motivation is further explained on page 181. Model specifics are detailed for each model in the sections below.
**Statistical models**

Most of the statistical models reported here were estimated using STATA version 8. Some factor analyses were done with SPSS version 11. Each model comes with a list of the variables used and with descriptive statistics repeated ahead of the estimation output. The purpose is to make the research reproducible and open to review and critique. We did consider presenting a comprehensive variables list at the outset of this section; however, this would have made it more difficult finding one’s way through each individual model segment. Different models may use the same substantive variable, but measured at different points of time, and some models use lagged dependents on the explanatory side. The reader may find an overview of the most important models, as far as variables, direction and significance of effects go, in the table on page 19 in the Summary.

**Federation size 2005**

ANOVA model with nested RDRS units


An ANOVA model was estimated for the log-transformed 2005 membership size (all members, not only the active ones), nested for the RDRS administrative levels “Upazela” and “Unit” (the Char Federations were treated as one artificial Upazela), with two continuous controls, 2001 Union population and the 1997 membership size.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affil2005</td>
<td>Members affiliated groups 2 Q 2005 (log10)</td>
</tr>
<tr>
<td>Unit2004</td>
<td>RDRS Unit in 2004</td>
</tr>
<tr>
<td>UpazelaCDP</td>
<td>CDP - elsewhere Upazela</td>
</tr>
<tr>
<td>Popul2001</td>
<td>Population 2001 (log10)</td>
</tr>
<tr>
<td>Graduat97</td>
<td>Members of graduated groups in 1997 (log10)</td>
</tr>
</tbody>
</table>

Descriptive statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affil2005</td>
<td>260</td>
<td>2.664634</td>
<td>.1707272</td>
<td>2.09691</td>
<td>3.071514</td>
</tr>
<tr>
<td>Popul2001</td>
<td>260</td>
<td>4.321071</td>
<td>.1734409</td>
<td>3.14239</td>
<td>4.822116</td>
</tr>
<tr>
<td>Graduat97</td>
<td>229</td>
<td>2.436706</td>
<td>.3120314</td>
<td>1.20412</td>
<td>3.106531</td>
</tr>
</tbody>
</table>

Number of obs = 229  R-squared = 0.5147  Root MSE = .123857  Adj R-squared = 0.4468

Source: Partial SS  df  MS  F  Prob > F

<table>
<thead>
<tr>
<th>Source</th>
<th>Partial SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>Prob &gt; F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>3.25391494</td>
<td>28</td>
<td>.116211248</td>
<td>7.58</td>
<td>0.0000</td>
</tr>
<tr>
<td>Unit2004</td>
<td>1.34435403</td>
<td>7</td>
<td>.192050576</td>
<td>2.73</td>
<td>0.0384</td>
</tr>
<tr>
<td>UpazalaCDP</td>
<td>1.3350404</td>
<td>19</td>
<td>.070265284</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Popul2001</td>
<td>.004875981</td>
<td>1</td>
<td>.004875981</td>
<td>0.32</td>
<td>0.5735</td>
</tr>
<tr>
<td>Graduat97</td>
<td>.033524727</td>
<td>1</td>
<td>.033524727</td>
<td>2.19</td>
<td>0.1409</td>
</tr>
<tr>
<td>Residual</td>
<td>3.06811021</td>
<td>200</td>
<td>.015340551</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6.32202515</td>
<td>228</td>
<td>.02772818</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Later, to obtain context effect estimates, models with random effects for the Upazelas were estimates:

**Random-effects regressions**
Some looking at performance variables as well.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affil2005</td>
<td>Members affiliated groups 2 Q 2005 (log10)</td>
</tr>
<tr>
<td>Popul2001</td>
<td>Population 2001 (log10)</td>
</tr>
<tr>
<td>Graduat97</td>
<td>Members of graduated groups in 1997 (log10)</td>
</tr>
<tr>
<td>Poverty01</td>
<td>Fraction Union population living below poverty line in 2001, as estimated by WFP/BBS</td>
</tr>
<tr>
<td>Literacy01</td>
<td>Literacy rate 2001 census</td>
</tr>
<tr>
<td>Perform97</td>
<td>Federation performance 1997, simple additive rating 8 items</td>
</tr>
<tr>
<td>Perfrm1_03</td>
<td>Factor score 1 from six indicators 2nd Q 2003</td>
</tr>
<tr>
<td>Perfrm2_03</td>
<td>Factor score 2 from six indicators 2nd Q 2003</td>
</tr>
<tr>
<td>UpazelaCDP</td>
<td>CDP - elsewhere Upazela</td>
</tr>
</tbody>
</table>

where Perfrm1_03 and Perfrm2_03 are extracted from

**Rotated Component Matrix**

<table>
<thead>
<tr>
<th>Component</th>
<th>Component 1</th>
<th>Component 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>General meeting attendance (fraction groups) 2nd Q 2003</td>
<td>.862</td>
<td>-.044</td>
</tr>
<tr>
<td>Fraction groups paying subscriptions 2nd Q 2003</td>
<td>.777</td>
<td>-.083</td>
</tr>
<tr>
<td>Capital (RDRS measure) 2nd Q 2003 (log10(x+1))</td>
<td>.077</td>
<td>.705</td>
</tr>
<tr>
<td>Trees (roadside and blocks) 2nd Q 2003 (log10(x+1))</td>
<td>-.217</td>
<td>.641</td>
</tr>
<tr>
<td>Land owned by Federation (decimals) (log10(x+1))</td>
<td>-.174</td>
<td>.575</td>
</tr>
<tr>
<td>Social activism (6 item) indicator 2nd Q 2003</td>
<td>.330</td>
<td>.504</td>
</tr>
</tbody>
</table>

with 27, resp. 23 percent of the six indicator variance explained by them, and with these
Descriptive statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affil2005</td>
<td>260</td>
<td>2.664634</td>
<td>.170727</td>
<td>2.09691</td>
<td>3.071514</td>
</tr>
<tr>
<td>Popul2001</td>
<td>260</td>
<td>4.321071</td>
<td>.1734409</td>
<td>3.14239</td>
<td>4.822116</td>
</tr>
<tr>
<td>Graduat97</td>
<td>229</td>
<td>2.436706</td>
<td>.310314</td>
<td>1.20412</td>
<td>3.106531</td>
</tr>
<tr>
<td>Poverty01</td>
<td>260</td>
<td>.3887844</td>
<td>.0829881</td>
<td>0</td>
<td>.61613</td>
</tr>
<tr>
<td>Literacy01</td>
<td>260</td>
<td>.4001335</td>
<td>.0813671</td>
<td>.1351</td>
<td>.6094</td>
</tr>
<tr>
<td>Perform97</td>
<td>241</td>
<td>2.651452</td>
<td>2.116131</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Perform1_03</td>
<td>260</td>
<td>-2.46e-09</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perform2_03</td>
<td>260</td>
<td>-1.77e-09</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The u’s (Upazela effects) were calculated in the following way:

Random-effects GLS regression

<table>
<thead>
<tr>
<th>Obs per group:</th>
<th>min = 3</th>
<th>avg = 8.5</th>
<th>max = 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wald chi2(4)</td>
<td>= 7.86</td>
<td>Prob &gt; chi2 = 0.0967</td>
<td></td>
</tr>
</tbody>
</table>

Random effects GLS regression

| Affil2005 | Coef. | Std. Err. | z | P>|z| | [95% Conf. Interval] |
|-----------|-------|-----------|---|-------|---------------------|
| Popul2001 | -.047282 | .0821095 | -0.58 | 0.565 | -.2082138 .1136497 |
| Graduat97 | .11732213 | .0465498 | 2.52 | 0.012 | .0260862 .208581 |
| Poverty01 | .1147661 | .1246194 | 0.92 | 0.357 | -.1294834 .3590156 |
| Literacy01 | .0088827 | .1714572 | 0.05 | 0.959 | -.3271673 .3449327 |
| _cons      | 2.545974 | .3704472 | 6.87 | 0.000 | 1.819911 3.272037 |

| sigma_u    | .11525204 |
| sigma_e    | .12406591 |
| rho        | .46322079  | (fraction of variance due to u_i) |

These results compare with those from a model that includes the performance indicators:

<table>
<thead>
<tr>
<th>Variable</th>
<th>size2005</th>
<th>size2005b</th>
</tr>
</thead>
<tbody>
<tr>
<td>Popul2001</td>
<td>-.047282</td>
<td>.08854183</td>
</tr>
<tr>
<td>Graduat97</td>
<td>.11732213</td>
<td>.08326623*</td>
</tr>
<tr>
<td>Poverty01</td>
<td>.1147661</td>
<td>.09871481</td>
</tr>
<tr>
<td>Literacy01</td>
<td>.0088827</td>
<td>.05511612</td>
</tr>
<tr>
<td>Perform97</td>
<td>.00559657</td>
<td></td>
</tr>
<tr>
<td>Perform1_03</td>
<td>-.03166705**</td>
<td></td>
</tr>
<tr>
<td>Perform2_03</td>
<td>.01898919</td>
<td></td>
</tr>
<tr>
<td>_cons</td>
<td>2.5459737***</td>
<td>2.7790625***</td>
</tr>
</tbody>
</table>

Legend: * p<0.10; ** p<0.01; *** p<0.001

Effects are similar we the scores are used from the factor analysis with 2005 values. Components for these are given are given here for completeness:
Rotated Component Matrix

<table>
<thead>
<tr>
<th>Variable</th>
<th>Component</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federation land (decimals) (log10(x+1)) 2 Q 2005</td>
<td>Component</td>
<td>.711</td>
<td>-.150</td>
</tr>
<tr>
<td>Social activism 6-item score 2 Q 2005</td>
<td></td>
<td>.696</td>
<td>.024</td>
</tr>
<tr>
<td>Trees owned (roadside and blocks) (log10(x+1))</td>
<td></td>
<td>.609</td>
<td>-.018</td>
</tr>
<tr>
<td>Fraction groups paying regular subscriptions 2 Q 2005</td>
<td></td>
<td>-.084</td>
<td>.783</td>
</tr>
<tr>
<td>Fraction affiliated groups attending General Meeting 2 Q 2005</td>
<td></td>
<td>-.083</td>
<td>.749</td>
</tr>
<tr>
<td>Capital 2 Q 2005 (log10(x+1))</td>
<td></td>
<td>.476</td>
<td>.493</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

