

# Federations – *A Shelter for the Poor?*



## **The Experience of RDRS Bangladesh**

Aldo A. Benini  
Janet K. Benini

December 1997

## **Executive Summary**

### ***Definition, development and growth of RDRS Federations***

This paper is about a large-scale experiment in social capital formation, undertaken by an NGO in north-western Bangladesh. The Rangpur Dinajpur Rural Service, (RDRS) is an offspring of the Lutheran World Federation, which since 1972 has been operating relief and multi-sectoral rural development programmes in a contiguous area inhabited by some six million people. Building on a tradition of bringing poor people together in self-help groups, RDRS has helped mature groups to form larger associations. These cover each the area of a Union, the lowest tier of local government, and are called “Federations”.

Federations arose in small, almost inconspicuous ways for several years, confined to one corner of the vast RDRS working area. Their adoption in the other units was mandated and rapid. By mid-1997, there were 259 Federations, involving 12,000 Primary Groups with almost 200,000 member households. One in every five poor families in the RDRS working area was a Federation member. In some Unions of Panchagarh, the unit with the longest Federation tradition, close to 60% of all households were members. That suggests that virtually all the poor there were federated. These Federations, most of them 5 to 7 years into their lives, have been able to sustain the enthusiasm of a large part of the poor population who joined them from the ranks of the RDRS Primary Groups.

In contrast to trends among other NGOs, which are increasingly dedicated to micro-credit at the exclusion of other activities, RDRS has deliberately pushed a multi-functional envelope for its Federations. However, the long-term viability of these associations is far from evident, and RDRS itself is not free of contradictions between the desire to give power to people’s organisations and its need to control clients for its own survival imperatives. While the Federations as institutional arrangements need sober review, they embody values of solidarity that run counter to current global trends and should be preserved. This study is meant to help change the means and save the ends that RDRS envisions for and with its Federations.

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 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.

The Federations emerged in response to changes in the social environment of the poor as well as of RDRS. They speak to the feminisation of hard-core poverty as well as 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 sponsoring 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.

In terms of social movements that have been historically powerful, the one to which the Federations have an affinity is the co-operative movement, although not with the usual connotations that the largely discredited formal co-operatives in Bangladesh evoke. As has been documented for local development organisations elsewhere, their effectiveness and solidarity can be increased by the accumulation of related functions, but the pace must be carefully judged in relation to the groups' capacity for self-management. That is another way of saying that the Federations bank on economies of scope when compared to the functionally specialised major micro-lenders, and on economies of scale in relation to the single Primary Groups. 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.

### ***First-person views***

In addition to reviewing reports and sociological theory, the research team interviewed RDRS staff members at all levels, and members of Federations, from the Chairmen down to members of Primary Groups. The answers to the question "Why do we have Federations?" were amazingly similar, deep, and heartfelt regardless of who was answering. A key concept is the idea that strength lies in numbers. That explains why the goals of the Federations are only weakly connected with specific resources although there is a vague notion that somehow Federations will substitute for limited RDRS resources. There is a very strong sense of ownership and pride in the Federations. Typical comments from Federation members include, "We now have more enthusiasm; we think, these things are possible if we take an initiative." "We poor people find a shelter in the Federation." "In the land, there is my own money, and my share in the bricks of the Federation." While some RDRS staff point an accusing finger at Federation oligarchies, many members express love and gratitude for their hard-working leaders.

There is a consensus that the Federations have proven effective in conflict resolution in their communities. Social awareness has improved in the areas of health, education, and – in some places – just wages. The public has been mobilised about women's rights. Federations have started to play a role in credit. The use of public resources is significant in the fishpond and tree plantation areas. Federations have been able to reactivate phased-out groups who had fallen dormant. Hopes that Federations would impart training for their members have not yet come true except perhaps for record keeping, but they

occasionally help to arrange training, e.g. for tubewell mechanics. In fact, some Federations have taken on more responsibilities than assigned by RDRS. Staff credit the Federations with the fact that poor parents willingly follow the call to send all children to schools.

A key finding from the interviews is that there is no significant difference in the importance accorded to the social and economic functions of the Federations. But there is evidence that the commitment to social development is stronger among women than it is among men.

In terms of the Federations' maturity, opinions diverged. Predictably, Federation executive committee members viewed the Federations as being more "adult" than either staff or primary group members. Several considered their Federations to be fully adult, or within a few years of adulthood. Primary group members struggled with this question, and usually chose an "adolescent" alternative. Staff members tended to feel the Federations need considerable development. The few Union Parishad (Union Council) members interviewed volunteered that the Federations were important agents of development but were in an early developmental stage.



**Members of the Executive Committee, Mohendranagar Federation, Lalmonirhat Sadar in front of their centre. The Federation started with 14 groups and a capital of Tk. 1,540 in November 1992. It now (September 1997) has 62 groups and Tk. 136,761 equity.**

### ***Elements of success***

Success is defined not only in terms of benefits for the members of the Federations, but particularly by their own commitment and initiative. Inadequate member stake in the capital funds is one of the main causes of failure of co-operatives. Therefore a detailed analysis of Federation equity was attempted. From the figures it is plain that the Federations in some programme units were much more handsomely supported by RDRS than in others. Although information is scant on this, the incomes from production and loans in general seem to contribute a lot more to the Federation chest than entry fees or regular subscriptions do. With greater certainty it can be said that both “seed money” (Tk. 100,000 or US-\$2,500 initial loans from RDRS) and Federation centres (brick-and-mortar office-cum-meeting hall buildings) have a strong positive influence on productive equity. This is a surprising finding, dismissing the suspicion that Federation centres would tie down their money unproductively. The centre gives the Federation enhanced status in the community, with a strong mobilising effect.

In terms of statistical analysis, the strongest element affecting a Federation’s ability to build productive equity is the factors located in the local Union and in its own management (45%), followed by district-level factors (programme unit manager commitment, distinct social ecologies; 27%). Compared to that, Thana (subdistrict)-specific factors (16%) and the RDRS financial support (12%) seem to be less decisive. The equity analysis demonstrates that the quality of the non-financial services is essential to RDRS’ comparative advantage in the landscape of rural development organisations.

What has been achieved in the realm of social development is difficult to gauge with any degree of precision. Several areas of progress have been noted above. However, 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.

### ***Unresolved issues***

Federations have been handling credit for several years, although in a small proportion compared to the total volume of the RDRS credit programme. Attitudes towards letting Federations handle credit are sharply divided within RDRS. Although audit findings reveal certain irregularities, they do not speak against a greater role of the Federations in credit. Their repayment record is good, probably better than that of the unfederated Primary Groups directly supervised by RDRS. Current arrangements have created a structural antagonism between the credit programme and Federation support. Staff are held accountable for the former, and barely for the latter.

The arrangements for organisational learning about and from the Federations are not yet optimal, as three separate monitoring units, which do not freely exchange information, are involved in observing RDRS fieldwork. Most of the current Federation monitoring is about financial magnitudes. Other areas of growth are even harder to quantify; however new building construction, maintenance, and management training programs seem to be

lagging behind expectations for 1997. Audits, a major source of evaluation, have not been done at the expected frequency.

Loss of jobs is a strong fear in many RDRS workers who watch the Federations grow. Others complain that they have not had any training to serve them better.

### ***Future prospects***

In the space of five years, the Federations rose from a minority experiment to one of the dominant features of the RDRS programme. The process did not go undisturbed; a temporary funding crisis resulting in lay-offs and dented staff morale, attention drained off by the specific demands of more and more bilateral projects, and, more recently, the growth pains of the credit programme all acted as brakes on the progress of Federations. But none of those factors could dislodge it. Membership seems to have grown everywhere; and in many Unions, the Federation are very active.

One of the major findings is that 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 organisations 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. On top of that, earlier studies have called for many more different things to be done for the Federations, apparently without much consideration for RDRS’ organisational capacity or the depth of staff commitment. This helped to stretch the RDRS system to its limits.

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 programme, and revival of the training effort.

The kind of voluntary associations that RDRS’ Federations represent are not a unique feature in Bangladesh, but few other NGOs have been able to build anything to the tune of the organised poor in Rangpur and Dinajpur. This report reviews briefly also the experience that Caritas has made with its Federations. Called “Apex Organisations”, they are notable for forging unity at a higher local government tier than RDRS’ (the Thana or subdistricts) and for a systematic transfer of power from the NGO to the organised poor.

With its focus on social development, alongside economic development, in contrast with other organisations which have become quasi-banks, RDRS fills a unique niche in the changing NGO landscape of Bangladesh. It plays a lead role in giving the poor scope for self-managed growth. If the public and donors come to feel, “RDRS is about Federations”; the organisation will continue its historic role of comprehensive service to those in need.

## **Table of Contents**

<b>EXECUTIVE SUMMARY</b>	<b>2</b>
<b>INTRODUCTION</b>	<b>12</b>
<b>THE OFFICIAL VISION</b>	<b>15</b>
Goals and domains	15
A specialised unit for Federation policy	18
<b>THE SOCIAL ENVIRONMENT</b>	<b>20</b>
<b>SUPPORT FROM THE THEORY OF LOCAL ASSOCIATIONS</b>	<b>24</b>
A typology of local development organisations	24
The franchise contract	27
<b>HISTORY AND GROWTH</b>	<b>30</b>
Initiative	30
Diffusion pattern	30
Consequences	32
<b>COMMON STRUCTURAL ELEMENTS</b>	<b>34</b>
Regulated intake	34
Governance by committee	36
Staff – Federation interface	37
<b>COMMUNITY PENETRATION</b>	<b>39</b>
Numbers in 1997	39
Strength in numbers?	41
<b>THE VIEW FROM THE FIELD</b>	<b>43</b>
The glasses through which we received that view	43
Plurality of perspectives: Why do we have Federations?	43

	8
<b>Goal orientation: How far have we proceeded so far?</b>	<b>46</b>
<b>Participation: Who, how many have involved themselves?</b>	<b>48</b>
<b>Process: How have we reached this point?</b>	<b>50</b>
<b>Resources: What could we do with more or different resources?</b>	<b>52</b>
<b>What has changed because of the Federations? How are things different than before?</b>	<b>53</b>
<b>Satisfaction: What is giving us joy and drive?</b>	<b>55</b>
<b>Self-confidence: What can we do now that we could not before?</b>	<b>58</b>
<b>Why stay with RDRS?</b>	<b>59</b>
<b>Social, economic and community development</b>	<b>60</b>
<b>PERFORMANCE</b>	<b>64</b>
<b>Earlier studies</b>	<b>64</b>
<b>Social development</b>	<b>67</b>
<b>Financial position</b>	<b>71</b>
<b>Support from RDRS</b>	<b>79</b>
Overall levels of financial support	79
Federations and Credit	79
Buildings	81
Non-financial support	83
Federation monitoring	84
<b>CARITAS' APEX ORGANISATIONS</b>	<b>88</b>
<b>FEDERATIONS: AN INTERPRETATION</b>	<b>92</b>
<b>A response to new risks</b>	<b>92</b>
<b>Almost an insurance for the poor</b>	<b>93</b>
<b>Leaders have other reasons</b>	<b>95</b>
<b>Again: Federation as local organisations</b>	<b>98</b>
<b>Environment and performance</b>	<b>99</b>
<b>WHAT FUTURES?</b>	<b>100</b>
<b>A results-oriented view</b>	<b>100</b>
<b>A process-oriented view</b>	<b>103</b>

<b>APPENDIX: A NOTE ON METHOD</b>	<b>106</b>
<b>BIBLIOGRAPHY</b>	<b>108</b>
RDRS documents	108
Interview	109
Books and journals	113
<b>GLOSSARY</b>	<b>115</b>

## Tables

Eligibility of Primary Groups	35
Organised groups end of June 1997	39
Advocacy issues taken up by Federations	68
Gender allocation of loans made out by Federations	69
Female representation on committees	70
Economic vibrancy of Federations; factors of influence by levels	77
Training of Federation leaders, 1997	83
Financial involvement in Primary Groups and Federations compared	94
Background of committee members	96
Education as a proxy for socio-economic status of target groups among all poor	98
Federations visited	107

## Figures

Adoption pattern	31
The expansion of Federations and of the Credit Programme	33
Two lines of authority	38
Membership size	40
Percentage of population organised by RDRS	41
Figure: Importance given to various functions of Federations; effectiveness	61
Equity per member, RDRS support per member; by programme unit	73
RDRS contribution and equity at the individual Federation level	74
Equity vs. RDRS contribution	76
Major failings in seed money management	81
Average Federation Capital Per Member, June 1997	102
Variables and possible causal arrows	106

## Acknowledgements

The authors wish to gratefully acknowledge the following RDRS staff who provided us with the necessary support for this research, accompanied us to meet Federations, or otherwise were key in providing information and resources:

In Dhaka: Kamaluddin Akbar, Dr. Allen M. Armstrong, Dr. Rezaul Haque, Selina Shelley, Aloysius Milon Khan, P.P. Das, N.C. Das, Benjamin Gomez, Dolly Khan, Sujit Baroi, Hazara Begum, several drivers and others in the RDRS office, Paul and William in the RDRS Guesthouse.

In Rangpur and in the field: Dr. Nural Alam, Abdul Malek, A.H. Bhuiyan, Imrul Kayes Muniuzzaman, Mamunur Rashid, S.R. Dev Nath, M.A. Razzaque, Hemoja Chakravorty, Tabassum Ferdouz, Md. Alauddin, S.K. Das, Pronob K. Biswas, Matiar Rahman, Robert Walker, and many others, particularly those working for us in the guesthouses, vehicles and barges.

With equal intensity, we wish to thank all our interviewees and particularly the members of Federation committees and Primary Groups who would often patiently wait to meet us. The long list of their names may be found in the bibliography.

Outside the immediate logistics of this research, the directors and staff of the Christian Commission for Development in Bangladesh (CCDB) and of Friends in Village Development, Bangladesh (FIVDB), also contributed significantly in terms of hospitality, information and insight. Special thanks go to them as well as to Danial Bhuiyan in Caritas, Bhabatosh Nath, and Drs. Bruce and Methabunessa Currey.

In San Luis Obispo, Richard Shaffer helped with statistical advice. Willy Gommel scanned photos for presentations as well as for this report. We are indebted to them as well as to many others who at one point or the other facilitated our work.

The use of the term “Federations” is RDRS-specific. We therefore have spelt it with a capital letter throughout this document. The same holds for “Primary Group”. Several other terms with which some readers may not be familiar are explained in the glossary.

Bangladesh follows British conventions of spelling for the English language.

## Introduction

In recent years, particularly through the experience of post-communist countries, scholars and observers of international development have underlined the importance of a strong and active civil society for democratic societies. “Civil society” commonly refers to the diversity and strength of organisations, particularly of the voluntary associations type, that mediate between the individual and the state. While the intellectual traditions that undergird civil society go back much longer – for example to Alexis de Toqueville’s study of democracy in the 1830s -, it has also been known that dense networks of civil society organisations are valuable contributors to the economic and social development of poorer countries. Conversely, the weakness of such networks is held responsible for the persistence of poverty or the malfunctioning of state institutions in subregions of advanced nations. The term “civil society” evokes images of larger collectives apt to talk with governments and their agents; at the micro-analytic level, a parallel term often used is “social capital”, which, unlike physical or human capital, “inheres in the structure of relations between actors and among actors. It is not lodged either in the actors themselves or in physical implements of production” (Coleman 1988: S98). It is therefore a form of capital that in principle also poor and poorly educated people can accumulate.

Yet social and other forms of capital do not necessarily grow in parallel. Pronounced functional differentiation and individual mobility can promote kinds of individualisation that reduce social capital. Robert Putnam, in a by now famous paper “Bowling Alone” (Putnam 1995), uses data on membership in associations to show that social capital in the USA is actually declining. A similar trend has been conjectured for parts of Asia. Looking into the modernisation

---

**This is about a large-scale experiment in social capital formation in Bangladesh.**

---

process of the fast industrialising countries of Southeast Asia, Evers and Gerke (1997) predict that these societies will pay with the loss of emotional competence and trust. This will impair the maintenance of social capital. Closer to the object of our study, a self-searching analysis into the effects of massively expanded micro-credit in Bangladesh (Mustafa et al. 1996) demonstrates the decline in cohesiveness among the poor when their groups become vehicles for loan administration chiefly.

This paper is about a large-scale experiment in social capital formation, undertaken by an NGO in north-western Bangladesh. The Rangpur Dinajpur Rural Services, better known by its acronym RDRS, is an offspring of the Lutheran World Federation and is now a Bangladeshi entity. Since 1972, it has been operating relief and multi-sectoral rural development programmes in a contiguous area in greater Rangpur and Dinajpur inhabited by some six million people. Building on a tradition of bringing poor people together in self-help groups, RDRS has helped mature groups to form larger associations. These cover each the area of a Union, the lowest tier of local government, and are called Federations. In rapid expansion, Federations were established in all 250 working Unions in 1992 and 93. They nowadays combine 12,000 groups with nearly 200,000 member households.

In contrast to other NGOs more driven by functional specialisation and economies of scale, RDRS has deliberately pushed a multi-functional envelope for its Federations. They are being supported to address both social and economic issues. However, the long-term viability of these associations is far from being evident, and RDRS itself is not free of contradictions between the desire to give power to people's organisations and its need to control its clients for its own survival imperatives. This paper is to help RDRS to discern the order of problems that beset its Federation policy and to give interested observers access to the inner fabric of a large partnership between an NGO and its organised clients from among the poor. We use for this purpose material from several small studies by others, monitoring databases, and recent field interviews, analysing it with the help of several strands of theory.

Thus we borrow from a landmark study on social networks in the developing world, Esman and Uphoff's 1984 "Local Organisations: Intermediaries in Rural Development" to show that the RDRS Federations are hybrid types of local organisations. The strengths and weaknesses that such forms of organisations develop in an environment like the rural society of north-western Bangladesh are fathomed out with elements of transaction cost economics as more recently applied to the study of co-operatives (Dülfer et al. 1994). Notably, we find an analogy between the RDRS – Federation partnership and the structure of the franchise contract, with the Federations conforming to an imposed format

---

**While the Federations as institutional arrangements need sober review, they embody values of solidarity that run counter to current global trends and should be preserved.**

---

for operations in exchange for the supply of mature new member groups trained by RDRS and access to resources facilitated by the RDRS trademark. We interpret the Federations as quasi-insurance schemes for the poor. Although some of the Federation goods are public in nature (the influence on community norms), and member benefits accrue more like in a lottery system than by reliable contract, strength in numbers as well as fairly high success rates in at least one function (dispute resolution) has induced growing numbers of poor people to join and stay.

Theoretically minded readers might wish to see these issues, particularly the distribution of benefits between manager oligarchies and ordinary members, addressed in a moral hazards framework, but this would be beyond the possibilities of our study at this stage. Instead, we try to estimate the relative influence of NGO support, the social environment and management at different levels on Federation outcomes, indexed by their productive equity.

We begin by exposing the official RDRS vision. The NGO has set goals for desired Federation outcomes, which subsequently have been translated into claims to domain and conditioned activities. This is placed in the context of the social environment and recent social change, followed by a section that details our borrowings from the theory of local associations. Next, patterns in the diffusion of the Federations and common structural elements are highlighted. The reader can expect a lot of flesh to be put on those dry bones when we let members and field staff speak out on their own views and experiences. The

next section looks into the various components of performance, including the support from RDRS. Caritas is one of the very few other NGOs in Bangladesh who promote Federations, and it is doing so in ways that are markedly different from RDRS'. Their experience is worth a special section, notably because Caritas has solved certain problems that the RDRS policy has neglected. We round that off with a summary interpretation of the RDRS Federation experience.

A few individuals in RDRS have daring visions of the Federations' future while among the majority of workers opinions are deeply divided. In the last section, called "What futures?", we tie in with a dream that sees greatly more powerful Federations on the horizon. However, we conclude that a process-based approach may be more fruitful than one working back from the desired end result. The new vision needs to be worked out through broader internal consultation. We also name a few pressing problems for which remedies have to be found urgently.

We hope that the reader can see a common thread running through all sections of this paper. That is, Federations are meant to be vessels of solidarity among and with the poor. They have to be looked into with sober criticism, and if the vessels are found to be too small or to have too many holes, solidarity must not prevent judgement. At the same time, the Federations embody values that are antithetical to much of what global changes are doing to the poor or to organisations purporting to help them. Our study is meant to help change the means and save the ends that the Federations use in that values context.

## The Official Vision

A poster that RDRS is displaying widely in its field offices and at Federation offices shows a compound into which buildings of different functions – a meeting hall, grain store, school, shops – as well as a nursery garden are tightly packed. It represents the centre of a Federation that has grown organically to assume a variety of functions, each symbolised by a physical structure, all set in a central place to which people congregate.

That is an outwardly vision of the RDRS Federations. But what is their essence? At the most basic level, as the “RDRS Development Programme Policy 1996-2000” (1996: 11) explains, it is “an apex body of Primary Groups” of poor people who were organised and supported by RDRS. What such apex bodies are to be like is formulated with strong expectancy: “self-managed people's organisations serving as vehicles for carrying forward the developmental activities of the rural poor” (ibd.). Both the Programme Policy and another RDRS key document, the draft “Strategy for RDRS, 1996-2000” (RDRS undated), single out the same three attributes that distinguish effective Federations: they must be “active”, “sustainable” and “democratic”.

The Programme Policy adds another requirement: Federations must be “trained”. Federations, therefore, do not include all Primary Groups ever formed by RDRS; they are a special set of groups who, “after four years of intensive activities under RDRS’ direct supervision, have been 'phased-out' or graduated and fully affiliated to a Union Federation which will represent the interests of Primary Groups, provide support services and act as a vehicle for carrying development activities by and for the poor”. The same mechanism relieves RDRS of an ever growing load of groups whom it has to supervise directly, and frees its resources for the recruitment and support of new Primary Groups.

---

A Federation is an apex body of groups of poor people who were organised and supported by the NGO.

---

## Goals and domains

The core vision thus contains a definition (Federations are apex organisations), a goal (they work for the development of their members in self-managed ways), as well as a mechanism (Federations are recruited from trained groups). Around the core other assumptions have proliferated. They concern what Federations should be like, what they can achieve for the poor and for RDRS, and how RDRS can have beneficial effects on society through the Federations. These assumptions are scattered in various documents, none of which presents the entire vision of the Federations’ potential, but which together span the dimensions of the internal debate. Also these statements are of different logical status, some making simple claims to the domains that Federations should legitimately occupy, and others setting objectives of what is considered achievable for RDRS and for the Federations. In the best argued form, a catalogue of objectives or functions comes with a mini-rationale for each of them, with a global objective summarising them. An example of such a discourse is provided in a project proposal that RDRS put before the

donor agency Democracy Partnership in 1996. The proposal names six areas in which it expects Federations to perform well:

- Articulation of common interests and solidarity: the groups are relatively homogeneous and share similar objectives and concerns. By affiliating and meeting regularly under the umbrella of a unified association, groups reaffirm their goals, share their problems and seek to **achieve solidarity and empowerment** .
- Representation: Federations can **articulate the needs and represent the interests** of their members and the **poorest groups** in rural society. For example, to press government for local health services, to obtain government land for cultivation and ponds for fish farming.
- Advice and problem solving: Federations will be **increasingly important sources of information and advice for the member groups** across a range of activities. Federations can also act as arbiters or advisors to resolve problems facing individual groups.
- Education, social and community development: Some Federations are already taking a lead in **organising educational classes** where they perceive a strong need and demand, as in literacy. Other community tasks, ranging from arranging community houses, road repairs and tree planting are also tasks assumed by some Federations.
- Credit and income-generating projects: Federations will establish their **own funds**, establish various **employment generating enterprises** and play an important role in **providing credit** to approved projects of member groups.
- Emergency relief and social welfare: Federations are serving an important role in providing **relief** or welfare support to individual groups and group members in difficulty, for example through **flood and fire** damage (RDRS Project Proposal, 1996: 1-2) .

Most of those statements pose a hypothesis that can, in principle, be tested. One may ask, for example, if Federations actually do provide relief in significant degree and try to find out through periodic monitoring or special surveys. The findings will then tell to what degree the practice is approximating the official RDRS vision of its Federations. The Democracy Partnership application then goes on to express the conviction that the Federations will grow steadily to reach an estimated 30% of the poor in the RDRS working area, which again is a proposition that can be tested.

But in other documents, many goals and objectives are heaped the ones upon the others, and no indications are given for what would constitute a significant achievement. This is true particularly of the Formation and Management Manual (RDRS, undated), which is supposed to guide the everyday practice of the staff who deal with Federations. Its numerous objectives, in shorthand, are:

*- greater strength.. - social recognition of the landless and near-landless at the local level.. - receive the correct wage for their labour and fair shares of crop-sharing.. - taking lease .. - employment opportunities .. marketing.. - extend credit facilities .. - storing of food .. emergency funds .. - provide help on the basis of voluntary labour - provide primary health care .. - eliminate superstitions .. - settle disputes.. -- create mass awareness against various social evils.. - motivate to send .. children to school .. - maintain liaison .. - obtain developmental facilities and services.. - provide legal assistance (op.cit.: 2).*

Such an outpouring only serves to remind that Federations may work in a wide variety of fields. There are no priorities, and no achievement criteria.

While documents for the field staff tend to scatter the bright light of the vision into – more or less well ordered – collections of various and sundry activities, functions, objectives, criteria and other desirables, at the top of the planning hierarchy the light is fused into a small number of powerful beams. These illuminate the nature of the partnership that RDRS hopes to deepen with the Federations as well as effects that this partnership is to have on the ambient society. Thus, under “Special emphases” of the Programme Policy, RDRS vows to offer the Federation membership social and economic opportunities. Some of these will be created through economic enterprises (as well as social and human development activities) with shared management responsibility. In return, RDRS hopes that the Federations will help it to become a constituency based organisation. They will be invited to participate in its ownership, policy-making and management. As their growth continues, Federations, who to date have been formed at the lowest local government tier, the Unions, will be helped to create structures at the higher levels of Thanas (subdistricts) and Districts. Eventually, this partnership will make a contribution to democracy and good governance in Bangladesh (op.cit., 38-39).

How the vision has evolved over time is difficult to judge on the basis of documents. It became policy around 1991 when RDRS decided to set up Federations in all the Unions of its working areas. Gradually, instruments of promotion were developed for them, notably policies on loans and subsidies and the practical support that RDRS extended for the construction of the Federation centres (meeting halls with a small office) and grain stores. It seems that it is only recently that concepts of advocacy and networking have come to permeate RDRS thinking about the Federations more strongly. This line favours a supporting, training and credit provision role for RDRS. But there are competing visions that demand a deeper operational involvement in Federation affairs. Spurred by apparent success in large tree plantation projects, some see a potential for jointly financed and managed income-generating projects on a scale that surpasses the small ones usually undertaken by Primary Groups and Federations. Another idea that is giving rise to controversy is the “Poor People’s Banks”. Federations would take deposits from Primary Groups (currently, the groups keep most of their savings in commercial banks) and act as savings and loan banks, funnelling most of the credit that RDRS extends to its organised groups.

### ***A specialised unit for Federation policy***

Over the years, as the original vision was translated into practical policy, it has become more detailed and, to a degree, blurred. In the manner of formal organisation, responsibility for detailed policy was given to a specialised unit. This is the Social Organisation and Development Education (SODE) branch, which has a central office at the seat of the field programme co-ordination in Rangpur, as well as a small number of specialist staff in the field. SODE has refined criteria and procedures for supporting the existing Federations, but is not mandated to rule on the basic relationship between RDRS and the Federations in the years to come. While Rangpur decrees a growing number of rules for the detail of Federation support, RDRS as a whole has not said how importantly it takes the Federations as its partners, and how it will apportion resources between its own establishment, the Federations and the not yet federated primary groups. As a result, subsequent versions of the RDRS Federation policy have raised hopes higher and higher for Federations to work miracles whereas the field staff enjoy de facto discretion as to how much

---

**RDRS offers the Federation membership social and economic opportunities. In return, it hopes that the Federations will help it to become a constituency-based organisation.**

---

they want to invest themselves in the advancement of the Federations. For example, a policy draft that SODE circulated in September 1997, recommended the Federations as a panacea for, among other things, “cost-effective and responsive management, comparatively risk-free investment, and quick social mobilisation and empowerment” (Muniruzzaman 1997: 1-2). Clearly, field staff, with their multiple responsibilities for group formation, technical support and credit administration, will not believe that. And in fact, because a blurred vision does not make for clear standards on which to judge their support for the Federations, even the field staff with a defined responsibility for them generally seem to give little time and to keep a marked reserve vis-à-vis the strengthening of the Federations.

Nevertheless, a number of points exist on which there is wide consensus in RDRS. The principle of having Federations is not challenged, and their effective adoption in every Union has been seen through in virtually the entire RDRS working area. Federations agree neatly with the RDRS tradition in which

*a broad approach to poverty alleviation is rooted in organising and mobilising the rural poor through a process of building awareness, forging solidarity, providing development education as well as means and thereby empowering them so that they may exercise critical analysis and judgement, assert rights and responsibilities as citizens of an independent nation and actively participate in the policy and decision-making process for their own development (op.cit.: 1).*

Also Federations are conceived of as multi-sectoral agents. This is in extension of RDRS' own history as a multi-sectoral rural development organisation. Thus Federations are not supposed to be “credit only”, or “education only”, or “XYZ only” associations. They are to involve themselves in economic as well as social development activities. While the width and depth of the expected social development is far from being clear – most of it is gender-related, attracting fluctuating commitment in a male-dominated society -, expectations for business are more clearly defined, sometimes down to the money value of investments to make. The bottom line is that Federations must have a role in credit for their member groups as well as their own income-generating projects. As we shall find in subsequent chapters, the plurality of domains – social development, credit, production businesses – is an expectation that is widely shared also by the Federation members. We shall argue that beyond the power of tradition there are systemic reasons for the multisectoral outlook of the RDRS Federations. The risks that threaten the lives and livelihoods of the poor people who are their members are multiple. There are few specialised institutions around to absorb any of them, and therefore they induce the Federations to be open for a wide variety of concerns, situations and activities.

The colourful poster that we have seen in the beginning reflects that perspective aptly. But it has no answer as to how the functions between RDRS, the Federations and the Primary Groups will be redistributed. We found similar gaps in the strategic documents that summarise the organisation's vision of its Federations. As the Federations grow, RDRS' vision badly needs updating and sharpening.

## The Social Environment

RDRS and its Federations operate in an environment defined to a large degree by the dominant features of Bangladeshi society, but also by the specifics of the north-western region, which in itself shows marked local differences. The reader will want to see some key magnitudes that characterise the RDRS working area and to understand some of the dynamics through which the local society is going.

In 1997, the RDRS working area covered 28 Thanas (Sub-districts) in six northern Districts within what is commonly known as the greater Rangpur-Dinajpur area. This is one of the poorest regions in the country spread over 7,728 sq.kms (5% of the nation). The crescent-shaped, contiguous working area includes all Thanas in the Panchagarh, Thakurgaon, Kurigram, and Lalmonirhat Districts as well as three Thanas in Nilphamari, and one in Dinajpur District. It counts 248 Unions at the lowest local government tier, in all of which RDRS field staff are active. About 6.2 million people live here (5% of the national population), of whom 75% are landless or own less than one acre of land. 30% of households are acutely poor. These poor families are the primary constituency of RDRS. Women and children are the most disadvantaged. The daily wage rate is the lowest in the country, over 20% below average. Over 80% of adults are illiterate. (RDRS Programme Policy, 1996-2000: 2).

However, this scenario has come about as the result of changes that transformed Bangladesh during the very lifetime of RDRS. Nationally, agriculture accounts for only a third of the gross domestic product, down from half in 1980. Although the Rangpur Dinajpur area has not been at the leading front of manufacturing development, it also has seen infrastructure and services grow and diversify. “Over the last decades, socio-economic differentiation processes have continued at a rapid pace”, says a Caritas evaluation report (Caritas 1996), “it is now estimated that over 60% of the population is landless. However, in the 70’s, when most NGO efforts started to be geared to the landless poor, this group made up only about 35% of the total population.” Rangpur Dinajpur even surpass the national average of landlessness. The consequences for the poor are not uniform. A CIRDAP report notes that the share of the poorest 20% households in incomes has slightly improved over the years (1970-75: 7%, 1980-85: 9%, 1988-93: 10%; CIRDAP 1996: 51), but NGOs maintain that there is a substantial group of hard-core poor difficult to reach through development programmes. Caritas thinks that this group is as large as the bottom fifth of the population, thus apparently contradicting CIRDAP’s claim. More of the poor migrate, particularly to cities, in order to survive, and this is contributing, according to some observers, to higher rates of wife abandonment and consequently growing numbers of female-headed households among the hard-core poor. They are part of the massive group of women who have entered the labour markets. In fact, in one of the most dramatic social changes over the past two decades, the gender disparity in economic activity has been reduced from a very low female to male ratio of 0.06 in 1970 to a high 0.73 in 1992, exceeding the proportion even of neighbouring India. The gender gap has been narrowed also in other areas, such as adult literacy, and

importantly in access to micro-credit for which NGO and government programmes have built up women majorities among their borrowers.

Micro-credit has been the entry vehicle for several NGOs into large parts of the RDRS working area where RDRS used to enjoy virtual monopoly status as an NGO service provider of importance. Here, as in other parts of Bangladesh, there is fierce competition among NGOs fought out primarily through their credit programmes. The new entrants, the Grameen Bank and quasi-banks like BRAC and ASA, typically are able to supply loans at any one time to a significantly higher percentage of their group members than NGOs whose credit programmes are totally or, as with RDRS, in part financed by the World Bank-affiliated PKSF Foundation, are capable of doing for theirs.

NGO competition is creating a greater range of economic choices for the poor. After the 1995 drought, the local economy has known good growth, and many of the poor seem to have availed new opportunities. For some, very specialised livelihoods have become feasible, illustrated also by RDRS Primary Group members such as the one who built up a rice mill spare parts business. Many of the poor people we spoke to confirmed that they were doing slightly better than ten years ago. Most of the children seem well fed, and the ladies are sporting a colourful variety of sarees that have all but chased away the uniformly dark green attire of the relief distribution days.

Choices have been recreated for the poor also in the political field since the fall of the military government, and there are signs that many more of the poor took part in the national election held in June 1996 than before (Caritas, op.cit.: 10). The current government plans to pursue further decentralisation, possibly also creating a new tier of elected local government below the Unions. In general, people of all walks of life have made experience with a variety of change agencies. Not only do they allow themselves to be approached without shyness, many have also internalised part of the development rhetoric and have learned to manipulate it to their advantage. A common cultural expression of that is the glib talk in percentages, even among illiterate persons or where it sounds out of place: "Wife beating nowadays is only 10%" is an instance we heard more than once.

---

**Key social changes include the feminisation of hard-core poverty as well as increased social mobility among the poor and between the poor and the lower middle class.**

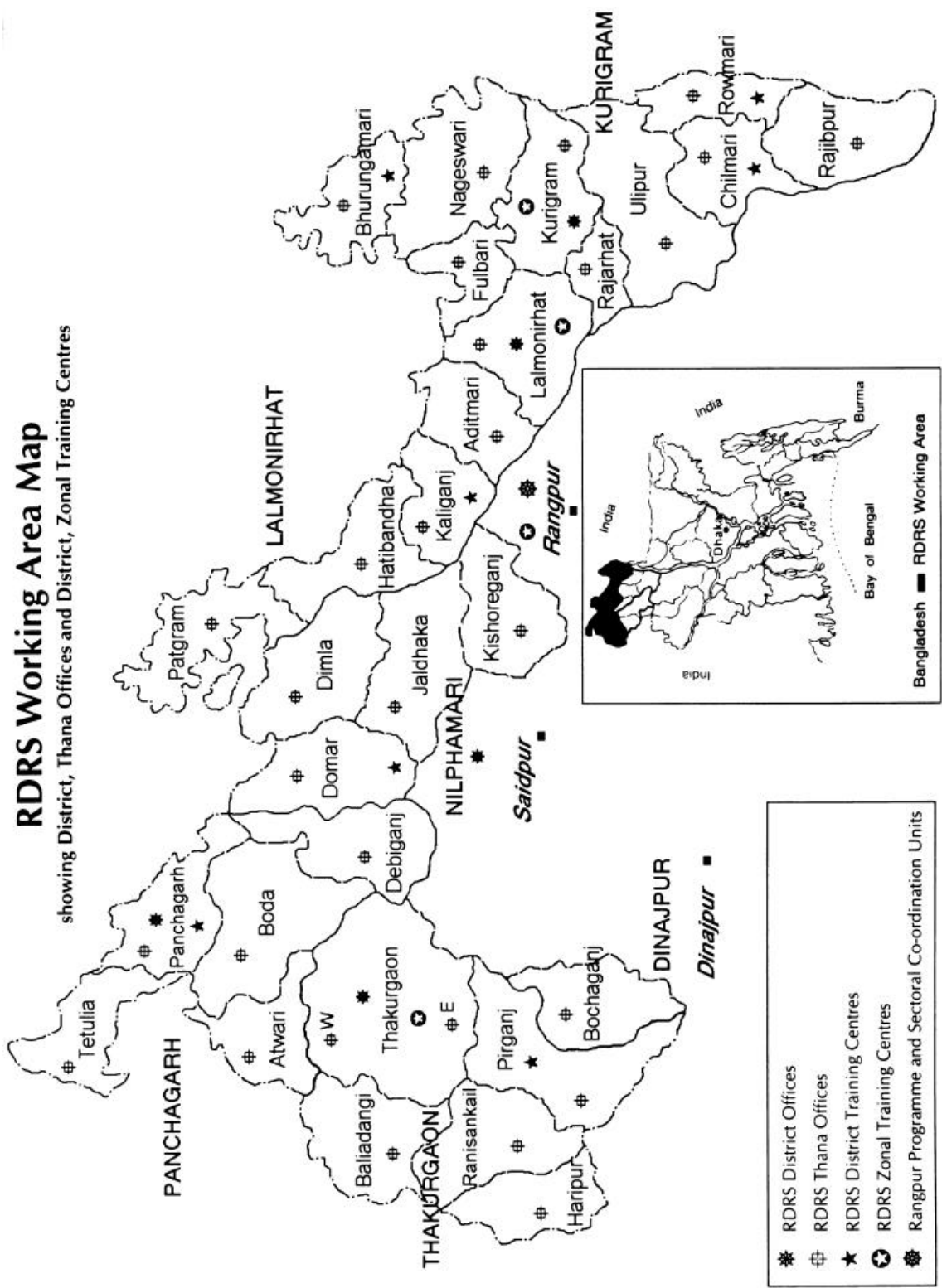
---

The progress in social development has been uneven. Bangladesh has made strong advances in the provision of safe drinking water and immunisation. Advances in curative health care and in education seem to be modest, however, and these sectors also have serious problems improving the quality and probity of their services. As a result, adult literacy stood at 36% only in 1992, and health crises in poor households continue to be very existentially threatening events. Most NGOs with a strong record in adult education cut back on their programmes already several years ago, preferring to invest the remainders of their educational resources in programmes for children and adolescents.

The macro-societal changes, although very incompletely detailed for this report, are visibly affecting the ways in which the RDRS Federations can function. The narrowing of the gender gap, in conjunction with the feminisation of hard-core poverty, will help to keep social development on their agendas. The expansion of micro-credit has almost certainly – although this is nowhere discussed in the literature – increased the income mobility, and thereby subsequently also the social mobility, among the poor and between the poor and the lower middle class. There is nowadays a faster pace of ups and downs among the bottom group of society, who, in decades prior to micro-credit and economic diversification, used to be noted for their slow, uniform, seemingly ineluctable decline. In a classical function of local voluntary associations, we expect the RDRS Federations to provide supplementary channels for upward mobility. We would also expect them to become socially more heterogeneous as organisations which attract both the poorest and some of the upwardly mobile. The low level of education adds to the difficulties of democratic control of their leadership. It is also responsible for the dearth of well educated young people available to work in Rangpur Dinajpur and therefore for the calibre of staff that RDRS has been able to build for its programmes, including the support of the Federations.

Consumer choice is good for the poor, but the loss of a captive audience also means that NGO management will perpetually remain worried about loan repayments from defecting clienteles, draining attention and resources from other development fields. That may even interact with politics, particularly when decentralisation opens more resources for competition. Political parties may canvas the Federation membership more aggressively and may give them a stronger voice about substandard practices in RDRS and other development agents, a resentment that, according to Caritas, already exists among the NGO clients.

Finally, we need to point out the strong differences in the social and economic and disaster-related ecology within the RDRS working area. As has been known for a long time, and was recently reconfirmed in a 6,000 household survey conducted by the RDRS legal education unit, the eastern and western wings, roughly divided by the Teesta river, differ significantly on several dimensions. In terms of family income, land ownership, female-headed households, female education, the western programme units Thakurgaon, Panchagarh, and Nilphamari are better off than the eastern units Lalmonirhat and Kurigram. The differences are important enough to say that not all RDRS Federations have enjoyed a level playing field, and that differences in performance cannot exclusively be attributed to RDRS' support and the Federations' own management qualities. As we shall learn in the section on the theoretical underpinnings of this study, other researchers, however, have tended to downplay the environmental factors in favour of the overriding importance of the quality of local management.



## Support from the Theory of Local Associations

With the larger NGOs in Bangladesh transforming themselves into quasi-banks, the build-up of people's organisations no longer dominates the NGO landscape. This can create the impression that what RDRS through its Federations and a small number of other NGOs through related arrangements are attempting in the field of social organisation lies way outside the development mainstream. This section anchors the RDRS effort in a larger tradition. Also it offers concepts that will help X-ray the Federations at a deeper level. Although largely academic, this section may provide some readers with unusual perspectives that let them see the Federation experience in a new light.

### ***A typology of local development organisations***

In terms of social movements that have been historically powerful, the one to which the RDRS Federations have an affinity is the co-operative movement. True, RDRS is not in communication with the international co-operative movement and, to our knowledge, neither with any local so-called co-operatives, but structurally, the association of categories of disadvantaged people in self-managed local groups and the federating of these groups at higher tiers suggests an important parallel. However, the normal definition of co-operatives may not be doing justice to all the important characteristics of the RDRS Federations. Comparative research shows that there is more to the Federations. To penetrate this complex, we turn to the work of two researchers based at the University of Cornell, USA, Milton Esman and Norman Uphoff. In 1984, they established a typology of local development organisations based on an extensive review of studies in many countries. They identified three basic types of organisations, which, in their own words, are:

*The first type, **local development associations**, shares some characteristics with local government. First, local development associations are area-based, bringing together all or most of the people within a community or region to promote its development by direct self-help or other means, such as lobbying for needed services or raising funds to pay for new construction. .. [These] organizations are generally multi-functional (Esman et al. 1984: 61-62).*

*The second type, **cooperatives**, is extremely varied and has many subtypes. At one level it is a purely nominal category, as thousands of local organizations around the world are called "cooperatives". One can usefully distinguish this set of local organizations from the rest, however, by focusing on their economic functions for their members. The defining characteristic of cooperatives .. is the pooling of resources by members (ibd.: 62).*

*The third type of local organization, **interest associations**, is the most diverse of the three. What we call interest associations are defined not by geographic boundaries as are local development associations, or by pooling of economic resources as are cooperatives, but by certain common features of their*

*membership. In some interest associations, persons come together for the sake of performing some particular function better, perhaps water management or public health or primary education. [Those are] functional interest organizations. In other interest associations, people join together on the basis of some personal characteristic - such as their sex, ethnicity, religion, or economic status - to promote common interests. Church groups, and landless laborers' organizations are examples of what might be considered categorical interest associations. As a rule, interest associations will be less encompassing than local development associations.. but more so than cooperatives (ibd.: 63-64).*

It does not take much to discover that the RDRS Federations share characteristics of all three types of local development organisations distinguished by Esman and Uphoff. Firstly, each Federation serves an area coextensive with the local-government unit, the Union, and each Union has one and only one RDRS Federation. The Federations, therefore, are area-based development associations, who use the local government councils, the Union Parishads, as one of their natural lobbying targets.

Secondly, Federations take admissions fees from new groups, in many cases collect monthly subscriptions and reinvest profits from their income generating activities. By pooling resources, they act like co-operatives although they are not formally registered as such. And lastly, Federations are composed of primary groups whose membership is restricted to persons who fall below set landholding and income levels. The Federations are thus categorical interest associations.