Co-evolution of membership change in two periods

Again, ANOVA models were estimated, nested for the RDRS administrative levels “Upazela” and “Unit” (the Char Federations were treated as one artificial Upazela), with two continuous controls, 2001 Union population and the membership size at the beginning of the period in point. These models look at the magnitudes of membership change, measured as the difference of the log-transformed Federation size at the end and beginning of the period.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>M97to03</td>
<td>Magnitude membership change 1997 - 2003</td>
</tr>
<tr>
<td>Ma03to05</td>
<td>Magnitude active membership change 2003 - 2005</td>
</tr>
<tr>
<td>Unit2004</td>
<td>RDRS Unit in 2004</td>
</tr>
<tr>
<td>UpazelaCDP</td>
<td>CDP - elsewhere Upazela</td>
</tr>
<tr>
<td>Popul2001</td>
<td>Population 2001 (log10)</td>
</tr>
<tr>
<td>Graduat97</td>
<td>Members of graduated groups in 1997 (log10)</td>
</tr>
<tr>
<td>Activ2003</td>
<td>Active group members 2nd Q 2003 (log10)</td>
</tr>
</tbody>
</table>

Note that observations were not available, or values not defined, for up to a tenth of the Federations in several of the variables.
Descriptive statistics:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>M97to03</td>
<td>223</td>
<td>-.3807</td>
<td>.3887</td>
<td>-1.76</td>
<td>.76</td>
</tr>
<tr>
<td>Ma03to05</td>
<td>231</td>
<td>.1585</td>
<td>.369</td>
<td>-1.17</td>
<td>1.39</td>
</tr>
<tr>
<td>Popul2001</td>
<td>260</td>
<td>4.32</td>
<td>.173</td>
<td>3.14</td>
<td>4.82</td>
</tr>
<tr>
<td>Graduat97</td>
<td>229</td>
<td>2.44</td>
<td>.312</td>
<td>1.20</td>
<td>3.11</td>
</tr>
<tr>
<td>Activ2003</td>
<td>252</td>
<td>2.06</td>
<td>.29</td>
<td>1</td>
<td>2.69</td>
</tr>
</tbody>
</table>

1997 – 2003

Number of obs = 223  R-squared = 0.7204
Root MSE = 0.2198  Adj R-squared = 0.6801

<table>
<thead>
<tr>
<th>Source</th>
<th>Partial SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>Prob &gt; F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>24.16</td>
<td>28</td>
<td>.863</td>
<td>17.85</td>
<td>0.0000</td>
</tr>
<tr>
<td>Popul2001</td>
<td>0.007</td>
<td>1</td>
<td>.008</td>
<td>0.17</td>
<td>0.6776</td>
</tr>
<tr>
<td>Graduat97</td>
<td>3.96</td>
<td>1</td>
<td>3.96</td>
<td>82.00</td>
<td>0.0000</td>
</tr>
<tr>
<td>Residual</td>
<td>9.38</td>
<td>20</td>
<td>.048</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total | 33.55     | 222 | .151 |

2003 – 2005

Number of obs = 231  R-squared = 0.5694
Root MSE = 0.2588  Adj R-squared = 0.5073

<table>
<thead>
<tr>
<th>Source</th>
<th>Partial SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>Prob &gt; F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>17.81</td>
<td>29</td>
<td>.614</td>
<td>9.17</td>
<td>0.0000</td>
</tr>
<tr>
<td>Popul2001</td>
<td>0.007</td>
<td>1</td>
<td>.007</td>
<td>0.12</td>
<td>0.7318</td>
</tr>
<tr>
<td>Activ2003</td>
<td>6.45</td>
<td>1</td>
<td>6.45</td>
<td>96.28</td>
<td>0.0000</td>
</tr>
<tr>
<td>Residual</td>
<td>13.47</td>
<td>201</td>
<td>.067</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total | 31.27     | 230 | .136 |

Correlations between size and growth and among growth magnitudes

<table>
<thead>
<tr>
<th>Graduat97 M97to03 Activ2003 Ma03to05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduat97</td>
</tr>
<tr>
<td>M97to03</td>
</tr>
<tr>
<td>Activ2003</td>
</tr>
<tr>
<td>Ma03to05</td>
</tr>
</tbody>
</table>
Upazela effects for growth periods

As for 2005 membership (see above), regressions with Upazela random terms were run for these two growth periods. For space reasons, we only give an abbreviated model table:

<table>
<thead>
<tr>
<th>Variable</th>
<th>growth9703</th>
<th>growth9703b</th>
<th>growth0305</th>
<th>growth0305b</th>
</tr>
</thead>
<tbody>
<tr>
<td>Popul2001</td>
<td>.0601736</td>
<td>.05498911</td>
<td>.1049636</td>
<td>.10346066</td>
</tr>
<tr>
<td>Graduat97</td>
<td>-.88776646***</td>
<td>-.89100495***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poverty01</td>
<td>-.12843975</td>
<td>-.12480144</td>
<td>.07642097</td>
<td>.04296045</td>
</tr>
<tr>
<td>Literacy01</td>
<td>-.09679621</td>
<td>-.09207725</td>
<td>-.2830601</td>
<td>-.36729625</td>
</tr>
<tr>
<td>Perform97</td>
<td></td>
<td>.00271399</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activ2003</td>
<td></td>
<td>-.76463547***</td>
<td>-.79343519***</td>
<td></td>
</tr>
<tr>
<td>Perform1_03</td>
<td></td>
<td>.04112373*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perform2_03</td>
<td></td>
<td>.01884369</td>
<td></td>
<td></td>
</tr>
<tr>
<td>_cons</td>
<td>1.6097204*</td>
<td>1.6297414*</td>
<td>1.3516836*</td>
<td>1.4639454**</td>
</tr>
</tbody>
</table>

Models with –b include performance variables measured at the beginning of the period, Perform97, resp. Perform*_03. They were described further above. Note the very strong negative effect of size at the beginning of the periods observed. However, what is of greater interest are the Upazela effects:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upaz9703</td>
<td>Upazela effect on membership change 1997 - 2003</td>
</tr>
<tr>
<td>Upaz0305</td>
<td>Upazela effect on membership change 2003 - 2005</td>
</tr>
</tbody>
</table>

the correlation coefficient between which (n=23) is -0.0868. This suggests that the quality of the Upazela environment for Federations was not consistent across the two periods. RDRS insiders might want to know which Units had environments stimulating positive growth in both periods:

<table>
<thead>
<tr>
<th>RDRS Unit in 2004</th>
<th>Freq.</th>
<th>med(Upaz9703)</th>
<th>med(Upaz0305)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panchagarh</td>
<td>5</td>
<td>.0431803</td>
<td>.0354187</td>
</tr>
<tr>
<td>Pirganj</td>
<td>3</td>
<td>-.1350739</td>
<td>.0507078</td>
</tr>
<tr>
<td>Thakurgaon</td>
<td>4</td>
<td>.0583938</td>
<td>.00706</td>
</tr>
<tr>
<td>Nilphamari</td>
<td>4</td>
<td>.1679934</td>
<td>-.0156412</td>
</tr>
<tr>
<td>Lalmonirhat</td>
<td>5</td>
<td>.0890399</td>
<td>.0819011</td>
</tr>
<tr>
<td>Kurigram</td>
<td>3</td>
<td>.0590124</td>
<td>.0989771</td>
</tr>
<tr>
<td>Nageswari</td>
<td>3</td>
<td>.0731652</td>
<td>.0362065</td>
</tr>
<tr>
<td>CDP</td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

which is the case for Panchagarh (where the Federation movement started) and, barely, Thakurgaon Unit.

Women in 2005

As members of Federations

The number of female members in 2005 was treated as a count variable. A negative binomial model with Upazela random effects was estimated.
Variable | Meaning
--- | ---
FAffil05 | Female members affiliated 2 Q 2005
FAffil97 | Female members affiliated in 1997
MAffil05 | Members male groups affiliated 2 Q 2005
Pop2001 | Population 2001 census
Poverty01 | Fraction Union population living below poverty line in 2001, as estimated by WFP/BBS
FLitercy01 | Female literacy rate 2001 census
Perfrm1_03 | Factor score 1 from six indicators 2nd Q 2003
Perfrm2_03 | Factor score 2 from six indicators 2nd Q 2003
UpazelaCDP | CDP - elsewhere Upazela

where Perfrm* _03 were explained above.

Descriptive statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAffil05</td>
<td>260</td>
<td>300.0085</td>
<td>141.5005</td>
<td>72</td>
<td>880</td>
</tr>
<tr>
<td>FAffil97</td>
<td>252</td>
<td>400.0476</td>
<td>249.2893</td>
<td>15</td>
<td>1439</td>
</tr>
<tr>
<td>MAffil05</td>
<td>260</td>
<td>197.8692</td>
<td>108.0369</td>
<td>0</td>
<td>522</td>
</tr>
<tr>
<td>Pop2001</td>
<td>260</td>
<td>22341.07</td>
<td>7526.477</td>
<td>1388</td>
<td>66392</td>
</tr>
<tr>
<td>Poverty01</td>
<td>260</td>
<td>0.3887844</td>
<td>0.0829881</td>
<td>0</td>
<td>0.61613</td>
</tr>
<tr>
<td>FLitercy01</td>
<td>260</td>
<td>0.3366131</td>
<td>0.0805506</td>
<td>0.095</td>
<td>0.5807</td>
</tr>
<tr>
<td>Perfrm1_03</td>
<td>260</td>
<td>-0.46e-09</td>
<td>1</td>
<td>-3.013791</td>
<td>2.677576</td>
</tr>
<tr>
<td>Perfrm2_03</td>
<td>260</td>
<td>-0.77e-09</td>
<td>1</td>
<td>-2.988337</td>
<td>3.00613</td>
</tr>
</tbody>
</table>

Random-effects negative binomial regression

Random effects u_i ~ Beta

Log likelihood = -1513.1579

Likelihood-ratio test vs. pooled: chibar2(01) = 27.31 Prob>chibar2 = 0.000
STATA does not predict u’s (Upazela effects) for this procedure. We approximated them by estimating an random-effects GLS regression model with FAffil05, FAffil97 and MAffil05 put to their logarithms.