The fact that the Federations are hybrid organisations is of more than theoretical concern. There can be conflicts between the various structural characteristics. For example, for co-operatives as economic organisations it is possible to go bankrupt and in such an event to be dissolved. However, having only one Federation per Union, RDRS will hardly want to take such a step. We therefore expect that members of ill-performing Federations are stuck with them and are prevented from founding new organisations under RDRS. They will perhaps leave in order to become clients of other NGOs. RDRS, at the same time, is liable to stay burdened with a lot of dead wood in its Federation portfolio. A conflict is conceivable also between the co-operative and interest association functions. Many of the poorest groups will constitute poor credit risks, against which the Federation leadership may discriminate for the benefit of its profit making operations and of its credit with RDRS. The tension between social and economic development may also be rooted in the duality of co-operative and interest association. Particularly women groups are likely to have needs, e.g. protection against the demands of the dowry system, to which the Federations more concerned with the economic progress may not be strongly committed. Finally, conflicts between the local development association characteristics and those of interest associations are also conceivable, although harder to foresee. The Union as an area basis

---

**Federations are hybrid organisations with multiple personae. The conflicts and synergies between them need to be closely watched.**

---

commits the Federations to a certain size as well as geographical distance among its members, which may be larger than the optimum for democratic control based on close acquaintance or for the participation of women and of those living far from the Federation centre.

Esman and Uphoff are concerned with the effects of size. They report on a study of the optimum size for task groups among many organisations of poor people, concluding that “25 to 75 persons (5 to 15 households) constitute an equilibrium range, to be aggregated into larger groups of about 500 persons (100 households) for tasks of long-term maintenance” (op.cit., 147). As we shall see, the RDRS Federations on an average have a much larger membership. But the authors’ main concern is with the advantages of federating groups into larger entities. Their reasoning is somewhat difficult to follow, but worthy of detailed attention:

*Relative success in performance can strengthen local organizations' affiliation with higher-level bodies or give them reason and resources to form such bodies. At the same time, the process is interactive, since higher-level bodies can contribute to the further success of their constituent organizations. The data distributed in this way produced a positive and significant correlation [between the number of tiers and performance] -, though not as great as might have been expected. When we undertook to analyze the effects of a combination of size and vertical-linkage variables, we found a more substantial and important relationship. It will be recalled that local organization size and overall performance were positively if not always significantly correlated. We partitioned the total sample to compare vertical linkage in small local organizations (membership under 100) and large ones (over 100); vertically unlinked small local organizations had lower summary scores for overall performance than did large unlinked ones. But small local organizations linked beyond two tiers did better than large ones similarly linked, even though small local organizations in general had a lower summary score than did large ones. There was little difference according to size for two-tier organizations, both sets performing well above the average score for the whole sample. These scores support the conclusion in our 1974 study that there are advantages in multiple tiers of organization with smaller units at the base. These have the benefits of solidarity, augmented by the advantages of scale and specialized services that a higher level of organization can provide” (op.cit., 150-151).*

What has to be remembered here is that the Federations, to this day, are two-tier structures. By RDRS’ decision, an intermediate tier between Primary Groups and Unions was not allowed to unfold, despite timid beginnings in one area to which we shall refer in the history section. Similarly, RDRS has not seen fit to encourage the formation of higher-tier Federations, such as at the Thanas. For the time being, the benefits of solidarity, scale and specialisation are being pursued at the Union level.

Esman and Uphoff found that many of the local organisations that they reviewed were multi-functional, as is the case also of the RDRS Federations. They inferred from their

data that “the number of functions was more likely a consequence than a cause of success. .. The effectiveness and solidarity of local organisations can be increased by the accumulation of related functions, but the pace must be carefully judged in related to the group’s capacity for self-management” (op.cit., 140-41). Csaki, in a more recent study of the evolution of co-operatives (1993), complemented their perspective on multi-functionality. He distinguishes three stages of economic growth: basic needs, social competition, and affluence. Bangladesh, of course, still is a country overwhelmingly challenged to meet the basic needs of its citizens. Such countries are often characterised by a diversified farm economy. Csaki found that in such an environment people tend to form “voluntary, multi-purpose economic and social-municipal” (op.cit., 378) co-operatives at the local level. They complement these with multi-purpose service co-operatives at the regional level. “Municipal” in this context means assuming some of the functions of local government, such as running schools. Only when the next stage of economic development is reached – social competition -, will the structure of co-operatives change. Society will then have a specialised farm economy, and farms will be able to connect directly to specialised regional co-operatives.

### ***The franchise contract***

Finally, there is one other strand from the study of co-operatives that we wish to weave into our theoretical tableau. This concerns the relationship of the Federation members to the market as well as to the hierarchical arrangement of which they are part in the Primary Group – Federation – RDRS train. The poor people who work together in the federated groups earn their livelihoods overwhelmingly in the market, as small farmers and businessmen, as labourers and as members of their households. The time they spend on Federation activities and their earnings from directly working for their Federations are minor parts in their budgets. Therefore, while their Federations operate as part of a hierarchy ascending from the Primary Groups to RDRS, the members remain decentralised in terms of their own activities and answerable to the market rather than to hierarchical organisation (Dülfer 1994: 472). Their peripheral status vis-à-vis the Federation allows to utilise the advantages of smallness, of superior local knowledge, and of flexibility. For example, Federations often contract out small income generating activities, such as the operation of rickshaw vans, through lease-purchase agreements with individuals because it would be inefficient to run them centrally. Other functions, however, need to be positioned more centrally, because they are technically indivisible or because their decentralisation would create excessive risks. This is true notably of the infrastructure that RDRS creates at the Federation centres and of credit arrangements through the Federations. For example, it seems unfeasible to distribute all loans to members directly and then expect them to pool most of it for the construction of a grain store. Dülfer and his co-authors of the International Handbook of Co-operative Organisations have shown that such situations in which

---

**The franchise giver avoids the burden of ownership. By entrusting the oversight of mature groups to a voluntary association, RDRS saves on pay-roll.**

---

hierarchical and market elements are fused stimulate franchise contracts. And that is exactly what happened between RDRS and its Federations.

Although best known for large restaurant chains such as McDonalds, franchises is a form of contract that regulates any types of human activity between a central authority and legally independent operators who conform to its regulations. The franchise giver avoids the burden of ownership. For example, the Federations are affiliated with, but not departments of, RDRS; the NGO thus does not have to add Federation functionaries to its pay-roll. The taker has an incentive because he can use a strong brandname and packaged benefits such as finance and expertise. The Federations receive infrastructure, training and credit support following a set format, and they use their association with RDRS in order to obtain benefits from others, such as road leases for tree plantations from Union Councils who hold this NGO in high esteem. In return for this franchise, Federations trade some of their freedom. For example, membership is open only to groups graduated by the franchise giver, RDRS.

What is the incentive for the individual member to participate in such an arrangement? There are essentially two. To the extent that the only alternative to loans from RDRS is the local usurer, it is the difference in financial conditions that incites poor people to enrol in RDRS' Primary Groups and later to stay with its Federations. However, as we have seen, the aggressive invasion of micro-credit institutions in the RDRS working area is eating up that

---

An older study found that only 15% of the performance of local organisations was attributable to their social environment, and most reflected the quality of their management.

---

particular advantage. Others are taking its place, among them the need for external experts and RDRS' ability to meet it. Small enterprises like labour-selling households cannot afford to buy skilled expertise, or only at great peril for live and livelihood, such as in illness when the visit to the doctor is unavoidable. Membership in Federations improves their chances to have access to expertise. To the extent that they actually obtain it from RDRS, members draw what economists call quasi-rents: advantages that last while the transactions go on, and which would cease to exist as soon as the members dropped out. This, at the same time, lets us predict that the Federations will continue to grow as long as RDRS fields significant loans, skill trainings and other benefits through them. That, of course, is another way of saying that the future of RDRS with its Federations depends in no small degree also on the quality of its training activities, and that it should not hope to survive the NGO competition as a late mutant to the "credit only" group of providers. The dependency of members on labour and product markets outside the Federations leads to another prediction. Members will invest most of their resources in their own household-related businesses, some in the Primary Groups, and less in the Federations.

In sum, our theoretical borrowings are meant to drive home two essential points. Esman and Uphoff provide the reasoning why the Federations are and will remain multi-

functional. But as hybrid organisations, they are likely also to suffer from structural conflicts within. Institutional economics, as applied to co-operatives, details the incentives which the partners pursue in the Federation framework. They let us expect that the commitment of poor people to their Federations will be positive, but nevertheless will remain narrowly circumscribed by the limits of their capacity to invest outside their immediate sources of livelihood as well as by the uncertainty of receiving benefits from the Federations and from RDRS.

Since our theoretical elements claim a kind of universal status, we expect that those factors and mechanisms apply to a great many different local organisations. However, Esman and Uphoff also found that the direct influences that the environment exerted on the performance of local organisations were surprisingly small. In other words, it is the quality of the management that determines the outcomes much more than social and other environmental factors do. To be precise, their statistical analysis established that only 15% of the variance in the performance of local organisations was attributable to factors such as the extent of social stratification, the strength of community norms, or support from government agencies (Esman and Uphoff, *op.cit.*, 131). Although it is regrettable that we do not know of any more recent studies, their finding from 1984 is so important that we wish to give it in their own wording:

*It is useful to examine environmental variations and local organisation performance for a full range of local organisations across different parts of the Third World. The studies by Gow et al. (1979) and Charlick (1984) each had a sample of 40 local organisations, in seven and five countries respectively. They reached the general conclusion that environmental factors are neither often nor strongly associated with performance. .. This is essentially our conclusion also, based on a much larger and wider-ranging sample. .. Such a finding, if correct - and we think it is - has substantial implications for development strategy. It suggests that environmental constraints are not as determinative as may have been thought by academics and policy-makers alike(*op.cit.*, 103).*

For quick reference, we shall call that the “thesis of weak environmental influence on performance”. If it is indeed correct, then the support that RDRS aims specifically at improving the quality of the individual Federation management should be a significant contributor to their success. In other words, even extremely disadvantaged places like Rowmari and the Chars can have strongly performing Federations *if* RDRS sees to their good management. This, of course, needs to be put to the test.

## History and Growth

### *Initiative*

Federations arose in small, almost inconspicuous ways for several years, confined to one corner of the vast RDRS working area. RDRS' self-analyses are well aware of the long hibernation of the Federation concept in a small locale before it broke out into its larger habitat:

*Panchagarh Comprehensive Programme Unit is the pioneer in experimenting and developing the idea of Union Federation. The first five years (1987-1991) of experimentation has taken place in this Unit. Then gradually it was replicated in all the RDRS working area. Up to 1991 the total number of Federations were 30, and almost all were in Panchagarh. In 1992, all together 93 Federations were formed, which was 52% coverage of the whole working area; and the rest [118] were covered in 1993 (Shelley 1995: 2).*

although the finer details are not always remembered correctly. As Shelley herself shows, also the Lalmonirhat Unit experimented with Federations, in a smaller way and for a shorter period of time, 1989 – 1991.

Over the next two years, Federations were founded in virtually all Unions. Retroactively, in January 1993, RDRS approved a policy document which stipulated the creation of one Federation in each working Union. In the same year, bye-laws, phasing out criteria for groups ready to join Federations, and maturity criteria for the already affiliated, were passed.

---

The development of Federations benefited from a five-year experiment in one of the programme units. Their adoption in the other units was mandated and rapid.

---

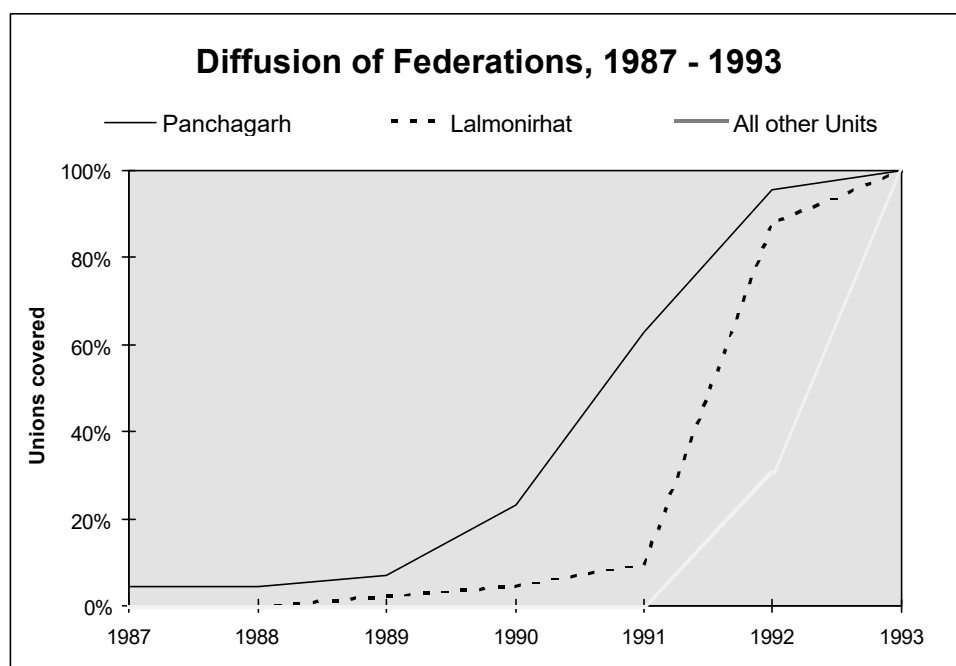
The doors were now open for a series of conceptual, evaluative, and empirical studies. In 1994, RDRS circulated a concept paper on the development of its Federations; also it commissioned studies on phased-out groups as well as the supports that its Federations were receiving (M.H. Rahman 1994). An evaluation report by the donor agency DANIDA took very positive note of the young Federations. The following year, the above-quoted Shelley study tried to take stock from the RDRS' internal perspective.

### *Diffusion pattern*

By 1995, therefore, the Federations might have been considered well institutionalised in concept and practice. However, the process of their diffusion has not been without its particularities, and these continue to affect their place in the RDRS fabric. For one thing, only one out of the current five Comprehensive Programme Units has had the benefit of substantial experimentation. Another unit just had time enough to experiment in a small way. The remainder of the programme had to attain full coverage within two years, starting from zero. In fact, Kurigram did virtually all of it within one year. The diffusion

curves, based on Shelley's data, show that clearly. The stretched-out S-shape curves typical of a spontaneous diffusion process with a lot of local participation – the so-called logistic cumulative adoption curve – are present for Panchagarh, and, in a kinkier shape, for Lalmonirhat. The others follow the more or less straight ascent known for administratively mandated adoptions.

**Figure 2: Adoption pattern**



The change from the early period of experimentation to the later universal adoption actually lumps together several factors and processes. Panchagarh, in terms of RDRS history, has always been outside the centres of power in the field, outside the places that had the strongest office infrastructure and the most expatriate administrators – Thakurgaon, Kurigram, Lalmonirhat – not to mention Rangpur as the administrative hub. Another key ingredient to the early fomentation was a small number of Bangladeshi programme administrators who had come up from the ranks having experimented with various forms of social organisation over the years. Panchagarh Unit was led by a particularly charismatic individual who had been one of the small number of strong-headed social innovators within RDRS, such as for the promotion of female small farmers' groups. These individuals took advantage of the considerable freedom that RDRS afforded its administrators to experiment with different working methods (Batkin 1996: 14). The course that the growth of the Federations took was thus contingent on the itineraries, within the organisation, of a few key individuals as well as on local environments propitious for experimentation. The centres of power were too conservative to pioneer the Federations as they had been a few years earlier when the female groups came on the agenda, but liberal enough to tolerate experimentation on the fringes. As we shall later visualise, this led to a surprising pattern in which the areas with a marked

presence of women groups in 1986 overlap substantially with those which have the strongest Federations ten years later.

### **Consequences**

The uneven diffusion pattern has in essence had three lasting consequences. Firstly, the late adopters, and then RDRS as a whole in its explicit Federation policy, were not able to assimilate some of the more subtle organisational forms that the long gestation period had produced in Panchagarh. Here Union Federations were an outgrowing of an intermediate social organisation known as “Pocket Committee” or, in Bangla, “Polli Shangsta”. Pocket Committees emerged as Federation-like combines of several Primary Groups in a small area, such as a village or around a paddy swathe with many RDRS treadle pump users. They were designed for purposes that required larger numbers of participants than the individual Primary Groups would include, yet with the advantage of social control through neighbourly acquaintance, such as for tree plantation schemes or anti-smoking drives. The committees were not tried out in the other units, and for lack of a supporting policy, most of the existing ones in Panchagarh have died. The spread to all units has been paid for with fewer structural variations.

Secondly, the years of rapid Federation growth coincided with the beginning of a period when RDRS was faced with funding problems and had to lay off several hundred workers. It had to accommodate new structural elements such as more bilateral programmes and struggled hard to keep up staff morale. Not surprisingly, the capacity to fine-tune Federation policies also suffered. The fast pace at which Federations had been founded throughout some of the programme units was repeated in the

---

The Federations enjoyed a brief window of opportunity before the major expansion of the RDRS credit programme was begun in 1995. Under current arrangements, the Federations and the credit programme are competing for management attention and field staff time.

---

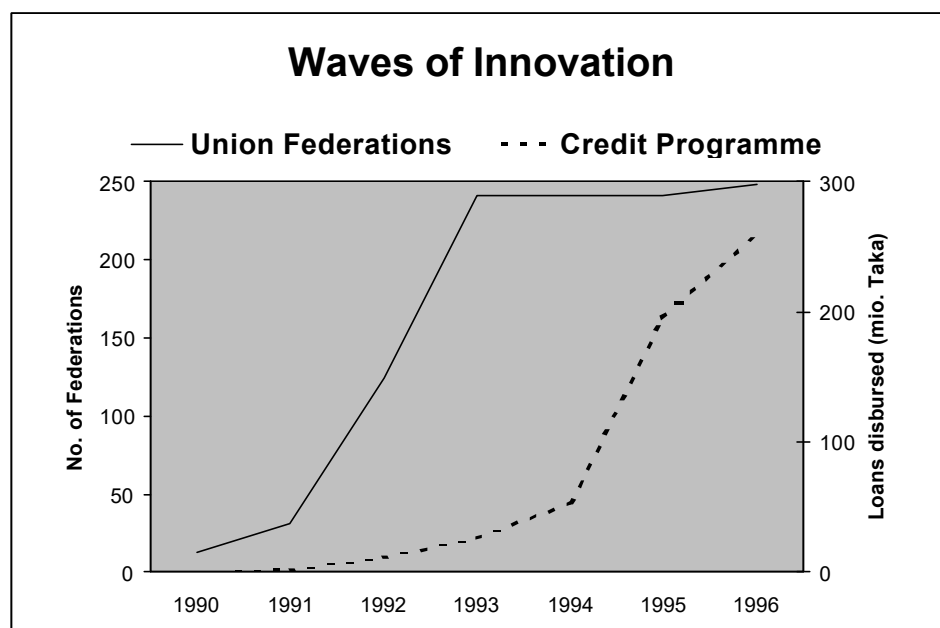
implementation of particular policies. Notably, seed money loans and infrastructure support were given to a large portion of all Federations in 1995 and 1996. This had the advantage to keep the momentum of the Federation growth going, but showed very little capacity to deal with Federations individually.

Lastly, in an organisation that has many long-serving workers, history, through the expectations that common careers create, is a particularly strong element of social structure. Many RDRS workers conceive of the Federations also as a realisation of the philosophical convictions that they impute to their charismatic pioneers. As some of these personalities have gone into semi-retirement, questions are raised about the support that the Federation policy will command in future. With those leaders gone, would there be enough stake-holders around to preserve the Federation a critical place in RDRS?

This question is pertinent, also because the wave of Federation foundations had hardly begun to ebb by the end of 1993 when another major RDRS programme innovation took

wings, absorbing larger parts of management attention and seen, by some at least, to be deciding the survival of the organisation. We are talking about the RDRS credit programme.

**Figure 3: The expansion of Federations and of the Credit Programme**



The two waves are separated by a space of three years only. The major expansion of Federations began in 1992, that of the credit programme in 1995. Both had known about four years' worth of slow build-up. Both accelerated by a similar factor if we hold their previous rates identical. However, while there was a natural end point for the number of Union Federations, there is none for credit expansion. Moreover, Federation support and credit have not yet become highly synergetic. Although the credit expansion financed also the endowments of Federations with seed money and grain stores, the lion's share went to unfederated Primary Groups. Both programmes are competing for management attention and field staff time.

In other words, the growth of the Federations has enjoyed a relatively small window of opportunity. The window opened when the reorganisation of RDRS from a number of sectoral programmes to the integrated Comprehensive Programme had been achieved in its major emphases by the early nineties. It has not been closed, but has become narrower since RDRS started providing credit to the unfederated Primary Groups on a larger scale. It awaits widening at a time when both programmes can be integrated more harmoniously.

## Common Structural Elements

### ***Regulated intake***

Federations, trivially, are constituted on the basis of some member elements. As we know, these are the Primary Groups that RDRS has graduated, meaning here that RDRS certifies them to be mature to become Federation members. Earlier, it meant also that the groups would lose all direct support from RDRS, but this part of the graduation policy has been softened. The credit programme, for example, lends also to groups who have entered a Federation (other member groups may receive loans from their Federation). Essentially, the concept of graduation implies that RDRS acts as an intake agency for the Federations. Although at times the idea was floated that the Federations should themselves form new primary groups, in practice that has rarely happened.

Therefore, Federations essentially remain associations of groups of poor people who have been formed, trained, and supported by RDRS. The length of their direct link with RDRS has varied. Some years ago, the time varied between two and three years. Nowadays the policy says four years, but we do not have statistics of age at graduation. It excludes from the Federations

younger groups  
groups formed by other organisations or spontaneously  
individual applicants.

The lines have become somewhat blurred since a new membership category was introduced, presumably to compensate for the lengthening of the waiting period from three to four years. After only two years with RDRS, the groups affiliate with Federations as associate groups. At this stage, they do not qualify for credit from their Federations directly. In our interviews, we have not found that the Federation leaders or the rank-and-file observe the distinction. In some places, it seems to elude also the RDRS workers. For example, in most Federations in Domar Thana, Nilphamari Programme Unit, the number of groups coded as “graduated” for the June 1997 monitoring report is so low – 0 or 1 - that one suspects that the distinction had no real value in the field.

Nevertheless it is fair to say that that most of the member groups have spent at least two years with RDRS before they joined, and that RDRS strives hard to make sure that it hands the Federations truly mature groups. The RDRS Formation and Management Manual spells out several criteria. Groups are scored on them. When they fail to pass the graduation test, a half-year remedial period is granted during which the groups continues to receive direct supervision, development education and support. We do not have data as to how often this remedy is used, and how many of the remedial groups finally pass the test.

The manual enumerated fewer than a dozen criteria. But it was more complicated than that because several of them were composites (e.g., “meeting attendance” and “savings”). In 1997, a new Federation policy was drafted. It added to the list, also tightening up some of the existing criteria. The following table offers a shorthand comparison:

**Table 1: Eligibility of Primary Groups**

<b>Formation and Management System of Federations (undated; 1994?)</b>	<b>Federation policy (draft, September 1997)</b>
<p>[Extract:]</p> <ul style="list-style-type: none"> <li>- at least two years old.</li> <li>- Group meetings, attendance at meetings, and savings deposits must all be regular.</li> <li>- decision-making.. participatory .. friendly relationship</li> <li>- .. must have a clear idea about the objectives and ideals of group formation..</li> <li>- Most of the members of the Group should have used their knowledge about development in their family lives. ..</li> <li>- ..experience of running at least two projects.</li> <li>- The Group fund must have at least Tk. 3,000.</li> <li>-.. all its records regularly and clearly.</li> <li>-.. clear understanding about the Federation of the Primary Groups. (3)</li> </ul>	<ul style="list-style-type: none"> <li>- The Primary Group should have at least 15 members at the time of joining.</li> <li>- The Group must have graduated under RDRS policy and network.</li> <li>- The Group should remain under direct supervision of RDRS for at least 4 years.</li> <li>- Membership of the majority members with Group should be for more than 2 years. The Group must be regular in holding meeting i.e. at least 80% of the due meetings.</li> <li>- Avg. member attendance in the meeting as per group record must be at least 60%.</li> <li>- The Group savings at the time of joining Federation should be at least Tk. 8000.</li> <li>- The Group should have at least 2 alternative leaders who are democratically elected.</li> <li>- The leaders should not keep any savings/loan instalments collected from the individual members in their hands at the time of getting membership.</li> <li>- The Group should have a skilled management committee.</li> <li>- There should not be any loan defalcation or misappropriation with the group at the time of applying for membership.</li> <li>- Majority of the members should have developed their level of awareness significantly as a result of [development education] (2)</li> </ul>

The revised criteria reflect a number of new problems that RDRS has encountered in certifying Primary Groups for Federation membership, such as in loan administration. Some criteria are vague. It must be difficult for the field staff to apply them. How can the overburdened Union Organiser know if the most members of a group have developed their awareness? As is often the case with NGOs who lack social technologies with predictable success, we find a mixture of technical instructions with moral suasion. Others seem to be unnecessarily restrictive. For example, the minimum group savings have been increased. This discriminates against poorer groups, and perhaps against most groups in the poorer areas.

The conceptual and practical difficulties, however, do not take away from the basic mechanism of what we elsewhere call a franchise operation. The Federations accept to abide by operating rules set by RDRS, including those that regulate their membership. In return, RDRS eliminates the uncertainty that the admission of new, untested members would pose. It pays the Federations a substantial indirect subsidy by supplying groups that it formed, trained and economically developed at its own expense.

### **Governance by committee**

Another common characteristic of the Federations is governance through a management committee called an “Executive Committee”. Committee members are drawn from a general body. RDRS stipulates that

*The Chair/President of a Primary Group that is eligible to join a Union Federation and another selected member of that Group will be the ex-officio members of the Union Federation as their Group's representatives. A General Committee will be formed with all the members nominated or selected from among the members of the Union Federation. Membership of the Executive Committee will be for a term of two years (Formation and Management Manual: 3).*

The Executive Members include a chairperson, secretary, treasurer and six ordinary members. At least three out of the nine members must be women. Executive Committees meet every month, the general bodies every second month.

The Executive Committee manages also the Federation’s economic affairs. “The Union Federation Fund will be built-up through the entrance fee of the member Groups, regular savings, income from economic projects, interest earned from credit facilities or service charges, donations, etc.” (op.cit.: 5) . In practice, the composition of income varies widely among Federations. RDRS tried to regulate the bi-monthly subscriptions to be

---

**RDRS encourages the Federations to pursue a broad variety of economic projects and to engage in many social affairs as per local opportunities.**

---

Tk. 10 per member group, but some Federations do not take regular subscriptions while others take them as well as accept savings from member groups or from special groups of persons such as the care-takers of tree plantations. The incomes from production and loans in general seem to contribute a lot more to the Federation chest than entry fees or regular subscriptions do, but we do not have detailed analyses. The entrance fee for new groups is symbolic (Tk. 100; \$2.50), and this seems to be practised in a fairly uniform way. The Committees draw up half-yearly or annual budgets, and the accounts are to be audited twice a year. The mid-year audit is internal (although the bye-laws do not specify auditor roles); in January, an audit is to be performed by “RDRS or another development organisation” (op.cit., 16).

Again we find uniformity favoured by RDRS policy alongside variation, of unknown degree, in practice. The common denominator is that both RDRS and the Federations accept standard segmentation and hierarchical patterns while at the same time legitimising a broad variety of economic projects – a Federation can have several production and loan activities – and leaving the terms of engagement in social affairs totally open to local opportunities.

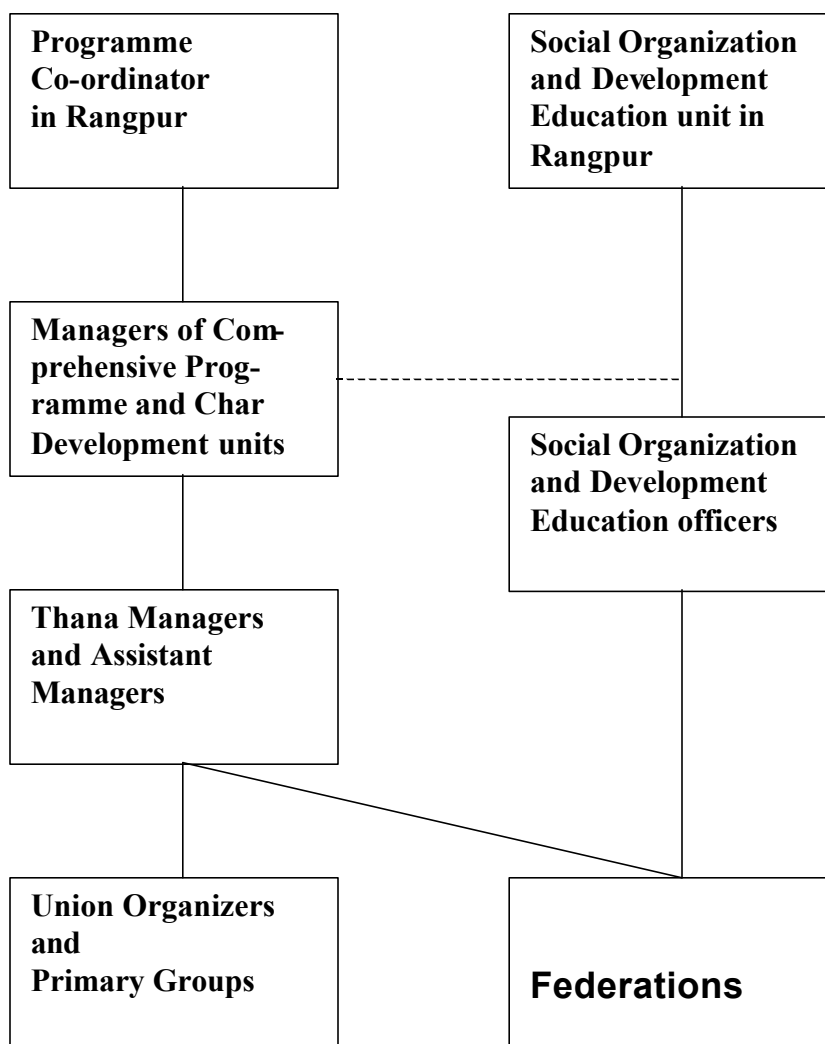
As a consequence of the various structural prerequisites, the Federations have become fixed in their triple nature. They are local development associations, with fixed territory; co-operatives, which pool resources; and interest associations, which may admit members from the poor strata only, all at the same time. There are provisions to exclude ill-behaving or chronically absent Primary Group representatives, but none for the exclusion of defaulting groups or for the dissolution of a Federation itself. Structural variations are not foreseen, and the possibility of failure is not considered.

### ***Staff – Federation interface***

In the RDRS organigram, the interface with the Federations is well defined in formal terms. Primary group formation, support and eventually graduation is the responsibility of the key frontline development worker, the Union Organiser, at the bottom of the RDRS field staff pyramid. Normally three such workers operate in each Union (RDRS, *The RDRS Approach ..*, 1997: 4). Because Union Organisers are overburdened, and increasingly so with credit programme responsibilities, and because there are several of them in each Union, they are not the ones dealing with the Federations. They may continue informal relationships with the groups that they have graduated, and probably many are doing so, if only to meet their loan disbursement targets more easily.

The direct responsibility for dealing with the Federations is given to Assistant Thana Managers (ATMs). In some Thanas, it was our impression, one of the 2 – 4 ATMs takes care of all Federation matters. In others, the responsibility is shared among them on territorial lines. In this case, each ATM supervises a number of organisers and of Federations in part of the Thana. The ATMs are supported by Social Organisation and Development Officers (SODEOs), who concentrate more on the training aspects and follow a different line of authority. Normally, a Comprehensive Programme Unit has only two SODEOs, as does the Char Development Project. Each SODEO covers a much larger circuit than the ATMs do. But SODEOs deal with Federations exclusively, they do not work with unfederated Primary Groups.

Figure 4: Two lines of authority



This dual-line arrangement has its advantages as well as dangers. At this point we can only hint at some possibilities. Obviously, district co-ordinators in the Programme Units and co-ordinators in Rangpur can rely, if they wish, on two channels of intelligence on the Federations and thereby form a more reliable image of what is going on with them. Where ATMs and SODEOs have a good dialogue, they should be able to work out a fruitful integration of the more universal policy concerns as formulated by the SODE co-ordination unit in Rangpur, with the local conditions, needs and programme resources in the Thana. On the other hand, the ATMs' duties vis-à-vis the Federations are compressible under the weight of competing assignments. For example, in recent months, just about everybody in the direct field administration line was thrown into loan recovery campaigns. The SODEOs then almost automatically come to shoulder a larger part of the work with the Federations. The danger is real that the Federations are considered the specialty of a Rangpur unit and its few field personnel.

## Community Penetration

### Numbers in 1997

In mid-1997, the Comprehensive and Char Development Programmes had a total of 259 Federations under their wings. According to the Quarterly Monitoring Report 2/97, the Federation had a combined membership of 190,046 group members (referred to as Group Member Households or GMHs (Male 86,492 & Female 103,554) of 12,207 Primary Groups (Male 5,487 & Female 6,720). This number included both graduated as well as associated groups. However, there are discrepancies between the figures shared through the Monitoring Report and those contained in the SODE data base <sup>1</sup>.

During this quarter 277 primary groups received membership, bringing 2,188 GMHs to the Federations (op.cit., 4). This would amount to an annualised membership growth rate of ca. 5%.

---

In 1997, one in every five poor families in the RDRS working area was a Federation member.

---

Those figures have to be held against the extent of the RDRS work with unfederated groups. The following table summarises the basic statistics for the various components, using for the Federations totals calculated from the SODE data base so that the different group categories can be kept separate:

**Table 2: Organised groups end of June 1997**

Programme	Male Groups	Female Groups	Total Groups	Male GMHs	Female GMHs	Total GMHs
Comprehensive Projects	4,899	7,662	12,561	91,391	143,377	234,768
Char Development Project	395	391	786	6,309	6,198	12,507
Small Farmers Unit	406	51	457	6,397	844	7,241
<i>Total unfederated groups</i>	<i>5,700</i>	<i>8,104</i>	<i>13,804</i>	<i>104,097</i>	<i>150,419</i>	<i>254,516</i>
Federations						
Associated groups	2,661	3,861	6,522	46,148	62,533	108,681
Graduated groups	2,738	2,717	5,455	38,854	38,825	77,679
<i>Total</i>	<i>5,399</i>	<i>6,578</i>	<i>11,977</i>	<i>85,002</i>	<i>101,358</i>	<i>186,360</i>
<i>Grand total (unfederated groups and graduated groups in Fed.)</i>	<i>8,438</i>	<i>10,821</i>	<i>19,259</i>	<i>142,951</i>	<i>189,244</i>	<i>332,195</i>

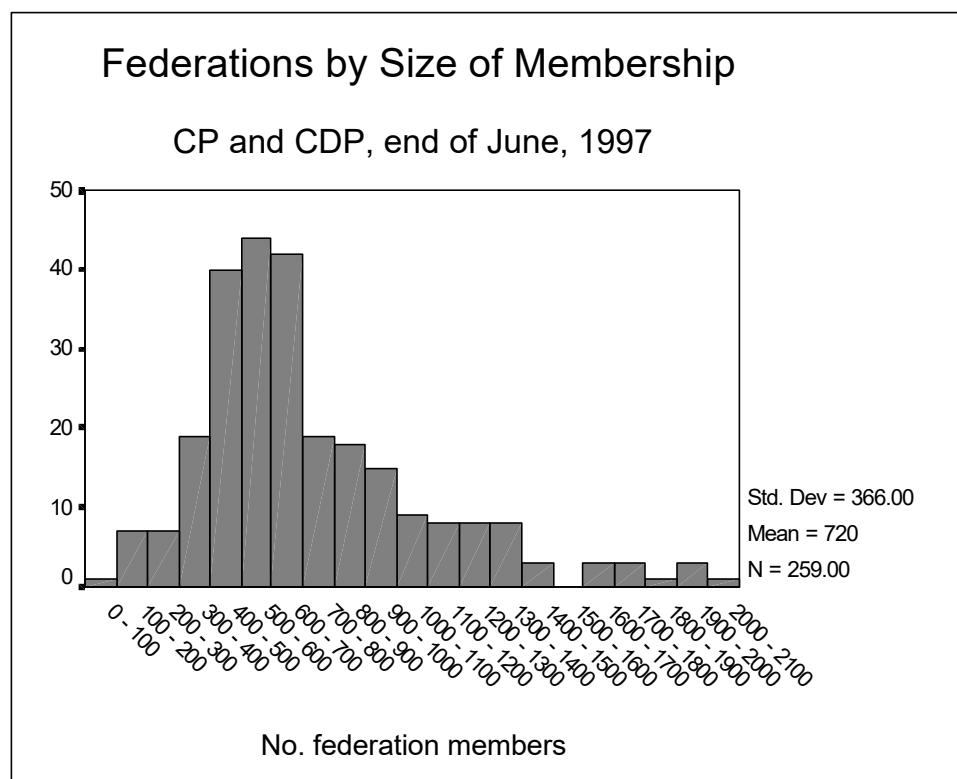
Sources: Unfederated groups: RDRS Quarterly Monitoring Report 2/97. Federations: SODE database. GMH = Group Member Household

<sup>1</sup> SODE's total works out to be 11,977 groups with 186,360 member households. Less than half of those groups – 5,455 – have been reported as graduated groups, including 77,679 member households. This is probably an underreporting. Several Thanas, particularly in the Nilphamari Unit, reported very low numbers of graduated groups.

The 332,000 households brought into the one or other organised format is a conservative count because of the likely underreporting of graduated groups from Federations that hardly make the distinction between graduates and associates. But it is a safe method to avoid double-reporting. With those precautions, one may say that in mid-1997 RDRS was assisting more than of a third of a million households, or 1.7 million people. More than half of those were involved in the Federation movement. The movement touched about 15% of the 6.2 million people living in the RDRS working area, and about 22% of the RDRS target group<sup>2</sup>. Thus, as a rule of thumb, one in every five poor families was a Federation member in 1997.

However, this varies widely from Union to Union, and between programme units. Federations have grown to very different size. We first look at the absolute membership size. The histogram gives an idea of the range and distribution.

**Figure 5: Membership size**



There are some with fewer than a hundred members while others have exceeded the 2,000-member threshold. A large portion of all Federations have between 400 and 700 members. The distribution resembles a lognormal one, a typical result in which changes

<sup>2</sup> Using an RDRS estimate that some 880,000 target group households will be living in its working area by the year 2000, a rough estimate can be made, based on ca. 830,000 households in 1997.

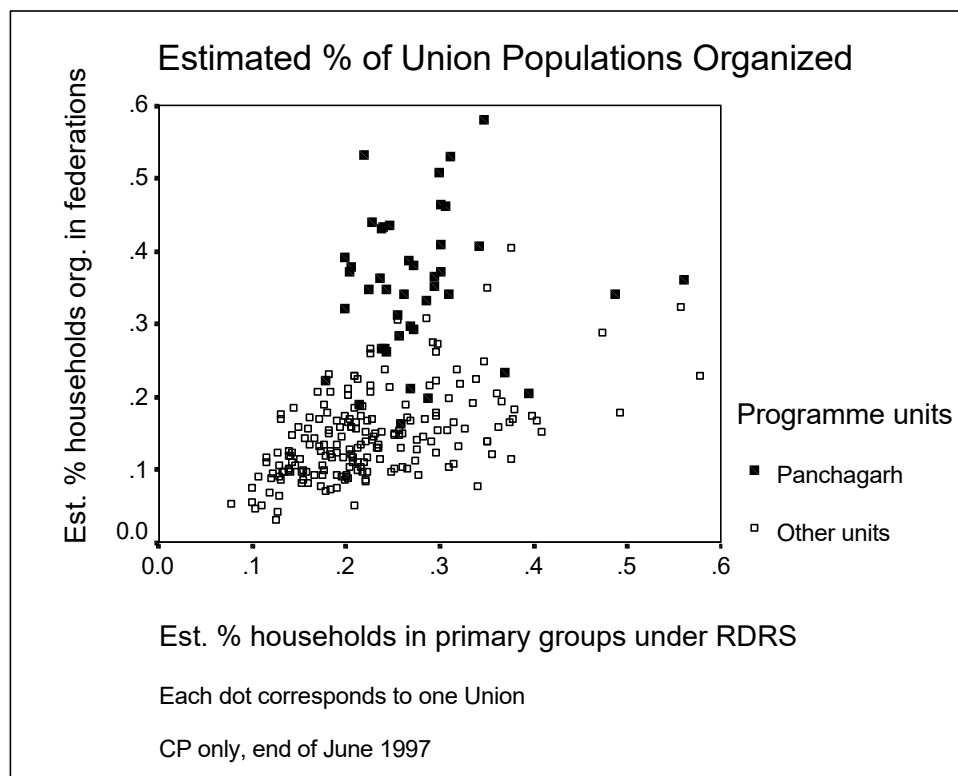
from one period to the other depend on a normally distributed multiplier, or in graphic terms, are proportionate to “what you already have”. But in order to test that assumption, we would have to know the number of groups that joined in each Union for each of the last several years. This data does not exist.

### ***Strength in numbers?***

We would expect the size of Federations to depend on the number of groups organised and trained by RDRS, which in turn should be a function of the Union population. But sociologically, it is more enlightening to observe organisational density rather than absolute size. For that, ratios have to be found between size and membership reservoir. We divide for each Federation the number of its members by the number of households in the Union.

An interesting pattern appears when we compare the ratio of federated populations to that of Primary Group enrolment. The influence of age can clearly be seen. That is, a much higher percentage of the population has enrolled in the Federations in Panchagarh, where the movement had begun. While that may be expected, the extent to which the programme units discriminate on that score is nevertheless astounding, as the following graph brings out.

**Figure 6: Percentage of population organised by RDRS**



Most of the points for Panchagarh lie within a small rectangle, the lower side of which is above the 25% line for households organised in Federations (the full points near the left lower corner are actually overlays of several hollow dots, thus do not belong to

Panchagarh). Some Unions there are close to 60%. Supposing the target group criteria have been respected, virtually all the poor are federated. The groups directly supervised by RDRS – many of whom will be associated groups of Federations – make up between 20 and 35% of the Union population – a narrow range indicating that the formation of new groups and the graduation of old ones have both been smooth and systematic.

Compare that to the pattern of hollow dots representing the Unions in the other units, where Federations were founded later. In most Unions there, Federation enrolment has touched less than 25% of the population, and Primary Group enrolment is more widely dispersed. This suggests that group formation has been uneven and in some places little has been done in order to graduate groups to the Federations. If we go deeper into the data, we find that particularly in Thakurgaon most Unions score very low for both Primary Group and Federation enrolment. Lalmonirhat and Nilphamari are slightly better on both enrolment scores whereas Kurigram is noted for its very wide variation in Primary Group enrolment.

Obviously, the Federations in Panchagarh, most of them 5 to 7 years into their lives, have been able to sustain the enthusiasm of a large part of the poor population who joined them from the ranks of the RDRS Primary Groups. This deserves to be mentioned here particularly because, as we shall later see, the Federations in this unit have not been the

---

**In some Unions of Panchagarh, the unit with the longest Federation tradition, close to 60% of all households are members. That suggests that virtually all the poor there are federated.**

---

economically most successful ones. One observer volunteered that the Communist Party had traditionally been strong in Panchagarh – its former national chairman hailed from there -, perhaps creating a tradition in poor people to organise for social causes. We have not received any other input on this hypothesis. Unfortunately, we also do not have data to measure the changes that have occurred in the organisational density within each of the programme units.

The overwhelming impression again is that the variance is more important than the average. The Federations are very heterogeneous already starting with their demographics. But we can generalise one thing, with the exception of Panchagarh. With 10 – 20% of the population participating in most Unions, the Federations are certainly one of the bigger popular organisations. They will be counted as important players, but will rarely be strong enough to sway public issues in their favour. In the next section, we shall learn that many of the Federation members perceive strength to be in numbers. They want to grow.

## The View from the Field

### ***The glasses through which we received that view***

The official vision that RDRS has of its Federations is explicated in a good number of documents. The visions that their members hold have to be elicited by other means. The same holds for the RDRS field staff. Few of them take to writing when expressing their thought about the Federations. Oral communications are the medium that moves opinion spirals and negotiation processes of those who decide the future of the Federations on the ground. But also the higher echelons of an NGO will often express opinions that are keener than what they would want to entrust to ink and paper.

For outside researchers, obtaining such statements requires a social effort and some organisation. We wanted to preserve a maximum of spontaneity and at the same time needed structure for comparison and abstraction. If the self-observations of the Federation members were to make sense for us, they needed to come in a shared framework. This was provided by our interpreters, who knew both us and the Federations, as well as by an instrument borrowed from organisational diagnosis (Sülzer and Zimmermann 1996: 112). We adapted a series of items intended to guide self-evaluations for our interviews as well as partial report organisation:

- 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?*

Not all of our probings were equally successful. But in many of the aforementioned evaluation dimensions, enough material was obtained to see common denominators or noteworthy variation. We are presenting it in relation to the social status of our informants, whether they were Primary Group members, belonged to the Federation Executive Committee, or looked at Federations from an RDRS staff member perspective. In listening to Federation members, we also wanted to know what made them stay with RDRS. This question places the Federations in the context of NGO competition and, for the members, of reasoned choice among service providers.