**In the Federation Executive Committees**

Elections took place in 2002 in most Federations, and between 2003 and 2005 in a small number. We estimate an ordered logit model with four levels of female strength in the committees in 2005. This procedure cannot take random terms. Upazela effects were obtained, separately, by including all but one of the Upazelas as indicators.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>FM_ECS05</td>
<td>Women in EC 2 Q 2005 compared to statute</td>
</tr>
<tr>
<td>Capital03</td>
<td>Capital (RDRS measure) 2nd Q 2003 (log10(x+1))</td>
</tr>
<tr>
<td>SocAct03</td>
<td>Social activism (6 item) indicator 2nd Q 2003</td>
</tr>
<tr>
<td>Affil2003</td>
<td>Members affiliated groups 2 Q 2003 (log10)</td>
</tr>
<tr>
<td>FMfraq03</td>
<td>Women members 2003 – fraction all members</td>
</tr>
<tr>
<td>M03Pop01</td>
<td>Ratio of Federation members 2003 to population 2001</td>
</tr>
<tr>
<td>FM_EC97</td>
<td>Women in the Executive Committee in 1997</td>
</tr>
<tr>
<td>FLitercy01</td>
<td>Female literacy rate 2001 census</td>
</tr>
</tbody>
</table>

where FM_ECS05 takes the left-side value if the number of female committee members was within these ranges:

- 0 Below statute (0-2)
- 3 Statutory minimum (3)
- 4 Slightly above (4-5)
- 6 Clear majority (6-9)

Descriptive statistics:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital03</td>
<td>260</td>
<td>3.93863</td>
<td>.922474</td>
<td>1.322219</td>
<td>6.389244</td>
</tr>
<tr>
<td>SocAct03</td>
<td>260</td>
<td>.988461</td>
<td>1.04979</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Affil2003</td>
<td>260</td>
<td>2.62332</td>
<td>.169613</td>
<td>1.954242</td>
<td>3.285327</td>
</tr>
<tr>
<td>FMfraq03</td>
<td>260</td>
<td>.556911</td>
<td>.156045</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>M03Pop01</td>
<td>260</td>
<td>.029981</td>
<td>.0052764</td>
<td>.167147</td>
<td></td>
</tr>
<tr>
<td>FM_EC97</td>
<td>252</td>
<td>3.15079</td>
<td>.9578151</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>FLitercy01</td>
<td>260</td>
<td>.336613</td>
<td>.0805506</td>
<td>.095</td>
<td>.5807</td>
</tr>
</tbody>
</table>

Correlations:

<table>
<thead>
<tr>
<th>Capital03</th>
<th>SocAct03</th>
<th>Affil2003</th>
<th>FMfraq03</th>
<th>M03Pop01</th>
<th>FM_EC97</th>
<th>FLitercy01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital03</td>
<td>1.0000</td>
<td>0.1954</td>
<td>0.1074</td>
<td>0.0205</td>
<td>0.0090</td>
<td>0.0241</td>
</tr>
<tr>
<td>SocAct03</td>
<td>0.1954</td>
<td>1.0000</td>
<td>0.0877</td>
<td>-0.1041</td>
<td>-0.0821</td>
<td>-0.0482</td>
</tr>
<tr>
<td>Affil2003</td>
<td>0.1074</td>
<td>0.0877</td>
<td>1.0000</td>
<td>0.0661</td>
<td>-0.0063</td>
<td>0.2216</td>
</tr>
<tr>
<td>FMfraq03</td>
<td>0.0205</td>
<td>-0.1041</td>
<td>0.0661</td>
<td>1.0000</td>
<td>0.4320</td>
<td>0.3430</td>
</tr>
<tr>
<td>M03Pop01</td>
<td>0.0090</td>
<td>-0.0821</td>
<td>-0.0063</td>
<td>0.4320</td>
<td>1.0000</td>
<td>-0.2148</td>
</tr>
<tr>
<td>FM_EC97</td>
<td>0.0241</td>
<td>-0.0482</td>
<td>0.2216</td>
<td>0.3430</td>
<td>-0.2148</td>
<td>1.0000</td>
</tr>
<tr>
<td>FLitercy01</td>
<td>0.0032</td>
<td>0.1707</td>
<td>0.1039</td>
<td>0.2084</td>
<td>-0.2774</td>
<td>0.1405</td>
</tr>
</tbody>
</table>

167
Ordered logit estimates

| Coef. | Std. Err. | z    | P>|z| | [95% Conf. Interval] |
|-------|-----------|------|------|------------------------|
| FM_ECS05 | | | | | |
| Capital03 | -0.2584239 | 0.1336876 | -1.93 | 0.053 | -0.5204468 | 0.0035989 |
| SocAct03 | -0.0674552 | 0.1157222 | -0.58 | 0.560 | -0.2942665 | 0.1593561 |
| Affil2003 | -2.293512 | 0.8526157 | -2.69 | 0.007 | -3.964608 | -0.6224159 |
| FMfraq03 | 6.070975 | 1.003509 | 6.05 | 0.000 | 4.104133 | 8.037817 |
| M03Pop01 | 13.19814 | 8.828658 | 1.49 | 0.135 | -1.057111 | 30.50199 |
| FM_EC97 | 0.45309 | 1.531942 | 2.96 | 0.003 | 15.28348 | 7.533452 |
| Flitercy01 | 3.893819 | 1.656247 | 2.35 | 0.019 | 6.47635 | 7.140003 |

where the effects of Federation size and female literacy are no longer statistically significant when fixed effects for the Upazelas are computed:

| Coef. | Std. Err. | z    | P>|z| | [95% Conf. Interval] |
|-------|-----------|------|------|------------------------|
| Capital03 | -0.36715415* | | | |
| SocAct03 | -0.09616518 | | | |
| Affil2003 | -0.5880103 | | | |
| FMfraq03 | 6.1446528*** | | | |
| M03Pop01 | 4.6631889 | | | |
| FM_EC97 | 47572925** | | | |
| Flitercy01 | 2.8772501 | | | |

Later models (not shown here) that included the Union poverty estimates did not produce significantly different results.

Federation candidates winning Union Parishad seats

Random-effect negative binomial regressions were run to estimate the effects on seats won by Federation candidates of the co-variates below, with Upazelas and the CDP program as grouping variable.

1997

<table>
<thead>
<tr>
<th>Variable</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPelect97</td>
<td>Federation members elected in 1997 UP elections</td>
</tr>
<tr>
<td>Loans97</td>
<td>RDRS loans disbursed per HH by 1997</td>
</tr>
<tr>
<td>M97Pop91</td>
<td>Ratio HH primary and secondary RDRS group members 1997 to HH 1991 census</td>
</tr>
<tr>
<td>FMfraq97</td>
<td>Women members 1997 – fraction all members</td>
</tr>
<tr>
<td>Equity97</td>
<td>Equity per member in 1997 (Taka)</td>
</tr>
<tr>
<td>UpazelaCDP</td>
<td>CDP - elsewhere Upazela</td>
</tr>
</tbody>
</table>
Descriptive statistics:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPelect97</td>
<td>241</td>
<td>1.365145</td>
<td>1.586226</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Loans97</td>
<td>238</td>
<td>584.3351</td>
<td>262.775</td>
<td>148.2981</td>
<td>1620.466</td>
</tr>
<tr>
<td>M97Pop91</td>
<td>233</td>
<td>.368065</td>
<td>.1316347</td>
<td>.1378121</td>
<td>.8826355</td>
</tr>
<tr>
<td>FMfrac97</td>
<td>252</td>
<td>.5277148</td>
<td>.1265653</td>
<td>.1401869</td>
<td>1</td>
</tr>
<tr>
<td>Equity97</td>
<td>252</td>
<td>148.1355</td>
<td>142.3707</td>
<td>0</td>
<td>959.8799</td>
</tr>
</tbody>
</table>

Random-effects negative binomial regression

<table>
<thead>
<tr>
<th>Group variable (i): UpazelaCDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of obs</td>
</tr>
<tr>
<td>Number of groups</td>
</tr>
<tr>
<td>Random effects u_i ~ Beta</td>
</tr>
<tr>
<td>Obs per group:</td>
</tr>
<tr>
<td>min</td>
</tr>
<tr>
<td>avg</td>
</tr>
<tr>
<td>max</td>
</tr>
<tr>
<td>Log likelihood</td>
</tr>
</tbody>
</table>

Likelihood-ratio test vs. pooled: chibar2(01) = 2.93 Prob > chibar2 = 0.043

In addition, to investigate possible non-linear effects of RDRS loan provision and of the gender composition, a Monte Carlo Markov Chain model was estimated with random walks for outstanding loans per RDRS group household and for women’s membership fraction. The other co-variates were entered parametrically. For space reasons, the model is not documented here, except for the gender-related graph below. The effect curve of the loan variable was non-linear, as hinted at in the main body of the report, but there was no credible interval outside zero for any co-variariate range.

The following graph shows the effect curve as the center line, and two gray-shaded areas for the 80 (dark gray), resp. 95-percent (light gray) credible intervals. The raggedness of the lines is due to the fact that a ranked-transformed variable was used in the Bayesian estimation.
Figure 29: Non-linear effect of gender composition on 1997 election success

### 2003

**Basic model**

We initially ran this model only. For others added later, see a summary estimates table further below.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPelect03</td>
<td>Federation candidates elected to UP in 2003</td>
</tr>
<tr>
<td>M03Pop01</td>
<td>Ratio of Federation members 2003 to population 2001</td>
</tr>
<tr>
<td>FMfrac03</td>
<td>Women members 2003 – fraction all members</td>
</tr>
<tr>
<td>Subscrp03</td>
<td>Fraction groups paying subscriptions 2nd Q 2003</td>
</tr>
<tr>
<td>UpazelaCDP</td>
<td>CDP - elsewhere Upazela</td>
</tr>
</tbody>
</table>

Descriptive statistics:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPelect03</td>
<td>260</td>
<td>.85</td>
<td>1.088994</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>M03Pop01</td>
<td>260</td>
<td>.0229813</td>
<td>.0150834</td>
<td>.0052764</td>
<td>.167147</td>
</tr>
<tr>
<td>FMfrac03</td>
<td>260</td>
<td>.5569115</td>
<td>.1516045</td>
<td>.159176</td>
<td>1</td>
</tr>
<tr>
<td>Subscrp03</td>
<td>260</td>
<td>.5097553</td>
<td>.2168799</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>
Random-effects negative binomial regression

| Variable          | Coef.  | Std. Err. | z     | P>|z| | [95% Conf. Interval] |
|-------------------|--------|-----------|-------|-----|----------------------|
| M03Pop01          | 10.54815 | 3.55893 | 2.96  | 0.003 | 3.572772 - 17.52352 |
| FMfrac03          | -0.9530741 | 0.548999 | -1.74 | 0.083 | -2.029092 - 0.1229441 |
| Subscrp03         | -0.3391068 | 0.3830767 | -0.89 | 0.376 | -1.089923 - 0.4117097 |
| _cons             | 2.174391 | 0.883373 | 2.46  | 0.014 | 0.4430116 - 3.90577 |

/ln_r | 3.590002 | 0.5911516 | 2.019774 | 5.160231 |
/ln_s | 1.637894 | 0.5491221 | 3.0577 |

r | 36.23416 | 29.02906 | 7.536623 | 174.2046 |
s | 5.144322 | 2.824861 | 1.753535 | 15.09182 |

Log likelihood = -316.94437
Wald chi2(3) = 15.75
Prob > chi2 = 0.0013

Summary of other models

We include these results because we use them in the summary table of results in the introduction.

<table>
<thead>
<tr>
<th>Variable</th>
<th>UPelec2003</th>
<th>UPelec2003b</th>
<th>UPelec2003c</th>
<th>UPelec2003d</th>
</tr>
</thead>
<tbody>
<tr>
<td>M03Pop01</td>
<td>10.548146**</td>
<td>10.841046**</td>
<td>10.925061**</td>
<td>11.076642**</td>
</tr>
<tr>
<td>FMfrac03</td>
<td>-0.9530741*</td>
<td>-0.98028484*</td>
<td>-0.90269548</td>
<td>-0.93018497</td>
</tr>
<tr>
<td>Subscrp03</td>
<td>-0.3391068</td>
<td>-0.33528506</td>
<td>-0.05350139</td>
<td>-0.20634936</td>
</tr>
<tr>
<td>Poverty01</td>
<td>0.14276877</td>
<td>-0.05350139</td>
<td>-0.20634936</td>
<td>0.71618457</td>
</tr>
<tr>
<td>FLitercy01</td>
<td>0.3818051</td>
<td>-0.1550039*</td>
<td>-0.15580599*</td>
<td>-0.14721648*</td>
</tr>
<tr>
<td>Perfrm1_03</td>
<td>0.14845777*</td>
<td>-0.1550039*</td>
<td>-0.15580599*</td>
<td>-0.14721648*</td>
</tr>
<tr>
<td>Perfrm2_03</td>
<td>0.14845777*</td>
<td>-0.1550039*</td>
<td>-0.15580599*</td>
<td>-0.14721648*</td>
</tr>
<tr>
<td>_cons</td>
<td>2.1743908*</td>
<td>1.997488*</td>
<td>1.7610586*</td>
<td>1.7293032</td>
</tr>
</tbody>
</table>

Legend: * p<.1; ** p<.01; *** p<.001

where Perfrm* 03 are performance measure described further above and replacing the fraction of regular due payers. Their inclusion drives the fraction of female members to statistical insignificance. Poverty01 and FLitercy01 are poverty and female literacy rates as usual.

Dispute caseload
July 2003 – June 2005

The number of cases received in this two-year period is the response variable in a number of negative binomial regression models, some with the Upazela modeled as grouping variable with random term, some without. A quantity indicating Federation capital (cash in hand plus cash in bank plus estimated value of investments in income-generating projects [IGAs]), used in the RDRS monitoring system for several years, was used as one of the explanatory variables. In earlier non-parametric work (Bayesian MCMC) on one year’s worth of dispute counts (Benini 2004), the effect curve appeared close in shape to a cubic function.
We use this specification for the parametric models presented here; the non-linearity is statistically significant in the model without random term.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disputes</td>
<td>Disputes heard in 2 yrs ending June 05</td>
</tr>
<tr>
<td>UPelect03</td>
<td>Federation candidates elected to UP in 2003</td>
</tr>
<tr>
<td>FAffil03</td>
<td>Female members affiliated 2nd Q 2003</td>
</tr>
<tr>
<td>Capital03</td>
<td>Capital (RDRS measure) 2nd Q 2003 (log10(x+1))</td>
</tr>
<tr>
<td>Capital03sq</td>
<td>Capital (RDRS measure) 2nd Q 2003 squared</td>
</tr>
<tr>
<td>Capital03cu</td>
<td>Capital (RDRS measure) 2nd Q 2003 cubic</td>
</tr>
<tr>
<td>M03Pop01</td>
<td>Ratio of Federation members 2003 to population 2001</td>
</tr>
<tr>
<td>UpazelaCDP</td>
<td>CDP - elsewhere Upazela</td>
</tr>
</tbody>
</table>

Descriptive statistics:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disputes</td>
<td>260</td>
<td>12.41538</td>
<td>9.605166</td>
<td>0</td>
<td>56</td>
</tr>
<tr>
<td>UPelect03</td>
<td>260</td>
<td>.85</td>
<td>1.088994</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>FAffil03</td>
<td>260</td>
<td>254.7308</td>
<td>151.0558</td>
<td>41</td>
<td>1720</td>
</tr>
<tr>
<td>Capital03</td>
<td>260</td>
<td>3.938563</td>
<td>151.0558</td>
<td>1.322219</td>
<td>6.389244</td>
</tr>
<tr>
<td>Capital03sq</td>
<td>260</td>
<td>16.35992</td>
<td>7.362467</td>
<td>1.748264</td>
<td>40.82243</td>
</tr>
<tr>
<td>Capital03cu</td>
<td>260</td>
<td>71.1228</td>
<td>47.17403</td>
<td>2.311588</td>
<td>260.8245</td>
</tr>
<tr>
<td>M03Pop01</td>
<td>260</td>
<td>.0229813</td>
<td>.0150834</td>
<td>.0052764</td>
<td>.167147</td>
</tr>
</tbody>
</table>

Models without random term

*With cubic term for (cash plus IGA investment 2003) only (Model A)*

Negative binomial regression

<table>
<thead>
<tr>
<th>Number of obs = 260</th>
<th>LR chi2(6) = 9.12</th>
<th>Prob &gt; chi2 = 0.1671</th>
</tr>
</thead>
<tbody>
<tr>
<td>Log likelihood = -899.06254</td>
<td>Pseudo R2 = 0.0050</td>
<td></td>
</tr>
</tbody>
</table>

| Disputes | Coef. | Std. Err. | z     | P>|z| | [95% Conf. Interval] |
|-----------|-------|-----------|-------|-------|----------------------|
| UPelect03 | .0138437 | .0476116 | 0.29 | 0.771 | .0794733 .1071608 |
| FAffil03  | -.0001466 | .0003791 | -0.39 | 0.699 | -.0008896 .0005963 |
| Capital03 | 2.859742 | 1.385658 | 2.06 | 0.039 | .1439023 5.575582 |
| Capital03sq | -.7453903 | .352947 | -2.11 | 0.035 | 1.437154 .0536269 |
| Capital03cu | .0634529 | .028931 | 2.19 | 0.029 | .0066471 .120588 |
| M03Pop01   | .5390029 | .3857493 | 0.14 | 0.889 | 7.021544 8.09955 |
|_cons      | 1.059686 | 1.752363 | 0.60 | 0.545 | 4.494254 2.374883 |

/ilnullalpha | 7.181547 | 1019997 | 9.180704 | 5182391 |

/alphal | 4876513 | 497403 | 3992888 | 5955684 |

Likelihood-ratio test of alpha=0: chibar2(01) = 954.31 Prob>=chibar2 = 0.000
With linear term for (cash plus IGA investment 2003) only (Model B)

Negative binomial regression

Number of obs = 260
LR chi2(4) = 3.97
Prob > chi2 = 0.4105
Pseudo R2 = 0.0022

Log likelihood = -901.63772

|                  | Coef. | Std. Err. | z     | P>|z|  | [95% Conf. Interval] |
|------------------|-------|-----------|-------|------|---------------------|
| Disputes         |       |           |       |      |                     |
| UPelect03        | 0.0176535 | 0.0481194 | 0.37  | 0.714 | -0.0766588 to 0.1119659 |
| FAffil03         | -0.0001874 | 0.0003806 | -0.49 | 0.622 | -0.0009333 to 0.0005585 |
| Capital03        | 0.0947313 | 0.0505719 | 1.87  | 0.061 | -0.0043879 to 0.1938505 |
| M03Pop01         | 0.1389194 | 0.2247303 | 0.66  | 0.506 | -0.1738505 to 0.4516883 |
| _cons            | 2.170903  | 0.2247303 | 9.66  | 0.000 | 1.73044 to 2.611366  |
|                 |       |           |       |      |                     |
| /lnalpha         |       |           |       |      |                     |
|                 | -0.694567 | 0.1012602 |       |      |                     |
|                 |       |           |       |      |                     |
| alpha            | 0.4992906 | 0.0505583 |       |      | 0.40812 to 0.68478   |