### ***Plurality of perspectives: Why do we have Federations?***

The answers to the question “Why do we have Federations?” were amazingly similar, deep, and heartfelt, whether the respondent was the executive director of RDRS, an Executive Committee member, or the member of a primary group.

Members of primary groups saw the Federation as an important agent for social causes: a place where “awarenesses”<sup>3</sup> are taught regarding dowry, early marriage, and spousal abuse. Several also mentioned the Federation as an agent of social change, for example, saying that members of this Federation have pledged not to give or receive dowry, and are registering all young people to document their age at marriage. In one case, a marriage had taken place which did not involve dowry, and the Thana Manager had attended -- to the great pride and satisfaction of the primary group members. The Federation is also regarded as a poor peoples’ institution: a place where one can go to have disputes mediated, grievances heard, and advocacy organised. Typical statements were:

*The Federation is made for us, as our place to shelter and develop ourselves.*

*The RDRS office is theirs, the Federation is ours.*

*The Federation is to make small groups and to build resources, and also for shelter. If there is any problem or crisis, we can seek assistance of any kind from the Federation.*

Primary group members seldom mentioned the role the Federations play in credit schemes. Most primary group members knew RDRS provided credit but whether that came from RDRS directly or the Federation did not seem to be significant. Primary group members did, however, view the Federations as ways in which poor people can develop themselves.

*The Federation gives us more benefits.*

*The Federation can advise us in time of need.*

*A group means exchange, more groups mean more exchange.*

*We realised we need strong unity, to give us development, so we formed a Federation.*

*To improve ourselves and make a profit.*

The views of executive committee members had three clear components: income-generating projects, credit, and social ones. The relative weight given to each of these varied in the five Federations we visited.

*RDRS made Federations to preserve rights, give power, and social and economic status; as well as an opportunity to use our resources and skills.*

---

<sup>3</sup> A plural often used in Bangladeshi NGO English. “Aware” has even become a verb, similar to the verb “to teach”: “We aware them the value of safe drinking water”.

*To be much more powerful by making the Federation. For all kinds of development, and to solve problems which will rise among us.*

*My group has a little unity, and the Federation is bigger unity. We the poor people need credit support so that is why it is here.*

Staff members at Union and Thana levels referred to the RDRS workload, and thought the Federations, at least conceptually, could relieve workload pressure. However, this idea was counterbalanced by a, sometimes unspoken, fear of job security. Many staff members felt that RDRS will someday withdraw from service, whether to move onto a new area or go out of business. Several staff members offered comments that when Federations were first developed, “people” were afraid they might lose their jobs, but actually when the Federations grow, staff members will be able to do new things. When questioned about what new things they might be able to do, most people’s responses were very vague and unformulated.

---

**Members and staff hold that strength lies in numbers and in unity. References to specific resources are rare.**

---

This can be represent a problem. The Union and Thana levels of the RDRS organisation seem the least coherent in their response to changes that the growth of the Federations may hold for them. The Programme Co-ordinator saw a knowledge gap as well as an attitudinal problem:

*The staff need to do qualitative work, not just quantitative. They must have conceptual and operational ideas about the Federations. A big problem currently is that staff members don’t have this understanding. They don’t appreciate the importance of people’s organisations in sustainable development, and they misunderstand initiatives by the Federations, thinking that they’re anti-RDRS.*

But that is not true of all Union and Thana-level workers. In the interviews, several combined the idea that the Federations can help ease some of RDRS’ problems, notably its resource constraints, with the advantages for the organised population themselves:

*Federations are bigger institutions, and are people’s institutions. They will involve a major part of the RDRS target population. They will assume liaison among primary groups and avail services from government and from others. They raise a voice against corruption. Size also helps the small groups to minimise their own problems, as the Federations help to identify people’s problems and to solve them. - RDRS wants to develop Federations to become shelters for primary groups, so Federations can take up some of the responsibilities in future. RDRS also wants to make sure local resources are utilised and to balance the workload since the program is continuously expanding.*

Management and executive members of RDRS tended to have more of a visionary level of understanding about Federations. They see the Federations as the next logical step in a long development chain and as having an impact even beyond RDRS, for social mobilisation of poor people. The Federations will reach a critical mass to effect social and political change. They will also help to wean the Primary Groups from their dependency on RDRS.

In a more pessimistic vein, executives are concerned about the time that the Federations may use their newly developed powers against RDRS. Most of these concerns, however, can be traced to a few isolated incidents. In particular, it dealt executives a bad shock when a field manager was able to mobilise many Federation members in order to fend off impending disciplinary action. On the Chars, Federation leaders more than once instigated their members not to repay their loans; some of that had to do with dishonest staff. The significance of those past incidents in the overall picture is hard to assess; they certainly show that organisations learn from very small samples of dramatic experiences.

Across organisational boundaries and staff levels, one idea recurs many times. It is the idea that strength lies in numbers. That explains why the goals of the Federations are only weakly connected with specific resources although there is a vague notion that somehow Federations will substitute for limited RDRS resources. The hope that unity can be achieved among the poor and that it will bring changes favourable for them runs counter to a social environment that moves towards greater differentiation and individualisation.

### ***Goal orientation: How far have we proceeded so far?***

This question related to goal attainment in relation to vision. After a few interviews, we learned to pose the question in terms of a human lifespan: First the child is an infant, then a toddler, school age, adolescent, adult, and finally old age. If the Federation were a person, at what phase would it be in its life?

Generally, Federation executive committee members viewed the Federations as being more “adult” than either staff or primary group members. Several considered their Federations to be fully adult, or within a few years of adulthood. Primary group members struggled with this question, and usually chose an “adolescent” alternative. Staff members tended to feel the Federations need considerable development, and Union Parishad members agreed that the Federations were in an early developmental stage.

For descriptions of progress, economic successes were easier to define. Federation buildings stood out as a milestone for all who had them, and a desirable goal for those who didn't. Said one Primary Group member:

*I feel the Federation is well established. At first, it was a straw house, but now it is a real building. Two years ago, we had no pond, now we have two.*

People take pride in fish ponds, rickshaws, tree plantations, and other income generating activities of their Federations.

Although social development achievements were frequently named as being important for Federations, they were more difficult to quantify. Some responded to direct questions by indicating that wife beating had declined by a specific percentage -- difficult to determine in the give and take of village life. Almost everywhere instances were recounted of Federation leaders being invited to settle disputes – inside and outside the membership. A Thana Manager summarised the experience:

*The ability to solve group conflict without RDRS help has been established.*

Others reflected on the training or “awarenesses” organised by the Federation or conducted at the Federation building. Several recounted special days, such as International Women’s Day, where the Federations had organised a big celebration.

---

**There is a consensus that the Federations have proven effective in conflict resolution in their communities.**

---

Federation members, whether from the rank and file or committee members, generally agreed that the Federations were not yet “grown-ups”, but several were categorical that they were already “able to do many things”. While they would not elaborate, the

staff expressed more nuanced opinions. When we compare this summative statement by a SODEO:

*Social awareness has improved in the areas of health, education, and – in some places – just wages. The public has been mobilised about women’s rights. Federations have started to play a role in credit. The use of public resources is significant in the fishpond and tree plantation areas. Federations have been able to reactivate phased-out groups who had fallen dormant. Hopes that Federations would impart training for their members have not yet come true except perhaps for record keeping, but they occasionally help to arrange training, e.g. for tubewell mechanics.*

with that of a group of Assistant Thana Managers

*Federations have done best in social empowerment, not quite so well in economic projects, and even less satisfactorily in local-level networking,*

one begins to see parallels. This is the view that results were easiest in areas that needed few resources from outside, that the return on income-generating projects has been disappointing, and that the traditional training functions carried out by RDRS can be transferred in small measure only.

Higher up, the achievements are seen as modest across the board. The Federations “are about 30% there”. Management is problematic, and sizewise the Federations have not yet achieved a critical mass so that the wider society would really have to take note. Such opinions are not pessimistic, however. For one thing, the Federations have implanted a

firm presence, literally and importantly through the Federation centre construction programme. They are eagerly reinvesting profits from their projects. And, not least, other NGOs confirm that RDRS' people's organisations are ahead of their own. There is a feeling of continuing growth.

***Participation: Who, how many have involved themselves?***

We anticipated this question would elicit the names of individuals within RDRS staff who had been particularly involved in Federation development. While the name of one of the pioneers of the movement did come up several times, it was surprising that other staff members were not frequently mentioned. Although the responsibilities for Federation development are assigned to the ATMs, among staff Union Organisers and even SODEOs were mentioned as often as the ATMs.

The majority of Federation members, however, strongly related to their Federation chair as being the most influential force in the development of the organisation. Most held their chairman in high esteem. RDRS staff also recognised the importance of the chairman, but that was sometimes a cause of concern, regarding the master/servant characteristics of local culture.

It was clear that the chair position is a key one, and by implication, the transfer of power from chairman to chairman will be a critical phase in the development of Federations.

What several Primary Group members had to say reflects two things. Women often have scant access to the male world, even within their Federation. Plus, as part of a more efficient work arrangement, RDRS staff deal almost exclusively with the Federation leadership; thus few of the ordinary members meet the staff:

*We expect much of our Federation leaders. We all know the chairman. We do not know the RDRS staff. - We know our female executive committee members [said a woman], but we don't know the officers [i.e., the male chairperson, secretary and cashier] . - Everyone knows all the names of the executive committee members. -I know a few executive committee members, but not all. I don't know which RDRS staff work with the Federations.*

Sometimes new groups take more responsibility, or leadership positions are added. A woman thus described the change:

*For the first two years, there were no females on the executive committee [although the Federation consists of 26 female groups and 8 male groups]. We raised the issue. Before we were on the committee, we knew nothing; now we know.*

A Federation with strong project activities found it necessary to add a vice-chairman, through a consensus selection. It has not yet had elections, but has a female cashier. The

secretary was changed. A female committee member of another Federation described her sense of duty and importance:

*A leader must be educated and able to maintain communication with the upper class. An executive committee member must be active and never miss a meeting. I frequently work 3 - 4 hours a day on Federation business, at no pay. We don't need much help from RDRS, it is my Federation, my own task.*

The Union and Thana-level staff see participation more unequally distributed:

*Eighty percent of the Federations have Executive Committees who meet regularly, usually with seven or eight members out of the nine. Women members also attend regularly. General body attendance gives a more mixed picture, with a third of all Federations gathering two-thirds of their members, and another third who manage to bring together half of their members, and another third where participation may fall as low as 10%.*

In a way that is reminiscent of share-holder attitudes. Several Primary Group members confirmed that they are not interested in the details of Federation management as long as they can trust the managers, and the Federation makes profits. One Primary Group even found an indicator by which to remotely measure management effectiveness: the number of rickshaw vans that the Federation had been adding to its fleet almost every month.

---

**While senior staff tended to point an accusing finger at Federation oligarchies, many members expressed love and gratitude for their leaders.**

---

Interestingly, with growing distance from the field, assessments of participation in the Federations turned more pessimistic. Here is a typical statement by an executive:

*Ill-meaning and crooked elements are the most active participants. They see the Federation as a power base. The majority is apathetic or not capable.*

However, some managers and executives see the problem rooted less in the internal affairs of the Federations than in the staff – Federation leader nexus. The RDRS credit programme is seen adding to the challenge. It offers opportunities for corruption and it absorbs staff capacity away from the Federations:

*It is felt that most loans go to the Federation leaders rather than to the poorest of the poor. Their logic is that there was nothing of interest among the very poor, and by giving money to the leaders, they are insuring the fund will be repaid. - Control is always bad. Facilitation is always good. RDRS should take care of staff corruption and the Federations will take care of themselves.*

The answers to the question about influence and involvement point to the existence of a co-operative oligarchy. But this group, often identified with the chairperson, cashier and secretary, does not seem to be closed. And while members of the Executive Committees understandably like to serve lists of good leadership attributes, the moral judgements that we heard from the rank and file were more positive than the voices from the top of RDRS.

### ***Process: How have we reached this point?***

Members of Federations and beneficiaries of their programs feel pride in the accomplishments of the institutions. They tend to point out Federation buildings, grain stores, and other income generating activities as milestones of development. Enthusiasm is high that momentum will continue and new ideas and developments occur regularly, if not at an accelerated pace:

*Since the Federation, the atmosphere has changed. We are more active, and aware.*

*We now have more enthusiasm, we think, "These things are possible if we take an initiative."*

The pride shown for the Federation buildings was not always without irony in the eyes of the visitor, such as when a chairman pointed out that

*The grain store, built in 1996, was a landmark event for us.*

when in fact it was empty, except for water containers, serving no apparent purpose. But for poor people, owning a strong building has strong symbolic connotation, giving them a higher status that the community recognises:

*Until 1992, the Federation was housed in a thatched building. Then, until 1996, we had a tinroof shed. Now we have a brick building. - The visible something is the building; now we are building savings. This is increasing, and another progress of social recognition. People feel they should call the Federation leaders if there are conflicts. Socially, the Federation is strong, financially less so.*

RDRS field staff, particularly at the Union Organiser level, tend to share this view. On the Chars, an organiser saw a big change happen

*last year when the flood came, and the Federations took the initiative to evacuate people and establish hygiene on the highland. This was planned in advance, including the warning system, and it worked.*

A Union Organiser on the mainland, where conditions tend to be more settled than on the Chars, highlighted the benefits of continuity and perseverance from small beginnings:

*When this Federation started, they had fourteen groups and a fund of 1540 taka; now they have 63 groups and 36,761 taka. There are other symbols: the tree plantation, pisciculture, cattle rearing, and new ideas every day. Within two years, they will be independent and adult.*

Mid-level members of the RDRS organisation, knowledgeable about the complexities incurred so far, are more cautious. A Thana Manager at first produced a list of traditional devices that were helpful for Federation growth:

*The RDRS input was important, particularly the training given the Federation leaders and some common members. Supervision was regular and was transferred, at the end of 1996, from the Union Organisers to the ATMs and SODEOs. The RDRS-arranged exchange visits and workshops (usually one or two per year) helped a great deal. Also important were the audits that the ATMs conduct ahead of the annual gathering. RDRS gave training in record keeping, but the lack of accounts stationary has been a shortcoming. Bye-laws have also guided the growth.*

and went on to underline the importance of symbolic acts:

*Observance of international and national days, the drives against early marriages and for marriage registration, campaign to send children to school, their insistence that members must be able to sign (no thumb imprints allowed), and solidarity proven in disasters. For example, one Federation helped 22 families financially whose houses were burnt down by a political group.*

A SODEO saw much merit in the fact that RDRS had been using very flexible financial instruments for the support of Federation, a whole gamut ranging from seed money to survival credit, normal credit, seed store loans, and office building subsidies. On top of that, RDRS strongly advocated for the Federations to obtain local resources:

*The liaison work that RDRS did for the Federations was critical.*

Executive staff, although also concerned about the policy issues surrounding Federation development, take pride in milestones demonstrating self-initiative and autonomy:

*Several Federation leaders have been elected to local office. During the drought in 1994 - 95, it was the Federations who did a survey on mitigation and then did the distribution. Again last year, during the floods, Federation boats were used for evacuations; RDRS provided fuel but not food or wages. This year, Federations are selling trees from the plantations and realising an income without support from RDRS.*

They see the above as outcomes of Federation support policies which in recent years became stronger and better organised. For example,

*Each year from 1993 to 1996 there has been a mass evaluation of primary groups, with four thousand phased out and handed to the Federations.*

At all levels of observers, a progression is noted. While it is vehicled by the multiplication of small, tacit steps such as regular meetings and savings, highly symbolic events shine the resolve of the Federation members to the larger community. Frequent references are made to local resources, meaning public property for lease, but the quality of the RDRS support, in procuring those resources and in ingenuously applying RDRS' own, is seen, at least by some of the staff, as even more critical. That has stretched some limits, as senior staff warned. The progression has been fast, the system is still struggling.

### **Resources: What could we do with more or different resources?**

Most people envision an orderly progression of development of the Federations; large infusions of resources do not seem desired or appropriate. Primary Group members in general were reticent to express desires for specific projects:

*Time will tell what we will need.*

The greatest visions are at the Executive Committee level, where some respondents even had tears as they described their ideas about the growth of the Federation, and dreams for the future:

*We want a rice mill, baby taxi, school, market, training centre, and snack shop. We are more worried about the future than the present. If the Federation is successful, the poorest of the poor will benefit. Right now, we have only been able to give credit to ten groups.*

said a woman member of a committee, only to be upped by a chairman who foresaw an ice-cream factory and garment industries arriving at his Federation. But other committee members demanded more social activities first, without indicating what additional resources these would need.

Staff members are more circumspect, and express concern for the development both of their own and of Federation members before stimulating Federation growth much further. But even among senior staff, opinions are divided on the primacy of social and economic development. Two typical statements, side by side, are:

*Economic development is the main development. If people have economic development, social development, education development, and all the others will follow. I would distribute resources this way: 75% for economic development, 10% for more staff, 15% for Federation leadership development.*

*First build up leadership through the democratic process, then gradually add resources. Economic activities alone can't change a society. Literacy is essential. We need to resolve philosophical differences about resource allocation: Do we give resources to the more capable Federations, or invest in the people who need it the most?*

But another senior held that RDRS should not reduce the choices. He drew an analogy to credit limits that regulate the speed of growth but do not eliminate the subjects' preferences in detail:

*You can control the intensity, but you can't reduce the shopping list. You have to keep the Federations busy, to exercise them.*

The RDRS balancing act will be to challenge the Federations enough so that they learn and mature, but not so much that they fail.

***What has changed because of the Federations? How are things different than before?***

The question was asked to find out how things were being done differently than in older times. But the answers would more often than not point out positive changes in the lives of people. Interestingly, at all levels, from the Primary Group members to executives, there is an awareness that the Federations have advantages for RDRS, too. The higher echelons know that the reputation of RDRS sinks and rises with the welfare of the Federations.

Two key statements follow. A woman underlined proximity and informality:

*When there was no Federation, with any problem, we went to the head office of RDRS, but the Federation is close to home, so at any moment we can go there to ask for information. There is some relaxation of formalities to get credit from the Federation, but it's too formal from RDRS.*

A male group drew the connection between the stability and growth that Federations reinforce in Primary Groups, and their own individual social advancement from the ranks of labourer and small farmer:

*The Federation helps with loan recovery and conflict resolution. The primary groups have thereby become more stable. Most of us have become businessmen, also thanks to loans from the Federation.*

Executive Committee members, understandably, drew pictures with only bright spots, and some of their claims – notably that all members nowadays can afford two meals a day – are either a beautification of reality, or due to a good economic climate for everybody, or disguise the possibility that in some Primary Groups (as was the case in the

one with mostly small businessmen) the poorest members were ejected in order to improve the group's credit:

*With RDRS help, this group started a primary school and literacy program. This has changed the community. Our school has been recognised by the government and given a grant.*

*Most people nowadays use safe water and latrines. There is a general mobilisation against early marriages. Personal cleanliness has improved. The atmosphere has changed for us to talk freely about family planning, and about 60% of our members are practising it. All eat twice a day.*

*It used to be that when primary groups graduated or were phased out, they broke. Now, they are part of the Federation. The Federation has also made life easier for RDRS staff.*

*Now we [from the Executive Committee] can solve the problems that are raised in the groups.*

A key observation offered by Union and Thana level staff is that social and economic development have gone hand in hand. The political clout of the Federations is still very limited:

*The Federations have been building their funds gradually. Alongside that, they became active in social issues, especially for the women. As a result there is a greater social awareness among the people in general. In a few places, they were able to influence local government for specific problems and cases (such as wheat ration cards for vulnerable women).*

In the eyes of district and executive staff, what prevails, despite frequent disappointment by bad management, staff incomprehension and corrupt leaders, is the fact that the Federations have become an integral part of the operation, just as much as the credit programme:

*Now, with Federations, people are more able to solve their own problems. An example is the fertiliser crisis from last year. The Federations worked together to have a meeting, worked with RDRS on strategy, but proceeded on their own. They were successful.*

*The Federations have changed RDRS from a service delivery system to one where activities are seen as needs-based. Service comes not only from RDRS, but from people through their own organisations, working on their own needs.*

---

**A key observation offered by Union and Thana level staff is that social and economic development have gone hand in hand.**

---

*Federations have changed RDRS in three ways: 1. Increased the image and credibility of RDRS; 2. Given beneficiaries a sense of being stakeholders, and 3. Some of the responsibility for development of primary groups has shifted from RDRS to Federations.*

But some of the staff went out of their way to explain what has *not* changed, or even become worse, despite the Federations. The project management of Federations was chastised as generally being poor. And one Union Organiser maintained that under the Federations the quality of Primary Groups dilapidated; the discipline that RDRS as an extension and training service used to inculcate was lacking there. This showed in such basic things as sanitary latrine maintenance.

Yet others saw movement there, too. Even on the Chars, where conditions are particularly adverse, slow improvements have been observed:

*The very low education acts as a barrier to development messages. Discipline is poor in the Federations; loans are not properly documented. But accountability, although poor, is slightly better than in the primary groups. People are gradually better informed of the Federations' objectives. Their management capacity is improving, they learn to plan, and some of their planning is effective*

### **Satisfaction: What is giving us joy and drive?**

This question brought out the emotional involvement with the Federations, and it is profound, from the very bottom up. With few exceptions, at the staff level, everyone had a ready answer to this question, and many continued on beyond the ability of the team to take notes. Federation members, including those from primary groups, have a personal identification with the organisation.