Likelihood-ratio test of alpha=0: chibar2(01) = 994.02 Prob>=chibar2 = 0.000

Likelihood ratio test for significance of non-linear form of (cash plus IGA)

Likelihood-ratio test (Assumption: B nested in A)

LR chi2(2) = 5.15
Prob > chi2 = 0.0761

<table>
<thead>
<tr>
<th>Model</th>
<th>nobs</th>
<th>ll(null)</th>
<th>ll(model)</th>
<th>df</th>
<th>AIC</th>
<th>BIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>260</td>
<td>-903.6212</td>
<td>-901.6377</td>
<td>6</td>
<td>1815.275</td>
<td>1836.64</td>
</tr>
<tr>
<td>A</td>
<td>260</td>
<td>-903.6212</td>
<td>-899.0625</td>
<td>8</td>
<td>1814.125</td>
<td>1842.611</td>
</tr>
</tbody>
</table>

Model with random term for the sub-districts

Random-effects negative binomial regression

Number of obs = 260
Group variable (i): UpazelaCDP
Number of groups = 28

Random effects u_i ~ Beta

Obs per group: min = 6
avg = 9.3
max = 21

Log likelihood = -876.52615

Wald chi2(6) = 2.42
Prob > chi2 = 0.8771
### Descriptive statistics:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>RegSWD05</td>
<td>260</td>
<td>5384615</td>
<td>49948</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Grants</td>
<td>260</td>
<td>6376.85</td>
<td>24663.75</td>
<td>0</td>
<td>197000</td>
</tr>
<tr>
<td>FMfrac03</td>
<td>260</td>
<td>5569115</td>
<td>1516045</td>
<td>.159176</td>
<td>1</td>
</tr>
<tr>
<td>Subscrp03</td>
<td>260</td>
<td>5097553</td>
<td>2168799</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Land03</td>
<td>260</td>
<td>1.313377</td>
<td>5115803</td>
<td>0</td>
<td>2.225309</td>
</tr>
<tr>
<td>Capital03</td>
<td>260</td>
<td>3.938563</td>
<td>9224474</td>
<td>1.322219</td>
<td>6.389244</td>
</tr>
<tr>
<td>SocAct03</td>
<td>260</td>
<td>9884615</td>
<td>1.048929</td>
<td>0</td>
<td>6</td>
</tr>
</tbody>
</table>

### Federations as independent NGOs

Registration with Social Welfare Department and grants received by end of 2005

<table>
<thead>
<tr>
<th>Variable</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>RegSWD05</td>
<td>Registered with Social Welfare Dept. by end 2005</td>
</tr>
<tr>
<td>Grants</td>
<td>Non-RDRS grants received 2004-2005 (Taka)</td>
</tr>
<tr>
<td>FMfrac03</td>
<td>Women members 2003 – fraction all members</td>
</tr>
<tr>
<td>Subscrp03</td>
<td>Fraction groups paying subscriptions 2nd Q 2003</td>
</tr>
<tr>
<td>Land03</td>
<td>Land owned by Federation (decimals) 2nd Q 2003 (log10(x+1))</td>
</tr>
<tr>
<td>Capital03</td>
<td>Capital (RDRS measure) 2nd Q2003 (log10(x+1))</td>
</tr>
<tr>
<td>SocAct03</td>
<td>Social activism (6 item) indicator 2nd Q 2003</td>
</tr>
<tr>
<td>UNIT2004</td>
<td>RDRS Unit in 2004</td>
</tr>
</tbody>
</table>

STATA does not predict u’s (Upazela random effects) for this procedure. We approximated them by calculating the nbreg model including Upazela indicators.

In later models including poverty and literacy variables, this model did respond to poverty: Higher poverty rates depressed the number of cases heard significantly.
Registration as of December 2005

While the Government of Bangladesh permitted registration of local NGOs with the Social Welfare Department (until some point in 2005), the process in the RDRS working area depended essentially on success and failure in each district office of this department. Most districts are co-extensive with the RDRS Unit. Since the propensities to apply and register are determined locally (in each district and RDRS Unit), we estimated a fixed-effects logit model. And because no applications were rejected until government halted the process nationwide in 2005, it is not possible to build a selection model (e.g., of the Heckman type).

Conditional fixed-effects logistic regression

<table>
<thead>
<tr>
<th>Group variable (i): Unit2004</th>
<th>Number of obs = 260</th>
<th>Number of groups = 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obs per group:</td>
<td>min = 21</td>
<td>avg = 32.5</td>
</tr>
<tr>
<td>Log likelihood = -125.0818</td>
<td>LR chi2(5) = 41.30</td>
<td>Prob &gt; chi2 = 0.0000</td>
</tr>
</tbody>
</table>

- RegSWD05 | Coef. | Std. Err. | z  | P>|z| | [95% Conf. Interval] |
- FMfrac03  | 2.178285 | 1.052581 | -2.07 | 0.039 | -4.241306 to -0.1152638 |
- Subscr03  | 2.15821  | .7670906 | 2.81  | 0.0049 | .65474 to 3.66168 |
- Land03    | .9521369 | .3317942 | 2.87  | 0.0044 | .3018321 to 1.602442 |
- Capital03 | .3692629 | .1793366 | 2.06  | 0.039 | .0177696 to .7207562 |
- SocAct03  | .4297034 | .1608155 | 2.67  | 0.008 | .1145109 to .7448959 |

Non-RDRS grants received (registered Federations only)

For the same reason, the grouping variable in this Tobit model of the sums of grants received other than from RDRS in the two-years when most of the 140 registration applications were processed, was the RDRS Unit, not the Upazela. However, a fixed-effects procedure was not available in STATA.

Random-effects tobit regression

<table>
<thead>
<tr>
<th>Group variable (i): Unit2004</th>
<th>Number of obs = 140</th>
<th>Number of groups = 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obs per group:</td>
<td>min = 7</td>
<td>avg = 17.5</td>
</tr>
<tr>
<td>Log likelihood = -508.98021</td>
<td>Wald chi2(5) = 13.04</td>
<td>Prob &gt; chi2 = 0.0230</td>
</tr>
</tbody>
</table>
The inclusion of poverty and female literacy variables in the registration and grants models does not produce significant changes.

**Gross profit**

in the year July 2004 – June 2005

Gross profits are strongly influenced by tree sales proceeds. Since plantations cannot be harvested every year, these incomes are discontinuous. Because the maturity structure of the Federation-owned plantations is not known, we do not consider the extent of losses, but consider profits censored at zero. The following Tobit regression model is estimated for 143 Federations for which some business operating cost was reported during the audit year. The data on the other Federations does not seem reliable enough. To control for program-related spatial effects, a random term at the Upazela level is included.

The magnitude of profits in the uncensored observations is fairly normally distributed.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit0405</td>
<td>Gross profit (loss) 2004-05 - Signed log(abs(x+1))</td>
</tr>
<tr>
<td>Activ2004</td>
<td>Active group members 2nd Q 2004 (log10)</td>
</tr>
<tr>
<td>FMfraq04</td>
<td>Women members 2 Q 2004 – fraction of all members</td>
</tr>
<tr>
<td>SocAct04</td>
<td>Social activism (6 items) indicator 2 Q 2004</td>
</tr>
<tr>
<td>Trees04</td>
<td>Trees owned - 2 Q 2004 -log10(x+1)</td>
</tr>
<tr>
<td>Pukka04</td>
<td>Had pukka building 2 Q 2004</td>
</tr>
<tr>
<td>BusiCost</td>
<td>Business operation cost 2004–05 (Taka)</td>
</tr>
<tr>
<td>UpazelaCDP</td>
<td>CDP - elsewhere Upazela</td>
</tr>
</tbody>
</table>
Descriptive statistics if BusiCost > 0:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit0405</td>
<td>147</td>
<td>1.680179</td>
<td>3.52758</td>
<td>-4.736237</td>
<td>5.76858</td>
</tr>
<tr>
<td>Activ2004</td>
<td>147</td>
<td>2.013257</td>
<td>4.204906</td>
<td>0</td>
<td>2.674861</td>
</tr>
<tr>
<td>FMfraq04</td>
<td>147</td>
<td>.5667224</td>
<td>1.580364</td>
<td>.159309</td>
<td>1</td>
</tr>
<tr>
<td>SocAct04</td>
<td>147</td>
<td>1.47619</td>
<td>1.376582</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Trees04</td>
<td>147</td>
<td>3.130173</td>
<td>1.120403</td>
<td>0</td>
<td>4.579795</td>
</tr>
<tr>
<td>Pukka04</td>
<td>147</td>
<td>.6802721</td>
<td>1.4679655</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>BusiCost</td>
<td>147</td>
<td>13439.65</td>
<td>32336.22</td>
<td>15</td>
<td>270100</td>
</tr>
</tbody>
</table>

Random-effects tobit regression

| Variable   | Coef.   | Std. Err. | z   | P>|z| | [95% Conf. Interval] |
|------------|---------|-----------|-----|------|-------------------|
| Profit0405 | .8702363 | .5635673  | 1.54 | 0.123 | -.2343353 - 1.974808 |
| Activ2004  | .0177992 | 1.633283  | 0.01 | 0.991 | -.3.183377 - 3.218975 |
| FMfraq04   | .0513739 | .2502146  | 0.28 | 0.777 | -.3034368 - .4061847 |
| SocAct04   | .5875339 | 1.674719  | 1.14 | 0.253 | -.7310464 - 1.077946 |
| Trees04    | .3063006 | .5292684  | .58  | 0.563 | -.7310464 - 1.343648 |
| Pukka04    | 1.913357 | 1.674719  | 1.14 | 0.253 | -.5195747 - 1.369032 |
| _cons      | 1.348381 | .3680161  | 3.66 | 0.000 | .6270825 - 2.069679 |

Observation summary: 101 uncensored observations
46 left-censored observations
0 right-censored observations

Tree holdings

In mid-2005

<table>
<thead>
<tr>
<th>Variable</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trees05</td>
<td>Trees owned - 2 Q 2005 -log10(x+1)</td>
</tr>
<tr>
<td>Trees03</td>
<td>Trees owned - 2 Q 2003 -log10(x+1)</td>
</tr>
<tr>
<td>Disputes</td>
<td>Disputes heard in 2 yrs ending June 05</td>
</tr>
<tr>
<td>FMfraq03</td>
<td>Women members 2 Q 2003 – fraction of all members</td>
</tr>
<tr>
<td>Capital03</td>
<td>Capital (RDRS measure) 2nd Q 2003 (log10(x+1))</td>
</tr>
<tr>
<td>Capital03sq</td>
<td>Capital (RDRS measure) 2nd Q 2003 squared</td>
</tr>
<tr>
<td>Capital03cu</td>
<td>Capital (RDRS measure) 2nd Q 2003 cubic</td>
</tr>
<tr>
<td>M03Pop01</td>
<td>Ratio of Federation members 2003 to population 2001</td>
</tr>
<tr>
<td>UpazelaCDP</td>
<td>CDP - elsewhere Upazela</td>
</tr>
</tbody>
</table>
Basic model

Descriptive statistics:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trees05</td>
<td>260</td>
<td>2.828495</td>
<td>1.345482</td>
<td>0</td>
<td>4.63479</td>
</tr>
<tr>
<td>Trees03</td>
<td>260</td>
<td>2.817295</td>
<td>1.462307</td>
<td>0</td>
<td>4.602071</td>
</tr>
<tr>
<td>Disputes</td>
<td>260</td>
<td>12.41538</td>
<td>9.605166</td>
<td>0</td>
<td>56</td>
</tr>
<tr>
<td>FMfraq03</td>
<td>260</td>
<td>0.5569115</td>
<td>0.1516045</td>
<td>0.159176</td>
<td>1.59176</td>
</tr>
<tr>
<td>Capital03</td>
<td>260</td>
<td>3.938563</td>
<td>9.224474</td>
<td>1.322219</td>
<td>6.389244</td>
</tr>
<tr>
<td>Capital03sq</td>
<td>260</td>
<td>16.35992</td>
<td>7.362467</td>
<td>1.748264</td>
<td>40.8243</td>
</tr>
<tr>
<td>Capital03cu</td>
<td>260</td>
<td>71.11228</td>
<td>47.17403</td>
<td>2.311588</td>
<td>260.8245</td>
</tr>
<tr>
<td>M03Pop01</td>
<td>260</td>
<td>0.0229813</td>
<td>0.0150834</td>
<td>0.0052764</td>
<td>0.167147</td>
</tr>
</tbody>
</table>

Random-effects tobit regression

Number of obs = 260
Number of groups = 28

Obs per group: min = 6
avg = 9.3
max = 21

Wald chi2(7) = 60.60
Prob > chi2 = 0.0000

| Variable     | Coef.    | Std. Err. | z       | P>|z|  | [95% Conf. Interval] |
|--------------|----------|-----------|---------|------|----------------------|
| Trees03      | 0.3222817| 0.0578701 | 5.57    | 0.000| 0.2088585 - 0.435705 |
| Disputes     | 0.138974 | 0.081815  | 1.70    | 0.089| -0.0021381 - 0.29329 |
| FMfraq03     | -1.007297| 0.5030278 | -2.00   | 0.045| -1.993213 - 0.0213805|
| Capital03    | 5.104069 | 2.428582  | 2.10    | 0.036| 0.341356 - 9.864003  |
| Capital03sq  | -1.252422| 0.6049406 | -2.07   | 0.038| -2.438084 - 0.667607 |
| Capital03cu  | 0.101654 | 0.0487819 | 2.08    | 0.037| 0.0060432 - 0.1972648|
| M03Pop01     | -12.71661| 5.798809  | -2.19   | 0.028| -24.08207 - 1.351156 |
| _cons        | -4.246197| 3.208988  | -1.32   | 0.186| -10.5357 - 2.043305  |
| /sigma_u     | 1.182046 | 0.1316922 | 8.98    | 0.000| 0.924734 - 1.440958  |
| /sigma_e     | 1.032161 | 0.0529686 | 19.70   | 0.000| 0.929463 - 1.134857  |
| rho          | 0.5677157| 0.058482  | 9.64    | 0.000| 0.4518596 - 0.6779907|

Likelihood-ratio test of sigma_u=0: chibar2(01) = 95.02 Prob>=chibar2 = 0.000

Observation summary: 221 uncensored observations 39 left-censored observations 0 right-censored observations

Model with Union-level poverty estimates and 2001 female literacy rates

The tree holdings model is one of the very few that responded to these contextual variables. Note the opposite signs on the coefficients of the share of women members and female literacy rates.
<table>
<thead>
<tr>
<th>Variable</th>
<th>trees2005</th>
<th>trees2005b</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trees05</td>
<td>.32228174***</td>
<td>.29307312***</td>
</tr>
<tr>
<td>Disputes</td>
<td>.01389738*</td>
<td>.01507217*</td>
</tr>
<tr>
<td>FMfraq03</td>
<td>-1.0072969*</td>
<td>-1.2040274*</td>
</tr>
<tr>
<td>Capital03</td>
<td>5.1040692*</td>
<td>4.1621874*</td>
</tr>
<tr>
<td>Capital03sq</td>
<td>-1.2524225*</td>
<td>-1.0186124*</td>
</tr>
<tr>
<td>Capital03cu</td>
<td>.101654*</td>
<td>.08255525*</td>
</tr>
<tr>
<td>M03Pop01</td>
<td>-12.716613*</td>
<td>-10.377753*</td>
</tr>
<tr>
<td>Poverty01</td>
<td>1.5955403*</td>
<td>3.016439*</td>
</tr>
<tr>
<td>FLitercy01</td>
<td>.02461966</td>
<td>.454097</td>
</tr>
<tr>
<td>_cons</td>
<td>-4.2461966</td>
<td>-4.454097</td>
</tr>
</tbody>
</table>

Legend: * p<.1; ** p<.01; *** p<.001

Non-business income
in the year 2004-2005

<table>
<thead>
<tr>
<th>Variable</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBExp0405</td>
<td>Non-business expenses (Taka) - July 2004-June 2005</td>
</tr>
<tr>
<td>NBlnc0405</td>
<td>Non-business recurrent income (Taka) - July 2004-June 2005</td>
</tr>
<tr>
<td>NBIllog0405</td>
<td>Non-business recurrent income July 2004-June 2005 (Log10(x+1))</td>
</tr>
<tr>
<td>Donat0405</td>
<td>Donations from RDRS and others July 2004-June 2005 (Taka)</td>
</tr>
<tr>
<td>DonLog0405</td>
<td>Donations from RDRS and others July 2004-June 2005 (Taka - Log10)</td>
</tr>
<tr>
<td>Capital04</td>
<td>Capital (RDRS measure) 2nd Q 2004 (log10(x+1))</td>
</tr>
<tr>
<td>Capital04sq</td>
<td>Capital (RDRS measure) 2nd Q 2004 squared</td>
</tr>
<tr>
<td>Capital04cu</td>
<td>Capital (RDRS measure) 2nd Q 2004 cubic</td>
</tr>
<tr>
<td>Trees04</td>
<td>Trees owned - 2 Q 2004 -log10(x+1)</td>
</tr>
<tr>
<td>Activ2004</td>
<td>Active group members 2nd Q 2004 (log10)</td>
</tr>
<tr>
<td>FMfraq04</td>
<td>Women members 2 Q 2004 – fraction of all members</td>
</tr>
<tr>
<td>M03Pop01</td>
<td>Ratio of Federation members 2003 to population 2001</td>
</tr>
<tr>
<td>UPelect03</td>
<td>Federation candidates elected to UP in 2003</td>
</tr>
<tr>
<td>Disput1y</td>
<td>Disputes heard 3rd Q 2003 - 2nd Q 2004</td>
</tr>
<tr>
<td>Pukka04</td>
<td>Had pukka building 2 Q 2004</td>
</tr>
<tr>
<td>UpazelaCDP</td>
<td>CDP - elsewhere Upazela</td>
</tr>
</tbody>
</table>
### Descriptive statistics for Federations with non-business recurrent income (Taka) - July 2004-June 2005 > 0

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBExp0405</td>
<td>258</td>
<td>16822.07</td>
<td>10472.21</td>
<td>2685</td>
<td>98856</td>
</tr>
<tr>
<td>NBlnc0405</td>
<td>258</td>
<td>6434.973</td>
<td>5274.781</td>
<td>490</td>
<td>42207</td>
</tr>
<tr>
<td>NBllog0405</td>
<td>258</td>
<td>3.710009</td>
<td>.2883362</td>
<td>2.691082</td>
<td>4.625395</td>
</tr>
<tr>
<td>Donat0405</td>
<td>258</td>
<td>51332.86</td>
<td>107367.2</td>
<td>200</td>
<td>561616</td>
</tr>
<tr>
<td>DonLog0405</td>
<td>258</td>
<td>4.32377</td>
<td>.5072449</td>
<td>2.30103</td>
<td>5.749439</td>
</tr>
<tr>
<td>Capital04</td>
<td>258</td>
<td>3.947365</td>
<td>.7107348</td>
<td>2.029384</td>
<td>6.356216</td>
</tr>
<tr>
<td>Capital04sq</td>
<td>258</td>
<td>16.08488</td>
<td>5.72032</td>
<td>4.118398</td>
<td>40.40148</td>
</tr>
<tr>
<td>Capital04cu</td>
<td>258</td>
<td>67.5063</td>
<td>36.35513</td>
<td>8.35781</td>
<td>256.8005</td>
</tr>
<tr>
<td>Trees04</td>
<td>258</td>
<td>2.993526</td>
<td>1.231374</td>
<td>0</td>
<td>4.579795</td>
</tr>
<tr>
<td>Activ2004</td>
<td>258</td>
<td>2.007767</td>
<td>.4420828</td>
<td>0</td>
<td>2.674861</td>
</tr>
<tr>
<td>FMfraq04</td>
<td>258</td>
<td>.5726364</td>
<td>.1504923</td>
<td>.159309</td>
<td>1</td>
</tr>
<tr>
<td>M03Pop01</td>
<td>258</td>
<td>.0229813</td>
<td>.0150834</td>
<td>.0052764</td>
<td>.167147</td>
</tr>
<tr>
<td>UPelect03</td>
<td>258</td>
<td>.8527132</td>
<td>1.091893</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Disput1y</td>
<td>258</td>
<td>6.503876</td>
<td>5.630827</td>
<td>0</td>
<td>33</td>
</tr>
<tr>
<td>Pukka04</td>
<td>258</td>
<td>.6705426</td>
<td>.4709297</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