Primary group members express their sense of ownership particularly strongly:

*Before I was a beggar, now I am working and support myself. I was happy that people from another Union came to see our Federation.*

---

**We poor people  
find a shelter in  
the Federation.**

---

*My joy is when I see this building; it is "our" office, which is for the poor.*

*In the land, there is my own money, and my share in the bricks of the Federation. I have free entrance in the Federation, but not in the RDRS office. This is our own.*

Executive Committee members look at the whole community and gauge the Federation's position there. They discover that the community needs the Federation and that along with it their own social prestige has risen. These examples include the statement that inspired the title to this report:

*We are proud that we can intervene in the community problems and give solutions. We have the sensation of collective strength -- we are invited to give the solutions.*

*We poor people find a shelter in the Federation.*

*Our only problem is that we are disliked by the rich people, because we are developing ourselves, so we lose our subjugation. We no longer have to go to the rich for loans. Their behaviour is different -- they are less cordial and sometimes critical. There has been no direct harassment, though, because they feel we are united.*

*Nowadays, we are comfortable talking to officials. My prestige and dignity have risen. People will remember me for good deeds. People seek my advice; they come to my house even at night, to have their disputes settled.*

*Social honour and respect have increased. We solved a problem of a husband beating his wife, and another where an ex-husband was stealing from his wife.*

*Each and every day the fund is raising. It is my dream that this Federation will become like RDRS; then it will be a self-organisation. I'm waiting for that day, and feel joy thinking about it.*

*My joy is when someone asks where I am going, and I say, "to the Federation". It makes me feel visible and proud.*

Many Union and Thana level staff, whatever their anxieties about their job prospects, are encouraged by what they see as the Federations' ability to reach the poorest and by the support that they are receiving in their own work. Their observations again crystallise around the visibility of the progress such as in this eulogy by a Union Organiser:

*I was proud when I saw the Federation observing different holidays: environmental, women's human rights days. The student is now becoming the teacher.*

At the top of the organisation, the visibility theme recurs, as part of the comparative advantage for RDRS:

*The Federations are visible: you can almost see and touch the change. They're doing this without much coming from our side. The Federations are an RDRS unique selling point. They seem to show a future -- a vision which is taking place.*

But others are more mixed. They feel that the Federations have raised the stakes. They are a bigger bet, which, as an area manager admitted, has its own charms:

*I enjoy the challenges of working with the Federations. There are more chances of failure and success. This is developing my own career.*

From there several people went on to volunteer also some of their frustrations. The Federations' problems are real and deserve attention. It is revealing, though, that there is not a "halo effect" around the concept of Federations; participants at all levels are realistic about the challenges posed.

RDRS staff voiced a variety of concerns. For some the strongest source of frustration lies in the internal workings of the Federations:

*We do have reservations. The Federation leaders are not always honest. In economic terms, as the groups become larger, the risk becomes larger. When the Federations collect from group members, it's not always clear [what happens with it].*

For others, the growth of the Federations has affected exchange relations between staff and clients, to the disadvantage of the former. Moreover, the Federations endanger the probity of the organisation. The field staff are told to work for a concept which they think is unrealistic, and in the process try to maximise their personal advantages from the resource flow. Or they try their level best, but feel that they have been poorly prepared for the new challenges:

---

**However, many staff members feel that the behaviour of Federations endangers the probity of the organisation.**

---

*Staff feel undermined by the Federations: "If the Federations are there, there will be no more need for RDRS". It's not clear that RDRS is getting a benefit from the Federations, but the Federations are getting many benefits from RDRS.*

*The RDRS staff are divided over the Federations, not because they dislike the concept, but because their leaders' irregularities endanger RDRS' reputation. The primary groups set expectations in their Federations that are too high. The expected financial return does not come forth. Only about half of the groups have a sound understanding of the Federation concept.*

*My frustrations are with the dangerous dealings between Federation chairmen and RDRS staff, such as staff taking personal loans from the Federations. The Federation committees do a bad job scrutinising loan applications. At present, the Federations are stagnating, they need more mobility and spontaneous drive.*

*My frustration is that we need training, professional guidance and supervision. We ATMs have never received Federation-specific training.*

Executive Committee members feel frustration from a number of problems. A common thread, seen in some of these examples, is that the RDRS policies, as they stand now, do not address the issue of remuneration for those who invest a lot of their time for the Federations. Others blame illicit expectations on powerful community members or unrealistic ones on the constituency:

*My frustration is with the Union councillors: they are greedy. Whatever we need from them, they always expect bribes. When we do not pay, they victimise us. They started two fictitious court cases in my name, and I was interrogated at the Thana.*

*Executive committee work takes a lot of my time. The members are often divided into two or three groups. The majority imposes a decision which we already know will make the Federation lose money, such as with the stock business, when we were obliged to buy paddy from members at the price that the market would not later return; yet we took the blame for the Tk 1,156 loss.*

*People every day want more services.*

*It is time consuming, I feel too obligated, I have to make compromises with my family life.*

The Primary Group members seem to be the happiest with their Federations. Although they are being credited with a revolution of expectations, few seem to mind that not all hopes have been fulfilled. In the interviews, none indicated areas of frustration. Perhaps their standard of comparison was different: not with what all they aspire to be and have, but with what they were and had before the Federations.

### **Self-confidence: What can we do now that we could not before?**

The question was meant to elicit statements on specific management abilities that had improved over the years. It failed to do that with our Federation interviewees. Instead, several of them reviewed progress in their personal lives. An interesting sideline to that is the reflection that the personal success of disadvantaged people in the Federations should have on RDRS' standing. A woman who was elected to the executive committee felt:

*Seven years ago, I became a member of a primary group. Four years ago, it was phased out. At first I had nothing, now I have two rooms, and I purchased one acre of land. RDRS can be glad to see the visible change in me.*

On the Chars, an unusual thought was shared with us to explain why the Federation was in good standing also with the rich people:

*Our members are happy because they improved their situation through us. We [the Federation] own this centre. The rich people also support us because our*

*work eases their burden of having to look after their poor relatives, and some consider us useful for the betterment of society.*

Several interviewees extrapolated to what they felt their Federation would be capable of doing in five years from now. One particularly agile chairman was confident that his would become a model Federation in four areas, health, education, housing and income generation. A male primary group saw its Federation headed for a glowing future in which

*the Federation will be stronger, and we will earn from the sale of trees. The Federation will buy more land, establish a rice mill, other enterprises, a grain store, and plant more trees. Profits will be distributed. If the economic situation improves, everything else will improve, including dowry-free marriages, less wife abandonment,*

with the important proviso “If honesty and unity prevail.”

RDRS staff recognise in the Federation leadership an increased capacity to resolve conflicts such as over early marriage, divorce and dowry. They have been effective teachers for better hygiene. An area of self-confidence often singled out is children’s education: Staff credit the Federations with the fact that poor parents willingly follow the call to send all children to schools. This seems to be an achievement that RDRS did not anticipate, largely at the Federations’ own initiative.

Some Federations are judged to be very close to being completely on their own feet. Many Federation leaders are seen to be enlightened and could ably represent constituency interests in RDRS planning bodies, at the Thanas, programme units, even in Dhaka.

On the top, RDRS feels that the Federations are giving it a kind of intellectual mileage as well as NGO marketplace edge that it did not have before. It hopes to be right in the trend and situates itself in terms of innovator categories:

*In credit, we are late and poor imitators; in Federations, we are early adopters.*

### **Why stay with RDRS?**

In a situation of increased consumer choice, this question makes sense. Many of the Federation members praised the attitudes of the RDRS workers, but in the interview situation, such statements have to be discounted by the courtesy factor. More genuine is the relief that people feel over the fact that RDRS allows them to keep their savings at commercial banks or in the Federations whereas other micro-lenders require their borrowers to deposit with them and do not let them draw on their savings while a loan is not fully paid back (actually, competition among lenders has already led several of them to relax that requirement). A fear is apparent that other NGOs may confiscate (“snatch” was the verb used) poor people’s savings, and the confidence that RDRS wouldn’t do such a thing. Some members believe that RDRS offers cheaper loans, but exact

knowledge of rates and conditions of other programmes is admittedly scant. The flexibility that monthly repayments afford people with irregular earnings is appreciated as compared to the strict weekly schedules such as with Grameen Bank.

The two heaviest reasons for staying with RDRS have little to do with credit. They are the Federations themselves as well as the larger RDRS service spectrum. For Executive Committee members to say that they had faith in RDRS because of the Federations, of course, is a self-referential argument; for if the Federations did not exist, they would not be Federation committee members. But Primary Group members, too see Federations as a great advantage. They offer a format to absorb the diversity of services that RDRS offers:

*RDRS arranges many social services. The Federations stand for the poorest, for their social and their economic projects.*

*Other NGOs simply have no projects, or insignificant ones. They offer credit, but at rates and conditions less favourable than RDRS.*

*Banks charge bribes worth 20% of the loan. RDRS doesn't. RDRS gives a lot in the way of education and social organisation. Others give only credit. These organisations are not interested in the self-reliance of the people. They don't have Federations.*

*The diversity of the RDRS services helps us. Its programs are more systematic, more institutional than those of other NGOs.*

In one place, the team happened on the Union Council chairman and asked him why people stayed with RDRS:

*Because the RDRS groups function well. Their work benefits the entire community. Therefore, the Union Parishad feels an obligation towards the RDRS groups [in such matters as the lease of public ponds and road sides]. There is a spill-over from the RDRS-assisted groups to other vulnerable groups. Their groups network, which also means that they keep the Union Parishad informed. The Federations are clear institutional arrangements.*

Thus benefits are seen to occur in growing circles: for the individual borrower, for the federated groups, and for the larger community. Is such an idealistic view credible?

---

**The multi-functional character of the Federations and of the RDRS services is strongly appreciated.**

---

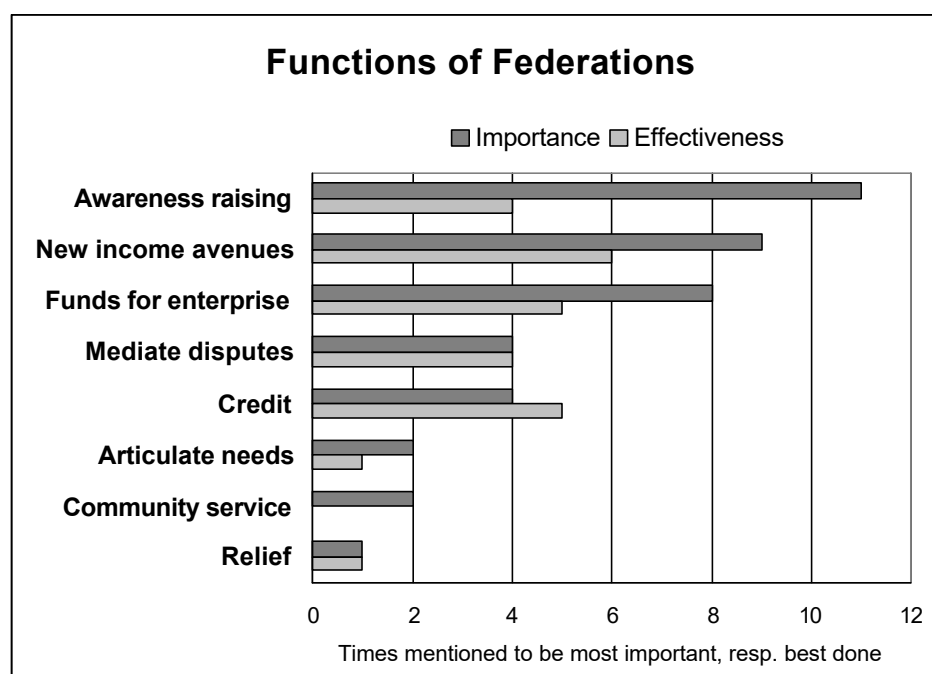
### ***Social, economic and community development***

We wanted to challenge the hypothesis that Federations see themselves working for the larger community. We also believed that in the current competitive climate among micro-

credit providers the expectations that members directed to their Federations and through them to RDRS would primarily be for more loans.

Rezaul Haque, RDRS, had come up with a list of functions of Federations in an article in which he portrayed the concept to the Bangladeshi public (Haque 1996). We adapted it to include credit and disaster relief. As Rahman had done, we exemplified community services by road repairs. His “educational classes” item we generalised to “awareness raising”. We had a Bangla language interview resource created and tested through re-translations. Using the fixed list, interviewees were asked to choose the two functions which were the most important for their Federation – and with RDRS workers, for the Federations in general -, and next on which two the Federations performed best.

**Figure 7: Figure: Importance given to various functions of Federations; effectiveness**



The various functions as well as the number of choices they received are shown in the above graph. Three of the items – raising awareness, mediate disputes, articulate needs and interests – can be closely associated with social development. Three others – new avenues for income generation, enterprise funds, and credit – are on the side of economic development. Finally, community service and disaster relief necessarily speak to groups beyond one’s narrow membership circle.

The key finding from about 25 interviews in which those questions were asked - about 20 with Federation members and 5 with RDRS workers – is that there is no significant difference in the importance accorded to the social and economic functions. In the effectiveness responses, the economic functions take a small lead, but we know from the

qualitative parts of the interviews that Federation members felt that they had roughly equal success in both realms. RDRS staff tended to think that Federations were doing better in social development and that they were so much beset with financial and technical management problems that their economic record was still rather poor. In any case, our initial suspicion that members expected loans above everything else cannot be upheld in the light of the expressed priorities.

The importance accorded to economic and social functions does not differentiate by gender. But we believe that our instrument did not tell the whole story. Again we have to look deeply into what was said before the standardised questions were asked. There is a clear difference in orientation toward the Federation between male and female members, with the women looking to their Federations, including the economic projects, as vehicles for social awareness and social change; and the men being more attracted to economic projects, and also showing a tendency toward manipulating the dialogue with RDRS on social issues.

Several male groups and RDRS staff made strong statements in the sense of “Seek ye first the economic kingdom, and everything else will be given upon ye.” This was rationalised with the deep poverty of Bangladesh. Men also said that they had learned the NGO rhetoric about social development. For example, they knew that they were not expected to marry their daughters off until age 18. So they would often forge the marriage certificates for underage girls. Another example was the use of percentages – unprovoked by the interviewers – for the incidence of wife beating in ways that, upon probing, they admitted were grossly understating the problem.

---

**Members’ expectations seem well balanced between social and economic development. But there is anecdotal evidence that women are more strongly interested in social issues than men are.**

---

Despite these reservations about the reliability of some of the answers, other evidence – notably the involvement of many Federation chairmen in local dispute settlement – indicates that the male dominance in Federation management has not worked to dislodge social issues from their agendas, and that the thesis of a balanced outlook between the social and economic spheres is basically correct.

The graph does clearly bring out one other important thing, though. Federations are organisations that primarily cater to the needs of their members. Services that benefit outsiders as much as the members, such as disaster relief and road repairs, are not considered very important, nor did the interviewees consider that their Federations had done a good job with them, despite the important episode in 1994 – 95 when Federations implemented drought relief. This has important implications in as much as the Federations’ ability to encompass all poor people in their Union goes. The goals of a member-oriented co-operative and those of an area-based development association may

not be compatible in all things, and our Union Council chairman congratulating the local Federation for its impact on all vulnerable groups may have been a bit too gracious.

## Performance

### *Earlier studies*

Since 1994, when the Federation concept moved toward universal policy, RDRS has not been wanting in studies of its Federations. Most of them were small, either in scope or sample, but nevertheless returned a number of valuable insights. This section gives a brief digest of what in retrospect seem to be the more important ones on the performance aspects. They are taken from the 1994 DANIDA evaluation of RDRS programmes at large; a review of the then Federation policy based on visits to six Federations, by an external consultant, M.H. Rahman, both of them in 1994; the 1995 survey of all Federations by Selina Shelley of the RDRS Research, Evaluation and Documentation Unit; and, more recently in 1997, an external programme audit by another local consultant, Bhabatosh Nath, plus travelogue notes by a British volunteer, Robert Walker, stationed in the Lalmonirhat area.

The DANIDA evaluators recounted their meetings with Federations enthusiastically. But they remained modest in their conclusions because the Federations had been in existence for a short time only. The key to retain is that they found evidence of empowerment in both the social and economic spheres. Examples are given of a Federation that obtained compensation in a rape case and of tree plantation schemes under a profit sharing agreement with RDRS and the Union Councils.

Their finding is confirmed, also within the limits of a small sample, but using more formalised analysis, by the Rahman study. His rating system gives the impression that three out of the six Federations that he studied were solid, but that may be due to sample design. More significantly, he found a strong correlation between an institutional and socio-cultural development index and another index for economic achievement. Although he does not say so, it is conspicuous from his data that a single indicator, savings performance, predicts the levels of achievement in both spheres well. Rahman also pointed out a number of problem areas. He may be one of the earliest observers who saw major weaknesses in the Federations' project management. "Market feasibility is one thing, for example, which they do not understand" he warned. Some of the committee members were not up to the basics of office management. Rahman also found the RDRS support structure overworked and unable to follow up on such things as the supply of adequate office stationary for the committees, a complaint that could still be heard in 1997 with regards to Federation accounts. In his structural analysis, Rahman concluded that it was dangerous to give up the smaller "Pocket Committees", pioneered in Panchagarh, exclusively for Union Federations. These would be burdened with the supervision of too many Primary Groups. While advising that the pocket committee tier should be retained, Rahman also recommended to start building networks at the Thana level early on. He did not prevail in this recommendation. He was an advocate of Federation resource centres, which were subsequently built with strong RDRS support.

The Shelley study of 1995 provides a number of interesting magnitudes from a full survey. The 241 Union Federations, who existed at the time, included 9130 primary

groups (47% male, .53% female) with a total of 136,656 households. Shelley found that 85% of the groups were active in the affairs of their Federations. Three quarters of all Federations were running income-generating projects, on an average about 1.4 per Federation, tree plantations being the most popular, followed by rickshaw vans and fish culture. Most projects, as far as one could tell from the completed ones, were profitable, but mismanagement was also frequently reported. Her data “on unusual enterprises” such as molasses block making indicate that the Federations did little technical innovation. In fact, the project repertory was limited to 16 types. The Federations were not vehicles for taking novel types of income generating activities to poor people. We do not have more recent data that would change that impression dramatically, except, perhaps, for the rice hullers that several Federations have acquired.

---

**The early studies, in 1994 and 1995, already concluded that Federation support was stretching RDRS to its limits. This has not changed.**

---

Although Shelley does not say so, her data give away the marked differences in the economic vibrancy of the Federations already at that point of time. In Panchagarh Unit, which had the oldest Federations, and also in Lalmonirhat and Kurigram, savings already followed bimodal distributions, with a small number of aggressively accumulating Federations leaving a host of slow savers behind. Moreover, Lalmonirhat, supposedly a very poor area, had overtaken the older and better-off Panchagarh in savings, suggesting that support and management were more critical than social environment.

Shelley’s main point, however, is that the Federations are stronger in social activities than in economic development. “233 Federations (97%) have undertaken 800 social projects since their inception” (Shelley 1995: 3), which is pressed home with a bar graph. But there are problems of definition (forestry is counted in both spheres), measurement technique and comparability. However, the data is still of some value because similar definitions were used in another survey two year later. This one suggests that the relative importance of social projects has decreased during that period of time (We will come back to this). Also it is obvious from the data that marriage-related issues are by far the most important. The social advocacy must at any rate have remained mild; for 90% of all Federations said they were enjoying good relations with the local elites.

When looking at the relationship with RDRS, Shelley, like Rahman, underlines that the Federations were stretching support capacities:

*RDRS is lagging behind ensuring necessary input to effectively support the Federations as independent institutions. Conceptually, it [the Federation] is independent, functionally it is inextricably tied with lack of managerial skill, lack of innovative ideas to undertake new enterprises and lack of adequate capital sources. Most of the Federations want to be supervised and counselled by RDRS. There is a need of training on record keeping and related organisational aspects.*

The audit report, by Nath in early 1997, adds new dimensions to our knowledge. Although his sample too is very small, his work is particularly valuable because he is incisive, yet sympathetic to the Federations. He documents the extent of gender bias in Federation activities such as leader selection, training and credit allocation. Most Federations are dominated by a small oligarchy. Many of these leaders consider working on social issues a “waste of time”, and consequently meetings are devoted to economic problems only. Their relationship with their member base is tenuous, as evidenced by the absence of member lists in most Federations.

None of the Federations were financially sustainable. Economic projects had very different success although some types of projects were consistently profitable. For example, the loan programme did make money. On the other hand, in tree planting, an activity in which all were experienced, only two out of eight Federations were able to continue planting new areas every year, and in maintaining existing stock, only one was doing a satisfactory job. Tree nurseries operated at a loss. Nath found that committee members could tell which projects were profitable but could not account their total operations. None

*prepared a balance sheet of their accounts in any year*

(Nath 1997: 8), a severe shortcoming in organisations that de facto are multi-business firms and continuously reinvest undistributed profits.<sup>4</sup> He also found that Federations which had acquired land and buildings and had received seed money from RDRS had stronger and more regular activities.

<sup>4</sup> We too made this observation. However, lest the Federations be misunderstood as administratively unsophisticated or even careless, here, for example, is the set of books kept by the Gogrialdanga Federation:

<b>Money receipt books</b>	Separate books are maintained to receipt loan repayments and subscriptions from the groups.
<b>Caretaker book</b>	Twenty roadside tree caretakers deposit Tk. 100 monthly savings with the Federation.
<b>Refundable savings register</b>	Every group contributes Tk. 20 per month. The undistributed profits from Federation business are also credited to these accounts. The Federation currently has Tk. 75,464 in such savings.
<b>Loans to member groups register</b>	The Federation currently has 17 loans open, totalling Tk. 161,724. This includes the Tk. 50,000 for the Chairman’s fishery business. The repayment is “almost regular”.
<b>Loan contracts file</b>	A contract is made, with legal stamps, for each loan given to a primary group. The Federation charges 20% interest on money that it received from RDRS at 16%. The Chairman pays 4%, which amounts to a Tk. 8,000 loan subsidy per year.
<b>Federation voucher file</b>	Holds expenditure vouchers.
<b>Project accounts</b>	Projectwise income and expenditure statement. For example, one separately for the fish pond.
<b>Resolution book</b>	It is subdivided for Executive Committee and General Body resolutions.
<b>Inspection book</b>	The RDRS field staff and visitors write their comments.
<b>Peon book</b>	

That shows that Federations follow their own accounting systems, helped by RDRS staff, even though most of them cannot figure out their total value.

According to Nath, the RDRS field staff never warmed up to the Federation concept. He speaks of their “silent discontentment” and “confusion” vis-à-vis the Federations, the absence of Federation achievements from the staff performance criteria, and consequent neglect.

Surprisingly, then, Nath finds that the Federations are popular. They have all grown in membership since they were founded between 1991 and 1993. Members meet regularly. There always seems to be some activity. That is also the impression that Walker, as a roving consultant visiting over 50 Federations, gathered. He attempted an overall judgement:

*About 60% of the federations are community minded, 20% are in a state of flux and the remaining 20% are driven by greed.*

Walker observed that the good federations were those who were supported by well motivated RDRS staff. He found many Federations that set good examples for integrated homestead farming, but others who did not receive adequate advice on problems that must have been obvious to the visiting staff, such as for proper livestock housing. Also staff found it difficult to instil discipline in the Federations to follow the (RDRS-decreed) policies, and District Co-ordinators showed poor understanding of those policies and therefore had difficulty guiding their staff in Federation matters. A number of field staff connived at known abuses by Federation leaders. Walker, like Nath, sees the need to hold staff co-accountable for Federation results.