#### Random-effects GLS regression

- **Number of obs:** 258
- **Number of groups:** 28
- **R-sq within:** 0.1287
- **Obs per group:** min = 5, avg = 9.2, max = 21
- **Wald chi2(11) = 37.96, Prob > chi2 = 0.0001

| Variable     | Coef. | Std. Err. | t  | P>|t| | 95% Conf. Interval |
|--------------|-------|-----------|----|-----|-------------------|
| DonLog0405   | .1493162 | .0323418 | 4.62 | 0.000 | 0.0859275 - 0.2127049 |
| Capital04    | 1.291777  | .8686114 | 1.49 | 0.137 | - .41067 - 2.994224 |
| Capital04sq  | .329389 | .2156577 | -1.53 | 0.127 | - .7520704 - 0.0932923 |
| Capital04cu  | .272897 | .0174345 | 1.57 | 0.118 | - .0068814 - 0.0614608 |
| Trees04      | .0215392 | .0165939 | 1.40 | 0.163 | - .0093695 - 0.0556774 |
| Activ2004    | .049706 | .0394902 | 1.26 | 0.208 | - .0276934 - 0.1271054 |
| FMfraq04     | .0435715 | .032014 | -0.36 | 0.721 | - .2824512 - 0.1953083 |
| M03Pop01     | .5058568 | .0670008 | 7.56 | 0.000 | 0.37713 - 0.63458 |
| UPelect03    | .0340337 | .0174345 | 2.16 | 0.031 | 0.00312 - 0.0649554 |
| Disput1y     | .0031594 | .0032014 | 0.42 | 0.671 | - .0009152 - 0.0076339 |
| Pukka04      | .0460993 | .0377148 | 1.22 | 0.222 | - .010019 - 0.1028203 |
| _cons        | 1.262621 | 1.168998 | 1.08 | 0.280 | - 1.028572 - 3.553814 |

- **sigma_u:** 0.12818233
- **sigma_e:** 0.24527031
- **rho:** 0.21453308 (fraction of variance due to u_i)
Breusch and Pagan Lagrangian multiplier test for random effects:

\[ \text{NBIIlog0405}_{\text{UpazelaCDP},t} = Xb + u_{\text{UpazelaCDP}} + e_{\text{UpazelaCDP},t} \]

Estimated results:

<table>
<thead>
<tr>
<th></th>
<th>Var</th>
<th>sd = \sqrt{\text{Var}}</th>
</tr>
</thead>
<tbody>
<tr>
<td>\text{NBIIlog0405}</td>
<td>.0831378</td>
<td>.2883362</td>
</tr>
<tr>
<td>\text{e}</td>
<td>.0601575</td>
<td>.2452703</td>
</tr>
<tr>
<td>\text{u}</td>
<td>.0164307</td>
<td>.1281823</td>
</tr>
</tbody>
</table>

Test: \ Var(u) = 0 
\[ \chi^2(1) = 37.79 \]
\[ \text{Prob > } \chi^2 = 0.0000 \]

Factor analysis of sub-district effects

**Motivation**

Several regression models estimate sub-district level random or fixed effects. The inclusion of a sub-district term is meant to control for neighborhood effects. These result from both observed and unobserved variables. Some of observed ones, i.e. the values of neighboring Federations and Unions on the dependent variables, would be taken into account more fully in properly specified *spatial* regression models. However, such models are easiest to estimate, outside a Bayesian framework, for normally distributed continuous dependent variables, which occur only in a minority of our models. Also, there is reason to believe that sub-district factors are more important in this context than adjacency or distance-mediated ones. In other words, effects across sub-district boundaries are assumedly weaker than those from within.

Unobserved variables refer to Federations, Unions as well as RDRS policy implementation and staff behavior. These can be assumed to be heavily spatially structured. This is so almost by definition as far RDRS is concerned; each Manager, Social Organization looks after all the Federations in one sub-district (except for special situations on the Char islands). Since these managers are also the source of monitoring data, sub-district effect estimates are subject to correlated measurement error.

Above the particular model, the *substantive* interest in studying sub-district effects is in their correlation patterns as indicators of milieux that are more favorable or less so to achievements of the Federations in various realms. For example, the number of women in the executive committee and the size of tree holdings in a Federation in 2005 were both positively influenced by the level of social activism shown in 2003. Once these individual Federation-level influences are taken care of, the remainders of those achievement levels may still correlate among neighboring Federations. Models with sub-district levels address such milieu effects.

*Formally*, these are investigated through the covariance patterns of the group level effects, using factor analysis or other appropriate approaches. However, making the estimated effects available from the individual regression models is not straightforward. In the STATA class of xt procedures, only the GLS random-effects model (xtreg) offers estimation of \( u \), the random error component at the group level. For other procedures, such as xtnbreg (random-effects negative binomial models), xttobit (random-effects with censored dependent variables), this facility is not available in version 8. The second-best solution is to estimate fixed-effects models using indicator variables for the sub-districts.
Achievement areas

We have investigated associations among six outcome models that have in common that the dependent variables reflect achievement areas (as opposed to, say, simple membership demographics). The selection of six outcomes was dictated by data availability, but care was taken to represent social, institutional and economic development domains. These are:

- The number of Federation candidates elected to the Union Council in 2003 (eUP_UPelect2003)
- Non-business income earned in the audit year 2004-05 (eUP_NonBusIn0405)
- The number of women serving on the executive committee in 2005 (eUP_womenEC2005)
- The number of disputes heard 7/2003 – 6/2005 (eUP_disputes0305)
- The size of tree holdings in mid/2005 (eUP_trees2005)
- Registration, or not, with Social Welfare Department by end of 2005 (eUP_regist2005)

Estimation overview

Sub-district effects (eUP = effect of the Upazela) were obtained in the following manner:

<table>
<thead>
<tr>
<th>Achievement area</th>
<th>Original model</th>
<th>Documented on page</th>
<th>Estimations of u’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>eUP_UPelect2003</td>
<td>Negative binomial with random term</td>
<td>170</td>
<td>Approx. through Bayesian MCMC</td>
</tr>
<tr>
<td>eUP_NonBusIn0405</td>
<td>GLS with random term</td>
<td>179</td>
<td>u’s directly from xtreg</td>
</tr>
<tr>
<td>eUP_womenEC2005</td>
<td>Ordered logit (no sub-district term)</td>
<td>167</td>
<td>ologit with sub-district indicators</td>
</tr>
<tr>
<td>eUP_disputes0305</td>
<td>Negative binomial with random term</td>
<td>173</td>
<td>nbreg with sub-district indicators</td>
</tr>
<tr>
<td>eUP_trees2005</td>
<td>Tobit with random term</td>
<td>178</td>
<td>tobit with sub-district indicators</td>
</tr>
<tr>
<td>eUP_regist2005</td>
<td>Logit with fixed effects for districts</td>
<td>174</td>
<td>Logit, sub-district ind. instead of districts</td>
</tr>
</tbody>
</table>

In rare cases, values for one or two sub-district effects had to be extrapolated. For example, for two Upazelas coefficients in the registration model could not be estimated because the Upazelas predicted complete success or failure in the logit model. These missing values were replaced with ones close to the maximum and minimum among the coefficients of the other 26 Upazelas. In all models with sub-district indicators, the Char Development Project area (CDP) was used as the base, and its sub-district effect was set to zero.

Factor analysis

Descriptive statistics (28 Upazelas and CDP area). Abbreviated variable names are introduced in the order of the above table:
### Correlations:

<table>
<thead>
<tr>
<th></th>
<th>eUP~2003</th>
<th>eUP~0405</th>
<th>eUP_wom~05</th>
<th>eUP_dis~05</th>
<th>eUP_tre~05</th>
<th>eUP_re~05</th>
</tr>
</thead>
<tbody>
<tr>
<td>eUP_UPe~2003</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>eUP_Non~0405</td>
<td></td>
<td>0.0339</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>eUP_wom~2005</td>
<td>-0.2873</td>
<td>-0.15409</td>
<td>0.0576</td>
<td>-0.0822</td>
<td>1.0000</td>
<td></td>
</tr>
<tr>
<td>eUP_dis~0305</td>
<td>0.0442</td>
<td>0.0576</td>
<td>-0.0822</td>
<td>1.0000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>eUP_tre~2005</td>
<td>0.3594</td>
<td>0.0909</td>
<td>-0.2503</td>
<td>-0.0520</td>
<td>1.0000</td>
<td></td>
</tr>
<tr>
<td>eUP_reg~2005</td>
<td>0.1357</td>
<td>-0.0095</td>
<td>0.0125</td>
<td>0.2705</td>
<td>0.1357</td>
<td>1.0000</td>
</tr>
</tbody>
</table>

### Factor analysis results:

(observations = 28)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Eigenvalue</th>
<th>Difference</th>
<th>Proportion</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.91104</td>
<td>0.55840</td>
<td>1.0401</td>
<td>1.0401</td>
</tr>
<tr>
<td>2</td>
<td>0.35264</td>
<td>0.11640</td>
<td>0.4026</td>
<td>1.4427</td>
</tr>
<tr>
<td>3</td>
<td>0.23624</td>
<td>0.11640</td>
<td>0.2697</td>
<td>1.7124</td>
</tr>
<tr>
<td>4</td>
<td>0.10473</td>
<td>0.11640</td>
<td>-0.1196</td>
<td>1.5928</td>
</tr>
<tr>
<td>5</td>
<td>-0.24224</td>
<td>0.11640</td>
<td>-0.2766</td>
<td>1.3163</td>
</tr>
<tr>
<td>6</td>
<td>-0.27704</td>
<td>0.11640</td>
<td>-0.3163</td>
<td>1.0000</td>
</tr>
</tbody>
</table>

**Factor Loadings**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Factor 1</th>
<th>Factor 2</th>
<th>Factor 3</th>
<th>Uniqueness</th>
</tr>
</thead>
<tbody>
<tr>
<td>eUP_UPe~2003</td>
<td>0.50752</td>
<td>0.0321</td>
<td>0.18823</td>
<td>0.70596</td>
</tr>
<tr>
<td>eUP_Non~0405</td>
<td>0.28854</td>
<td>-0.15409</td>
<td>-0.2955</td>
<td>0.80565</td>
</tr>
<tr>
<td>eUP_wom~2005</td>
<td>-0.52096</td>
<td>0.16581</td>
<td>0.16263</td>
<td>0.67466</td>
</tr>
<tr>
<td>eUP_dis~0305</td>
<td>0.13669</td>
<td>0.35923</td>
<td>-0.2104</td>
<td>0.80800</td>
</tr>
<tr>
<td>eUP_tre~2005</td>
<td>0.48862</td>
<td>-0.03769</td>
<td>0.20641</td>
<td>0.71722</td>
</tr>
<tr>
<td>eUP_reg~2005</td>
<td>0.20342</td>
<td>0.41220</td>
<td>0.01166</td>
<td>0.78858</td>
</tr>
</tbody>
</table>

For subsequent visualization, two factors are retained for rotation and score estimation:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Rotated Factor Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>eUP_UPe~2003</td>
<td>0.48020</td>
</tr>
<tr>
<td>eUP_Non~0405</td>
<td>0.31933</td>
</tr>
<tr>
<td>eUP_wom~2005</td>
<td>-0.54636</td>
</tr>
<tr>
<td>eUP_dis~0305</td>
<td>0.03510</td>
</tr>
<tr>
<td>eUP_tre~2005</td>
<td>0.48077</td>
</tr>
<tr>
<td>eUP_reg~2005</td>
<td>0.08514</td>
</tr>
</tbody>
</table>
Scoring Coefficients (based on rotated factors)

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>eUP_UPe~2003</td>
<td>0.27368</td>
<td>0.11032</td>
</tr>
<tr>
<td>eUP_Non~0405</td>
<td>0.17685</td>
<td>-0.07361</td>
</tr>
<tr>
<td>eUP_wom~2005</td>
<td>-0.34298</td>
<td>0.05917</td>
</tr>
<tr>
<td>eUP_dis~0305</td>
<td>-0.00574</td>
<td>0.29475</td>
</tr>
<tr>
<td>eUP_tre~2005</td>
<td>0.27777</td>
<td>0.04477</td>
</tr>
<tr>
<td>eUP_reg~2005</td>
<td>0.01782</td>
<td>0.34948</td>
</tr>
</tbody>
</table>

Use of the output in the graph “Sub-district effects on Federation achievements”
on page 8: The coordinates of the sub-districts in the plot area are the rotated factor scores, here named eUPfactor1 and eUPfactor2:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>eUPfactor1</td>
<td>28</td>
<td>1.36e-09</td>
<td>.7142438</td>
<td>-1.280783</td>
<td>1.11099</td>
</tr>
<tr>
<td>eUPfactor2</td>
<td>28</td>
<td>-1.60e-09</td>
<td>.5475202</td>
<td>-1.197415</td>
<td>.9978887</td>
</tr>
</tbody>
</table>

The coordinates of the six achievement area points are their factor loadings, as given above, multiplied by 2.5. This re-scaling was necessary of separate the points enough for the label placement.
## Annexes

### Selected Upazela-level Federation statistics

Table 23: Selected Federation indicators by sub-district

<table>
<thead>
<tr>
<th>RDRS Unit</th>
<th>Upazela or CDP</th>
<th>Federations</th>
<th>Members mid-2005</th>
<th>Est. fraction member households 2005 (population-weighted)</th>
<th>Cash plus IGA invest (US$) mid-2005 (mean)</th>
<th>Federation members elected Union Councilors 2003 (mean)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panchagarh Atwari</td>
<td>6</td>
<td></td>
<td>4,938</td>
<td>19%</td>
<td>38</td>
<td>2.17</td>
</tr>
<tr>
<td>Boda</td>
<td>10</td>
<td></td>
<td>5,746</td>
<td>12%</td>
<td>150</td>
<td>1.90</td>
</tr>
<tr>
<td>Debiganj</td>
<td>10</td>
<td></td>
<td>6,702</td>
<td>16%</td>
<td>410</td>
<td>1.60</td>
</tr>
<tr>
<td>Panchagarh</td>
<td>10</td>
<td></td>
<td>7,691</td>
<td>18%</td>
<td>803</td>
<td>1.50</td>
</tr>
<tr>
<td>Tetulia</td>
<td>7</td>
<td></td>
<td>4,654</td>
<td>19%</td>
<td>63</td>
<td>0.57</td>
</tr>
<tr>
<td>Panchagarh</td>
<td>6</td>
<td></td>
<td>1,976</td>
<td>8%</td>
<td>131</td>
<td>0.33</td>
</tr>
<tr>
<td>Boda</td>
<td>6</td>
<td></td>
<td>2,620</td>
<td>8%</td>
<td>270</td>
<td>1.17</td>
</tr>
<tr>
<td>Panchagarh</td>
<td>10</td>
<td></td>
<td>3,583</td>
<td>8%</td>
<td>177</td>
<td>0.60</td>
</tr>
<tr>
<td>Thakurgaon Baliadangi</td>
<td>8</td>
<td></td>
<td>3,772</td>
<td>10%</td>
<td>454</td>
<td>1.00</td>
</tr>
<tr>
<td>Ranisankail</td>
<td>8</td>
<td></td>
<td>1,894</td>
<td>5%</td>
<td>299</td>
<td>0.50</td>
</tr>
<tr>
<td>Thakurgaon-E</td>
<td>10</td>
<td></td>
<td>5,081</td>
<td>9%</td>
<td>242</td>
<td>0.30</td>
</tr>
<tr>
<td>Thakurgaon-W</td>
<td>9</td>
<td></td>
<td>3,332</td>
<td>7%</td>
<td>84</td>
<td>0.00</td>
</tr>
<tr>
<td>Nilphamari Dimla</td>
<td>10</td>
<td></td>
<td>5,664</td>
<td>11%</td>
<td>818</td>
<td>1.00</td>
</tr>
<tr>
<td>Domar</td>
<td>10</td>
<td></td>
<td>4,404</td>
<td>10%</td>
<td>303</td>
<td>0.30</td>
</tr>
<tr>
<td>Jaldhaka</td>
<td>12</td>
<td></td>
<td>6,928</td>
<td>11%</td>
<td>317</td>
<td>1.50</td>
</tr>
<tr>
<td>Kishoreganj</td>
<td>8</td>
<td></td>
<td>3,591</td>
<td>7%</td>
<td>108</td>
<td>0.13</td>
</tr>
<tr>
<td>Lalmonirhat Aditmari</td>
<td>8</td>
<td></td>
<td>4,657</td>
<td>10%</td>
<td>314</td>
<td>0.38</td>
</tr>
<tr>
<td>Hatibandha</td>
<td>10</td>
<td></td>
<td>3,667</td>
<td>8%</td>
<td>145</td>
<td>0.70</td>
</tr>
<tr>
<td>Kaliganj</td>
<td>8</td>
<td></td>
<td>4,265</td>
<td>8%</td>
<td>584</td>
<td>1.00</td>
</tr>
<tr>
<td>Lalmonirhat</td>
<td>9</td>
<td></td>
<td>3,752</td>
<td>7%</td>
<td>550</td>
<td>0.33</td>
</tr>
<tr>
<td>Patgram</td>
<td>6</td>
<td></td>
<td>3,069</td>
<td>9%</td>
<td>82</td>
<td>0.83</td>
</tr>
<tr>
<td>Kurigram</td>
<td>9</td>
<td></td>
<td>5,107</td>
<td>8%</td>
<td>281</td>
<td>1.11</td>
</tr>
<tr>
<td>Rajarhat</td>
<td>7</td>
<td></td>
<td>3,335</td>
<td>9%</td>
<td>108</td>
<td>0.71</td>
</tr>
<tr>
<td>Ulipur</td>
<td>12</td>
<td></td>
<td>5,249</td>
<td>7%</td>
<td>453</td>
<td>0.83</td>
</tr>
<tr>
<td>Nageswari Bhurungamari</td>
<td>10</td>
<td></td>
<td>4,568</td>
<td>10%</td>
<td>37</td>
<td>0.40</td>
</tr>
<tr>
<td>Fulbari</td>
<td>6</td>
<td></td>
<td>4,449</td>
<td>14%</td>
<td>135</td>
<td>0.17</td>
</tr>
<tr>
<td>Nageswari</td>
<td>14</td>
<td></td>
<td>5,821</td>
<td>8%</td>
<td>506</td>
<td>1.14</td>
</tr>
<tr>
<td>CDP</td>
<td>21</td>
<td></td>
<td>8,954</td>
<td>10%</td>
<td>210</td>
<td>0.95</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>260</strong></td>
<td><strong>129,469</strong></td>
<td><strong>10%</strong></td>
<td><strong>304</strong></td>
<td><strong>0.85</strong></td>
<td></td>
</tr>
</tbody>
</table>

Note: Upazelas are listed as used in the RDRS field administration, except for the CDP. This, in our use, contains all official government Unions of Chilmari, Raumari and Rajibpur Upazelas plus the Char Unions of Ulipur, Kurigram and Nageswari. Thakurgaon East and West, each with its own RDRS Social Organization Manager, form one official Upazela.
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Benini has a dual career in rural development and in humanitarian action. In the latter capacity, he has worked for the International Committee of the Red Cross and for the Global Landmine Survey. He has a Ph.D. in sociology from the University of Bielefeld, Germany, based on field research in community development in West Africa.

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