Leaving aside the fleeting impressions of DANIDA, there is a common denominator in the four studies. From the beginning, RDRS has been very hard pressed to mobilise adequate support for the Federations. Several bits of evidence – the faster savings in Lalmonirhat as observed by Shelley, Nath’s finding that seed money made Federations more active, Walker’s more subjective impressions that staff motivation and Federation

---

One observer found, not surprisingly, that the good federations were those who were supported by well motivated RDRS staff.

---

results went hand in hand – indicate that the quality of the support does more to sway the Federations around to success than the relative resourcefulness of the local society does. These observations are in line with the Esman – Uphoff thesis of the limited influence of the social environment, and the importance of management. Also noteworthy, though by no means conclusive, and certainly in contrast to what our field interviewees returned, are the small and sundry

observations that suggest that the social impetus in the Federation movement has somewhat weakened between 1995, when the earlier studies took place, and 1997.

### **Social development**

In 1997, a relatively new unit within RDRS, the Regional Federation Network and Advocacy Support Project, conducted a baseline survey of advocacy activities by the

Federations. Although the analysis (Hawa Begum 1997) was done in isolation from the work of the regular monitoring units, under the hype of “Customer-Driven Issues Advocated” responses to an interesting question were tabulated. All Federations were asked the issues in which, prior to 1997, they had ever taken a public stand. For 246 Federations panelled, 990 multiple responses were obtained. Within the month of December 1996 alone, the total count of active local issues was 44. As an estimate, that says that in any month one in every six Federations is canvassing the public or the authorities for some demand.

We grouped some of the responses with closely related categories (“culverts” and “bridges”) and assigned each issue area an interpretative category. Areas with less than 20 responses were excluded.

What stands out is that after the great many Federations which sought to lease in road sides and ponds, the next category is a long way down. “Justice for the Poor”, a broad category that must have covered very diverse local issues, has excited between a quarter and a third of all Federations ever. If we group “dowry”, “women’s abuse” and “just divorce” together, but allow for a number of multiple responses, a similar prevalence guess goes towards gender-related advocacy. But it would stretch our credulity to say that social issues have been as prominent as economic ones, particularly also because all the income-earning projects for which the Federations need not go public are not included in this survey. In fact, the June 1997 monitoring data tells us that the Federations were running 2.2 income-generating projects on average, up from 1.4 in Shelley’s 1995 survey.

**Table 3: Advocacy issues taken up by Federations**

<b>Advocacy issue</b>	<b>Category</b>	<b>Federations active</b>
Tree plantation lease	Economic	238
Pond lease	Economic	170
Justice for the Poor	Social	68
Tube-well	Social	64
Market lease	Economic	55
Culverts and bridges	Community	48
Dowry	Social	44
Road maintenance	Community	41
Women’s abuse	Social	36
Just divorce	Social	27
Vulnerable Group Cards	Social	26
Fertiliser crisis	Economic	21

N = 246. Number of Federations active in particular issue areas at one time or another between their foundation and December 1996

When we also consider that the survey was taken in 1997, and that the respondents probably remembered the more recent activities better those of their Federations' early days, we are probably safe to assume a secondary place for social issues. Obviously, they still animate the pulse of the Federations, but if Shelley was right to see a preponderance of the social in 1995, this does not appear to be so any longer by 1997. The outlook on

---

In actual behaviour, the balance between social and economic development seems to have been tilted towards the economic. We do not know the causes for this.

---

the two spheres of development may still be fairly balanced, as our interviews showed, but the actual activities appear to have moved to a more pronounced economic orientation. One can only speculate about the reasons for this change. The idea that the expansion of credit may have multiplied new economic opportunities whereas the education and networking activities that are at the roots of social action did not expand is just as good as any other.

If the prevalence of social development items has decreased on the Federations' agendas, this does not in itself speak to the success or failure of the social activities that they do undertake. Unfortunately, the RDRS monitoring system does not offer any indicators that could be tapped validly for even a partial answer. It may seem easy to watch gender indicators as proxies for the entire social development realm. But such data is hard to come by for the Federations. While the unfederated Primary Groups are monitored for the gender composition of loans, this is not done in the Federation monitoring. Similarly for school enrolment of the children of member households. RDRS has not yet been able to collect systematic evidence on the social development side. The tiny fragments found in the samples of Federations studied by Rahman, Nath and us do not lead much further. As we have mentioned, Rahman's data suggest that the Federations strong on economic development are also those that do well on the social side, and vice versa. Nath, in the western half of the RDRS working area, and later we, in the eastern wing, looked at the gender distribution of loans.

**Table 4: Gender allocation of loans made out by Federations**

	No. groups	No. loans	% groups who are female	% loans to female groups	Multiple of odds ratios
Nath: Western wing	300	60	69%	23%	0.14
Benini: Eastern wing	231	43	48%	42%	0.77
Both samples	531	103	60%	31%	0.30

Note: N = 5 Federations (Nath) + 5 (Benini). The multiple is the odds for a loan to go to a women's group divided by the odds to be a women's group. The smaller the value, the unfairer the distribution, 1 meaning fair.

The table is first of all a vivid illustration of sample variation. Clearly, Nath worked his way to Federations that, on the loan score, discriminated sharply against women. For our visit, Federations were chosen with a milder bias. When we discussed that with Executive Committee members, in two Federations they pointed out that the loan amounts for

women groups were larger than usual “because there are so many very poor persons among them”.

For readers accustomed with Bangladesh, it will be tempting to draw comparisons with other micro-lenders such as the Grameen Bank, which makes out over 90% of its loans to women. But that would be out of point. Not only has RDRS chosen to work with both men and women, here the question is also how the Federations’ *internal* decision mechanisms work in the social field. It is obvious that in their credit behaviour they still have a way to go to achieve gender parity.

Another gender-related measure is the number of women members in the Executive Committees. In June 1997, 813 women served on the committees of the 259 Federations. Each Federation has a nine-member committee. The regulations demand a minimum of three female members. As the table shows, most Federations comply with this statutory minimum. About one in five falls below, and one in four recruited more than three women. In Kurigram Saddar Thana, a Federation voted all women into its Executive Committee.

**Table 5: Female representation on committees**

No. Women in the Executive Committee	No. Federations	% of all Federations
1	2	0.77%
2	53	20.46%
3	137	52.90%
4	50	19.31%
5	13	5.02%
6	1	0.39%
7	2	0.77%
8	0	0.00%
9	1	0.39%
Total	259	100.00%

Calculated after SODE database for 2/97 quarterly monitoring report

However, the committee membership figures mean little other than that most Federations are in compliance with an RDRS-decreed rule. The real power is concentrated in the chairperson, secretary and cashier. Very few women have acceded to the inner circle. In the five Federations that we visited, one had a women cashier (a woman of almost legendary fame in the locality, who was active also as a volunteer tailoring trainer for Primary Groups); none had a chairwoman or woman secretary. Nath did not find a single woman in the inner circle of the committees in the eight Federations that he scrutinised.

All that, of course, is a trivial aspect to social stratification. From membership, to divisible resources, and onwards to elite positions, the strength of the disadvantaged group falls. The Federations cannot be expected to be different from the ambient society on principle, but one hopes they would be better by degrees. Unfortunately, we do not

have data for control groups or for several points of time that would show direction and movement. Also our scant quantitative data and the richness of our conversations with women whom we met at the Federations, in the villages and on the Chars are at odds with each other. The statistics all show the glass that is half empty; the enthusiasm of the interviewees let us see a glass that was being filled up. A more conclusive social development record is beyond our current information base.

### ***Financial position***

A number of researchers, particularly of the co-operative movement, have pointed out that long-term sustainability of local development organisations depends on their own means as well as performance from an early date on. Cracknell (1996), for example, reports that inadequate member stake in the capital funds is “one of the main causes of failure of co-operatives” but thence goes on to summarise other research stressing that “patronage, quality of service, and the importance of the co-operative for the members' own business were more important factors in developing member commitment than the amount of member capital invested in the society”.

RDRS Federations build their own funds from entry fees that new groups pay, periodic subscriptions, and profits from loan and productive activities. In the RDRS monitoring system, the Federations' own financial strength shows as the sum of their contributions to land and office building, loans made to member groups, cash and savings in banks, and the value of their project investments, as well as other assets, clear of RDRS contributions. We call that their equity. The total RDRS contribution is estimated as the sum of loans and of the subsidy to the office construction. The definitions are not always very clear (there seems to be some overlap in the category “other assets”), but from discussing with SODE co-ordination staff in charge of the data base, we believe that they differentiate well enough at least for a summary analysis.

---

**Inadequate member stake in the capital funds is one of the main causes of failure of co-operatives. We, therefore, attempt a detailed analysis of Federation equity.**

---

Our lead question is: How much equity do the Federations have, and is there a pattern discernible between the financially stronger and weaker ones?

Using those definitions, 259 Federations had a total equity value of Tk. 24.5 million (roughly US-\$ 500,000). The Federation with the highest amount, Naotara in Dimla Thana, Nilphamari, owned Tk. 503,000. The “typical”, more correctly: the median value was Tk. 80,000. 13 Federations showed no equity on their books, but that may be the mistake of

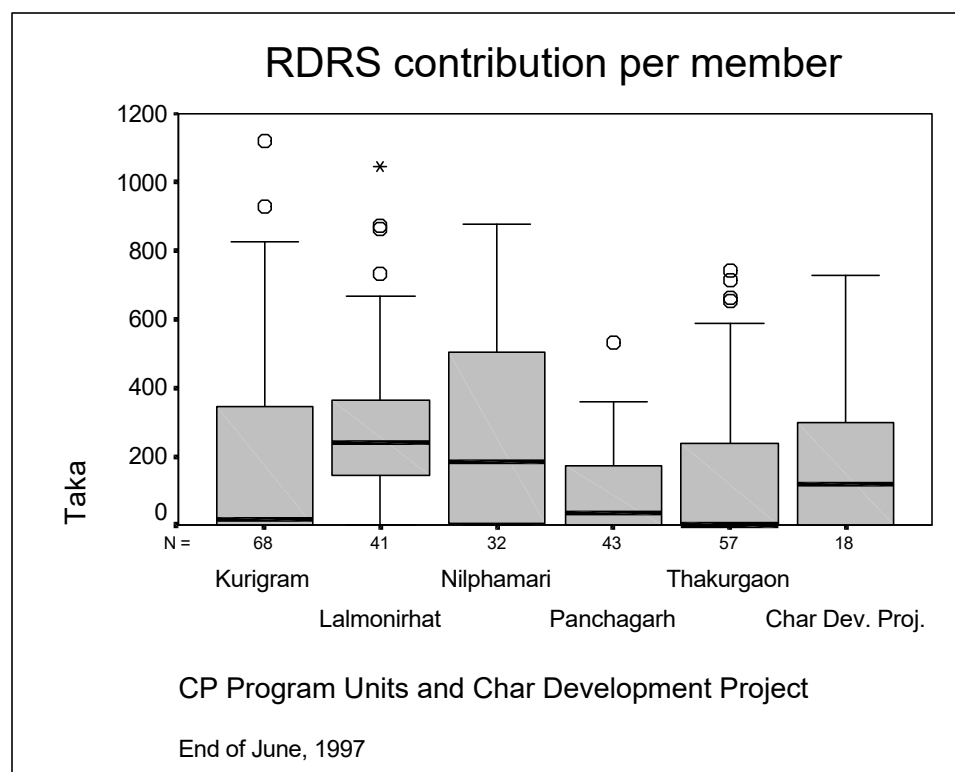
RDRS monitors. Certainly many of them had meagre equity, with 10% of all Federations owning Tk. 8,000 or less.

These figures become more useful when the effect of membership size is eliminated. Some Federations are small, other large, a few very large. We, therefore, operate with equity per member figures for most of this section. In fact, using the regional differences

in equity across the regions, or RDRS programme units, we can show that the basic relationships are roughly the same for both absolute and per capita figures. The following boxplot – see footnote<sup>5</sup> for an explanation of boxplots – reveals marked regional differences in equity per member.

---

<sup>5</sup> For the succinct presentation of distributions by different units, boxplot graphs are handy. For each unit, a box is drawn. Through each box runs a thick horizontal line. The value that corresponds to that line on the value axis (here: equity per member in Taka) is the median or “typical value” for the group. The lower boundary of the box is the 25th percentile and the upper boundary is the 75th percentile. In other words, half of all cases, that is “the 50% most typical” cases, are in the box. The flatter the box, the closer they cluster around the median; the taller the box, the greater their dispersal. Extreme values far outside the box are denoted by circles or by stars. They are also called outliers. Stars denote values that are more than 3 box-heights from the upper or lower box side. Circles denote less extreme outliers that are between 1.5 and 3 box heights from the box side. Then there are lines on stilts on both upper and lower sides of the box. These are called whiskers. The whiskers stand for the largest and smallest values that are not outliers. The purpose of boxplots is show typical values across units, the dispersal of values within each unit, and the occurrence of extreme cases. Often, extreme outliers are suspect for unreliable data or faulty calculations. For example, the star above Kurigram stands for Kaliganj Federation in Bhitorbond. The equity per member value for this Federation is almost Tk. 1,000. Such extremes need special cross-checking.



**Figure 8: Equity per member, RDRS support per member; by programme unit**

An equally formatted graph of the per capita contribution from RDRS is placed below the equity boxplot for convenient comparison.

Several differences spring to the eye. The Federations in Nilphamari outdistance those of all other units by the median value of their equity per member. But the second best performing unit is on the other side of the Teesta river, Lalmonirhat. In other words, the difference between the very poor eastern and the less poor western wings hardly explains the differences. Of course, the Federations on the Chars, an extremely poor environment, are those who own relatively least. But part of that is due to their younger age. Again age alone explains little; the Federations in Panchagarh, which are the oldest of all units, have not accumulated a lot of their own funds. This is not only because they have admitted larger sections of the population into their ranks, as we have seen in a preceding chapter. Also their absolute equity values are much lower than those in Nilphamari and Lalmonirhat. Panchagarh must have trailed behind for other reasons.

---

From the figures it is plain that the Federations in some programme units were much more handsomely supported than in others. When it comes to their ability to build equity, one unit outshines all the others.

---

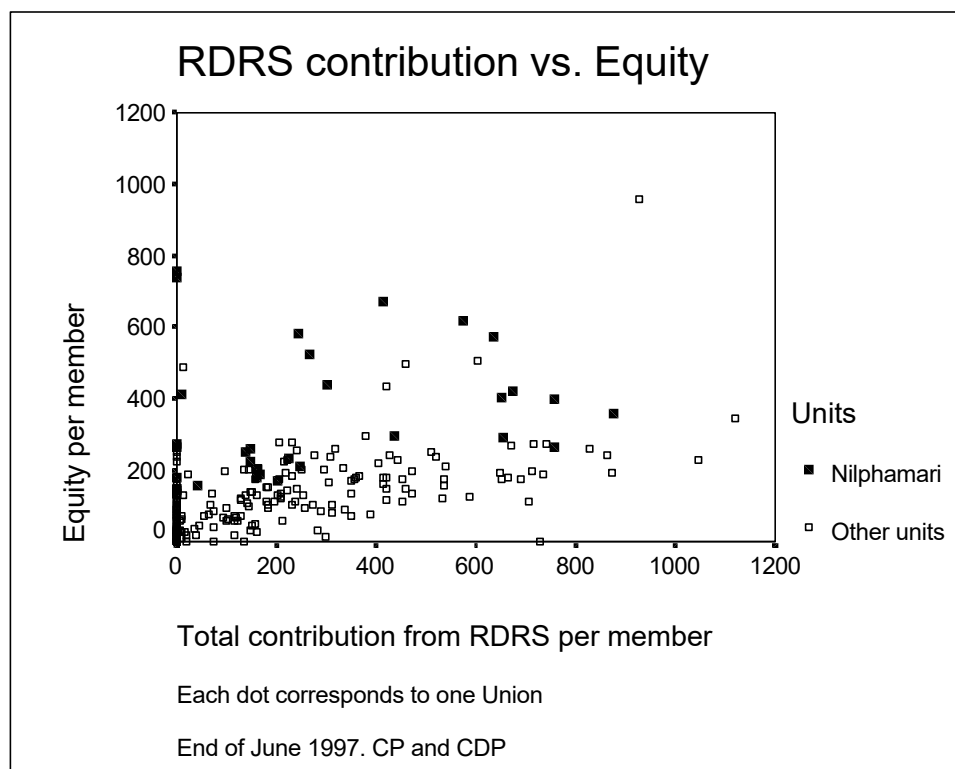
What reasons those may be one starts supposing when looking at the lower boxplot, the one on the different size of RDRS contributions per member. It is obvious that the

Federations in Lalmonirhat and Nilphamari received much higher assistance than the other units when we base ourselves on the median values. But the other units except Panchagarh too had some Federations that were relatively well aided (those between the upper box side and the upper whisker). Panchagarh received stepmotherly treatment.

All that would make us believe that the level of RDRS financial support determines the capacity to build equity. That seems logical; bigger loans should enable a Federation to have more income-earning projects; if these are profitable and earnings are not distributed to the members, equity grows. A deeper look at the relationship of these two variables will again show that things are more complex. The next graph sets apart the values for individual Federations in Nilphamari vs. those in other units.

A complex relationship appears. For Nilphamari, it is curvilinear. Between Tk. 150 and Tk. 600 in per member contributions from RDRS, equity per member “on an average” increases sharply. There is a positive correlation. Beyond that threshold, as we move toward the Tk. 650 – 800 range for RDRS support, the Federations’ own strength sags. For the other units lumped together, the dots so cluster that a mild positive correlation appears. This is in fact so; Federations which received less than Tk. 100 in per capita support from RDRS own Tk. 64 per member on an average; in the Tk. 100 – 500 support range, that value doubles to Tk. 147, and for the group above it is even higher, Tk. 250.

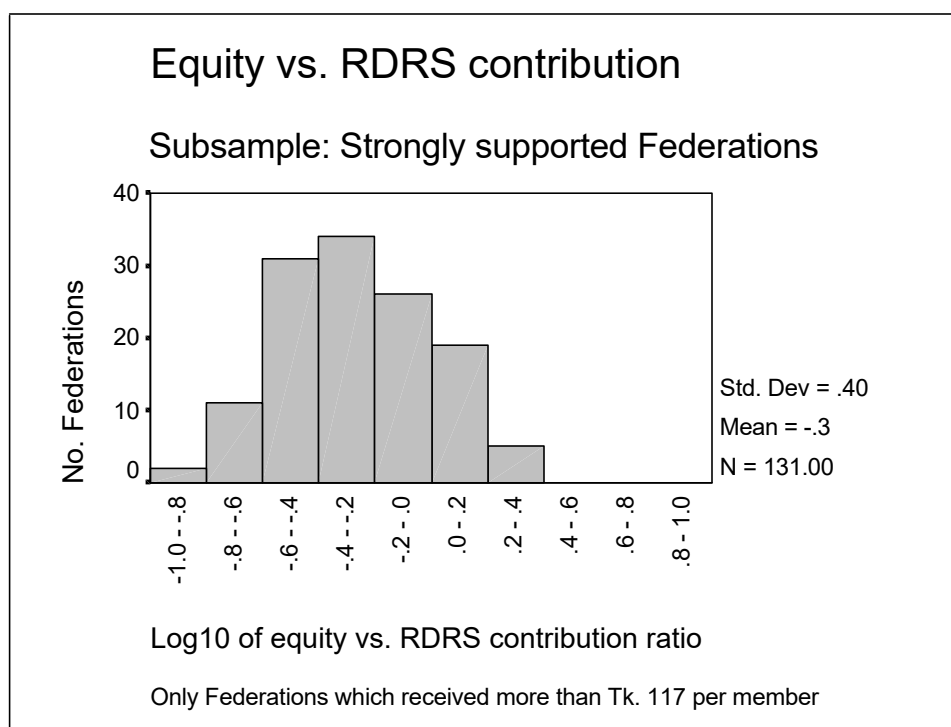
**Figure 9: RDRS contribution and equity at the individual Federation level**



Obviously, the gains in equity from increased RDRS support have been modest. One of the principal reasons to be suspected is that the Federation infrastructure – grain store and office building – have contributed little to the economic dynamism.

In order to better see how Federations fared financially once they started receiving substantial RDRS support, we split the sample into two, looking for a moment only at those Federations who had received more than the median amount in RDRS per capita support. That leaves 131 Federations in the sample. For many the equity to outside support ratio is less favourable, as the following graph shows. As one can see, most Federations have a negative logarithm, i.e. their ratio is lower than 1. Only about 25 own as much or more than they have received from RDRS.

There are three consolations in that. The value of the office building, although only the Federation's own contribution is counted as equity (they cannot sell or offer it as collateral), is not to be repaid; therefore the equity to support ratio is more favourable than an equity to debt ratio. Secondly, the distribution of the ratio, as the histogram makes clear, is unimodal. In other words, we are not dealing with two entirely different groups of Federations, but with one universe in which ups and downs in financial strength seem to be continuous. Thirdly, few Federation have a ratio smaller than 0.25 (few have a log10 in the graph smaller than -0.6, which is the same thing). In other words, most of them have been able to build capital of their own in at least some modest proportion to the support that they received from RDRS. The downside, of course, is that many Federations have tied down a lot of their own money in buildings. When we challenged executive committee members on that, the answer invariably came that a well-built Federation centre was key to their standing in the community and to the cohesiveness of the members and therefore more productive in the longer run than had the money been invested in income-earning activities.



### Figure 10: Equity vs. RDRS contribution

Nevertheless, there is certainly a substantial group of Federations who have been helped by RDRS beyond their organisational and debt capacity. The extent of this phenomenon has not yet been fully noticed because most of the Federations that received seed money loans (uniformly Tk. 100,000 per Federation) are still in their grace period. Also most of them have been good debtors so far for other forms of credit that they received from RDRS. But for the time when the seed money loans will fall due, RDRS should anticipate a higher rate of default.

We then went on to test the influence of local environment and RDRS support on the economic vibrancy of the Federations in a different model “almost” unencumbered by the question of buildings. “Almost” because we are also interested to what extent tying resources down in buildings puts a break on other opportunities. We looked at those Federations which invested at least some of their resources in income-generating projects and/or in loans to their member groups. For simplification, let us call the sum of their own IGA and loan investments “productive equity”.<sup>6</sup>

We at first ran a limited model with two independent variables. First, the fact if the Federation had received from RDRS at least Tk. 100,000 in support of their IGAs. Second, if they had a pukka (brick and mortar) office building, which is the most expensive amenity tying down a Federation’s own means. After deducting the influence of those variables on the amount of productive equity that it could raise, we tested for the influence of programme units. After deducting this influence, we subjected the residual productive equity to another analysis testing for the influence of the local Thana.

The findings are fascinating. Both seed money and office buildings have a strong positive influence on productive equity. But the RDRS support for income-generating activities is even stronger, confirming our suspicion that office buildings also have an opportunity cost for the Federations that build them. But obviously the executive committee members who insisted on the productive influence of the Federation centre have a point. What is difficult to determine is which direction the influence flows, from being strong at projects and thereby attracting RDRS to invest in the office building, or from documenting strength through a well-run centre to doing more and more productive projects.

---

<sup>6</sup> For statistical reasons – normality requirement -, the cases were limited to those with the dependent variable “productive equity” being positive. This left 185 cases in the regression model. We took the absolute value of productive equity, rather than equity per member because we did not want to create, on the side of independent variables, fractions of “has pukka office”. The dependent variable was then transformed to normal-scores. The RDRS support for income generating activities was dichotomized, with Federation drawing Tk. 100,000 or more having the value 1 (We tested the model also for “any value bigger than 0” = 1, but the Tk. 100,000 criteria, which is the normal amount of seed money, performed better.). For the second model, the regression of the residuals on the programme units, the Char Development Project had to be excluded because there were only three cases left in it. – This analysis obviously is incomplete. We have not had time to formulate a model that would test why some Federations had some productive equity, and others none at all.

---

When members dismissed our suspicion that Federation centres would tie down their money unproductively, they were right. Both seed money and office buildings have a strong positive influence on productive equity.

---

Surprisingly, after the influence of seed money and office building are taken care off, the question to which unit a Federation belongs is still strongly determining for its economic vibrancy. Kurigram was used as the base case. Thakurgaon and Lalmonirhat were insignificantly more vibrant than it. But Nilphamari had exceptionally vibrant Federations while those in Panchagarh did significantly more poorly than the others. As explained in the footnote, for sample reasons the Char Development Project had to be excluded from this stage of the analysis.

Eventually, we asked if, after deducting all those previous influences, the Thana, as the embodiment of a local social environment as well as of the quality of the RDRS Thana staff, had an influence. It did. In the following table, we summarise the relative influence of the various factors at work. The influence of the social environment and the RDRS management cannot be separated, but we believe that at the unit level, the social ecology component is stronger whereas at the Thana level the RDRS support quality is a stronger part-influence within this mixed category. After all, Thanas, in terms of social ecology are more homogeneous than districts. The unexplained portion of the variance is an index for the importance of the management quality of the individual Federations and the support they received from members.

**Table 6: Economic vibrancy of Federations; factors of influence by levels**

<b>Four levels of influence</b>				
	Sum of Squares	% variance explained in this step	% of variance in total model	Sig.
<b>Level 1: Influence of RDRS financial support</b>				
Regression	22.6	12%	<b>12%</b>	0.000
Residual	159.6			
Total	182.2			
<b>Level 2: Influence of the districts (CP units)</b>				
Regression	48.5	31%	<b>27%</b>	0.000
Residual	109.7			
Total	158.1			
<b>Level 3: Influence of the Thanas</b>				
Between Groups	28.9	26%	<b>16%</b>	0.002
Within Groups	80.8			
Total	109.7			
<b>Local 4: Influence of the Union and local Federation</b>				
Unexplained	82.2		<b>45%</b>	

Note: N = 185 (level 1), 182 (subsequent levels)

The results of the analysis indicate that financial aid is only one of the ingredients of success, and by far not the most powerful one. The strongest leverage comes from those interventions that act directly on the quality of Federation management and on the support that the local community accords the Federation. These are things like training of committee members, insistence on democratic elections and regular audit, liaison work in favour of the Federation, regular member subscriptions, good stewardship, business acumen..

Because the model is not in a position to sunder out the respective influences of social ecology and RDRS management, it is not suited to test the Esman – Uphoff thesis of limited influence of the social environment. But one would suppose that the environmental influence is no greater than the sum of fractions of the district and Thana level influences estimated here, possibly accounting for between 20 and 35% of the variance. If correct, this would add at least some weak support to their thesis.

Essentially, the model is a reminder of RDRS' comparative advantage in the landscape of rural development organisations. The poor people organised in its Federation may find finance for their income-generating projects cheaper from elsewhere. It is primarily through other factors, such as the diversity of services, the availability and quality of training, and the liaison and advocacy work that RDRS can make a difference through the Federations.

## **Support from RDRS**

### **Overall levels of financial support**

We already saw that the financial support that RDRS extended to its Federations varied enormously between programme units (see Figure 8 on page). Measured on a median per member basis, the Lalmonirhat unit was the one able to attract the most RDRS funds to its Federations, followed by the Nilphamari unit and the Char Development Project. The median per member support is way down for the remainder of the units. It seems that the larger a unit, the more it had trouble raising money and finding Federations that could well absorb it. The same is true of Panchagarh, the unit with the oldest Federations. These differences have to do also with the itineraries of senior staff. For example, Lalmonirhat has had more than one district manager strongly committed to the Federations several times.

The spread of those values also characterised several of the units. Let us recall that the height of the box expresses the distance between the biggest of the 25% smallest values and the smallest of the 25% highest ones, what is known as the “inter-quartile distance”. Lalmonirhat, on a high level, has been able to channel support within a rather narrow range, indicating that its capacity to have resources allocated to the Federations was strong and consistently used. Thakurgaon and particularly Panchagarh

consistently failed to mobilise high levels of support from RDRS. Kurigram and Nilphamari are marked by a very wide spread of support levels.

---

**The equity analysis demonstrates that the quality also of the non-financial services is essential to RDRS’ comparative advantage in the landscape of rural development organisations.**

---

### **Federations and Credit**

Federations have been handling credit for several years, although in a small proportion compared to the total volume of the RDRS credit programme. They are allowed to lend on to their member groups up to 50% of the Tk 100,000 seed money loan. Occasionally, Federations are found handling also other forms of credit, such as survival credit, and they also lend out some of their own funds. A report by a credit consultant (Vincent 1995) mentioned that “by the end of 1994, Federations had received 1% of the RDRS disbursed loans only”. That has barely increased in more recent years. In two large databases that the Rangpur-based Credit Unit shared with us, the loans to Federations account for 1.7% of the survival loan volume in 1995, only to drop to 0.7% the next year. But the coding of 28,000 loans between 1990 and 1997 is not straightforward, and the whole extent of the loans that went to Federations may be somewhat bigger. Starting in 1995 RDRS gave out seed money loans to Federations. By mid-1997, as many as 118 of

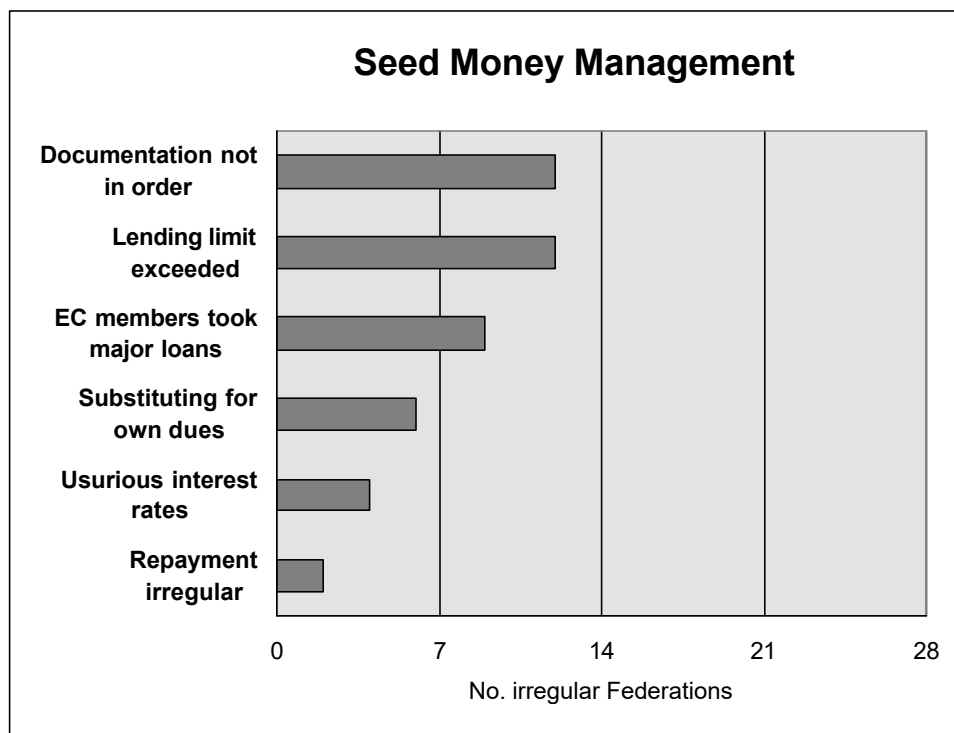
the 259 Federations each had received Tk. 100,000 in seed money. Clearly, the treatment of Federations in the areas of credit needs more examination.

What is known for certain, however, is that attitudes towards letting Federations handle RDRS credit are sharply divided within RDRS. The Credit Unit feels that Federations are too poorly managed to warrant being a channel for credit. It also contends that the World Bank-sponsored Palli Karma Shahayak Foundation (PKSF), which funds the RDRS credit programme in part, opposes additional intermediaries in the lending chain. Others hold that the Federations have an excellent repayment record, that RDRS saves money by entrusting them with a larger share of the operation, and that paying a commission on recovery would solve also the problem of remunerating executive committee members who work hard for their Federations as well as for RDRS. In a more ambitious vein, the "People's Bank" is a vision in which Federations would become banks to handle most of the RDRS credit business in the field and to accept savings deposits from Primary Groups.

Fortunately, it is the Credit Unit itself that helped bring some objectivity back to the debate on Federation credit behaviour. In 1996, it audited 28 Federations for the use of their seed money loans (Razzaque 1996). The report notes types of irregularities in a succinct way that allows to form categories of frequent problems and malpractices that bedevil this part of the Federations' financial management. Many Federation committees did not maintain proper documentation, which also included that loans were given without the corresponding resolution being noted in the book. In several cases, the auditors objected to Executive Committee members taking loans for themselves or other undue advantages. Some members would keep important sums of money in their hands for longer periods of time.

But it is necessary to differentiate between cases in which the committee members - often they included members other than the powerful chairman, secretary or cashier - secured themselves a major chunk of the loans, and others in which their loans appear minor. Our graph will show the number of Federations where that was a major problem. We make a similar distinction between major and minor mark-ups from the 16% rate at which the Federations are supposed to lend. For example, some Federations charged 60%, which was a significant, harmful, deviation, while others set rates between 18 and 25%, which may be considered an unauthorised, yet mild agent fee. In many places, Federations broke a rule when they used part of the seed money to substitute for contributions expected of their own, such as for office and grain store construction, the purchase of furniture, operating expenses, volunteer stipends, and even for the repayment of other loans. Again not all misuses seem equally important. The auditors branded the practice of keeping money in the bank or on hand as inefficient, but the amounts involved were minor and perhaps even within sound liquidity considerations. Thus we will not include that finding in the graph. The limit on lending - not more than half of the seed money - was also violated. And, of course, irregularities in repayment (of the loans to the Federations, not yet of the seed money to RDRS) would also attract the attention of the auditors.

Figure 11: Major failings in seed money management



N = 28

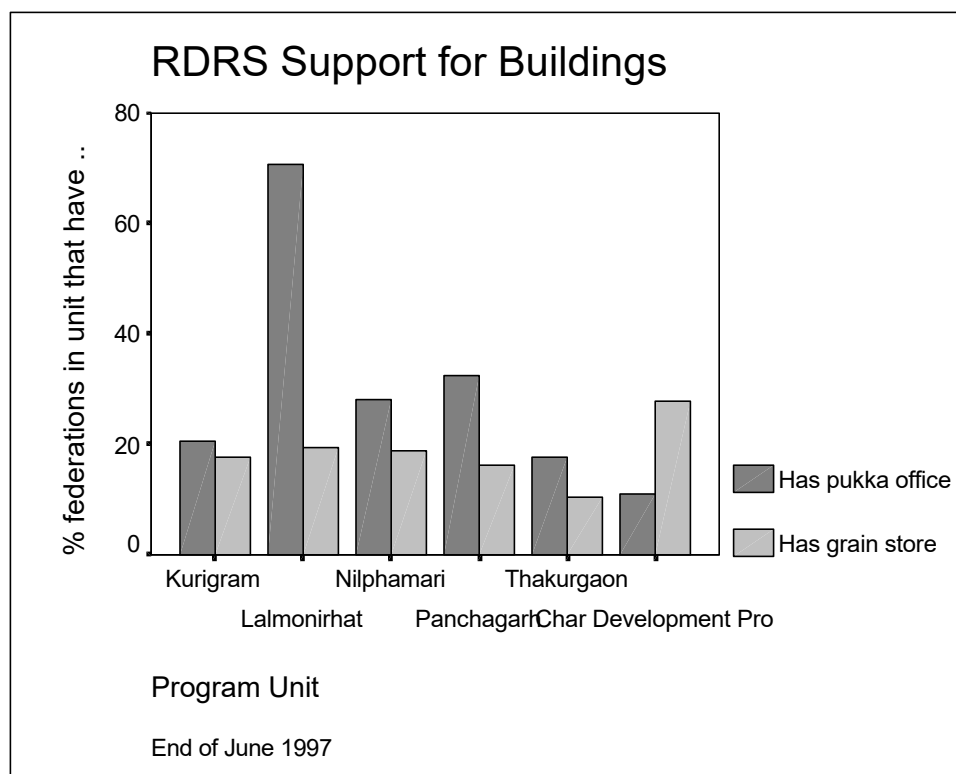
The obvious problem is to see the glass half full or half empty. If this sample is representative, then the abuse of power by Executive Committee members for their personal benefit is a problem (a fourth of all cases!), and so is the use of seed money for projects for which RDRS expects the Federations to make a genuine contribution from their own means. Exceeding the limit on lending and struggling with documentation, however, are not immediately harmful and are a natural tendency in a setting where there are more opportunities for projects at the individual and small group levels than at the Federation centre, and where Federations make do with leaders with little education. Finally, one is pleasantly surprised at the good repayment. On their surface, these audit findings certainly do not speak against a greater role of the Federations in credit extension.

### Buildings

A substantial part of financial support was devoted to Federation centre and grain store construction. Good office buildings still distinguish only a minority of all Federations. In fact, 81 of all Federations were doing without any office of their own. Their meetings took place at some public facility such as a public school building or “on the bare ground”. One hundred Federations raised an office structure using bamboo, thatch or tin. Only 78 boasted a good (in local terms “pukka”, i.e. brick and mortar) office building. Grain stores were even more of an exclusive facility; only 44 Federations had such a store, built with a loan from RDRS. A mere 18 Federations had both pukka office and grain store.

Regional differences are important again. Lalmonirhat stands out as the one unit that succeeded in helping a large percentage of its Federations to a pukka office building. On the Chars, where highland is at a premium, floods threaten all pukka structures, and where the programme wanted to stretch means further, a preference has developed for grain stores in a tinshed model that cost only half of the brick-and-mortar unit used on the mainland.

Figure: Federation with brick and mortar centres, grain stores; by programme unit



Calculated after SODE 2/97 quarterly monitoring data

As happened with many aspects of the Federation policy, despite a uniform framework, the results have been widely different across programme units. Some units have done much better in attracting resources for their Federations than others, and that goes for infrastructure too. As with all infrastructure, however, a question arises as to its use and maintenance. It is our impression that the Federation buildings are not widely used. The small office in the main building is used to store files and help the chairperson and secretary in their work, but the meeting halls rarely serve a purpose outside monthly committee meetings and occasional training classes, and in one of the Federations that we visited the hall was used to store jute. Similarly, several of the grain stores that we saw were almost empty. The suggestions by RDRS that Federations should rent out their meeting halls for public and social functions such as wedding parties apparently has had success with a minority only. On the Chars, a Federation contracted with an outside NGO to accommodate a workshop in their store as a source of income. Another Federation that

one of us had visited earlier was at the time storing the tobacco crop of its members waiting for market prices to pick up seasonally. In its annual work plan for 1997, RDRS scheduled to help with routine building maintenance of the centres and grain stores in 57 Federations, but by mid-year, none of that work had been carried out. New construction had also fallen behind schedule (Quarterly Monitoring Report 2/97: 14). While Federation members maintain that pukka centres are important and our statistical analyses do lend support to that thesis, there are regional imbalances in infrastructure support and lackings in the intensity of use and regular maintenance.

### Non-financial support

Indicators of non-financial aspects of the RDRS support are more difficult to obtain. The monitoring report for the second quarter 1997 had little to say about them. However, it indicated that the objectives concerning training of Federation leaders were unlikely to be attained in 1997, so far had actual performance fallen behind by June:

**Table 7: Training of Federation leaders, 1997**

Training area	Objective: No. of leaders to be trained during entire year	Trained in the first half-year 1997
Management and Leadership	250	0
Support of member groups	1250	0
Networking and advocacy	1250	122

RDRS' performance in that area, by its own data, was dismal. Backlogs were serious also in audits. We saw that in 1996 audit results were shared about 28 Federations only, and only as far as it concerned seed money utilisation. The Credit Unit, however, did inspect another hundred or so Federations in 1997 and was in the process of compiling reports when we were visiting in September. A more comprehensive audit of a small sample of Federations was done, also in 1997, by an external consultant (B. Nath), whose findings we summarised earlier in this section. We have not had the impression that the provision to audit all Federations twice a year, at least once by RDRS, was being met. This needs to be examined again in a more complete manner.

The shortfalls in the training and audit functions meld in with the wider philosophical question. Does RDRS consider the Federations to be critical for its future? Has it been able to translate a pro-Federation vision into commitment on the part of its staff? Is that commitment crowned with operational success? We have seen in earlier sections that staff attitudes towards Federations are so much divided that Federation support is not an area of consensus. The reservations are basically of two kinds. One school holds that the Federations will function so well that they will soon put certain categories of RDRS

---

Loss of jobs is a strong fear in many RDRS workers who watch the Federations grow. Others complain that they have not had any training to serve them better.

workers out of job. It was our impression, a very subjective one, that this fear has befallen in particular some of the long-serving staff who started out as frontline organisers and extension workers and are now as Assistant Thana Managers in their end-of-career positions. Others, and among them were some younger ATMs who had joined more recently, some after a term with BRAC, were more positive about the Federations but lamented the fact that they had not received any Federation-specific training. Another group, more difficult to localise, value the underlying philosophy but are pessimistic about the moral stature of the current leadership in many Federations. Specifically in the Credit Unit, opposition to extend more support to the Federations is strong.

Some of the shortfall in planned non-financial support is therefore likely attributable to staff resistance and lack of training. Another factor to look into is the bicephalous authority structure – field staff answering to district managers working side by side with subject-matter specialists responsible to co-ordinators in Rangpur. It has been plaguing fieldwork in many areas including Federation support. Finally, the credit programme scrambling to improve recovery from groups that RDRS supervises directly has diverted attention from the Federations.

While all those observations are rather general – the extent and quality of non-financial support too must have varied between programme units -, they agree on three key points:

RDRS has invested a lot in Federation infrastructure and seed money.

It has not integrated the Federations in its normal credit programmes, and vice versa.

It is struggling to put up the non-financial support needed.

### Federation monitoring

Monitoring is treated in the chapter on performance for several reasons. Many of the things that RDRS knows about its Federations were learned through that part of the formal monitoring system which specifically deals with them. There are in fact three such systems rather than one. The so-called REMS unit is responsible for quarterly monitoring reports on the Primary Group-related work. The SODE unit is not only responsible for Federation policy, but also for the related monitoring effort. Finally, the Credit Unit does its own monitoring in its subject-matter area.

The monitoring officers in the three Rangpur cells do not exchange and compare widely. They work in office buildings located in different compounds and use different programmes and formats such as for basic record identifiers and spellings of the field entities to which their data relate. The organisational dynamics of these units are also pointing in different directions, with the REMS unit recently having re-centralised data processing, and the Credit Unit readying itself for a decentralised system that will give greater responsibility to the districts and eventually Thanas. The SODE unit is closer in modus operandi and presentation to REMS than to the Credit Unit. What interests us here, is the power of these monitoring systems to inform decision and action.

A visit to the offices of some of the Comprehensive Programme unit co-ordinators is revealing. In prominent display on the office walls we find computer-generated bar graphs on the loan recovery performance of the unit. The graphs are recent, showing the evolution over past months or comparisons with other units. In one of the offices, we find a hand-written table of basic statistics on the Federations in the unit, lovingly made with inks of different colour, but already several months old. There are no graphs on Federations in evidence, and if those which the SODE deputy co-ordinator occasionally makes are shared with the field at all, they are not deemed sufficiently important to earn a place on the unit co-ordinators' pin boards. Needless to say, the credit outshines the Federations in the co-ordinators' information panorama not only because the Credit Unit produces more frequent updates. Co-ordinators know that they are held accountable for credit performance, and much less immediately so for Federation support.

In the RDRS credit operation, the quality of monitoring – timeliness, completeness, reliability, integration – is likely to further improve. A powerful, and at the same time flexible, application has been installed. “Microbanker” will enable the district units to keep near-real time information on their credit activities and daily refresh lists for disbursement and collection activities at every level of detail needed. The Credit Unit will thereby bolster its lead over SODE and REMS as far as the usefulness of monitoring activities is concerned. What that means is that the organisational memory of RDRS will more and more become organised around credit. Primary Groups, Union Organisers, Thanas, and programme units will be known best for their “credit ratings”. And so may the Federations if they become more important partners in the credit business. On top of all those advantages, the credit information system offers deep resolution; it monitors down to the individual groups.

In contrast to the credit monitoring, the ability of REMS and SODE to represent the past in the present and thereby to integrate also the future into the present (through informed decisions to give or withhold support) looks feeble (see Luhmann 1996 on this function of memory systems). The REMS uses an indicator system that may be more developed than those of most other NGOs in Bangladesh. But it is primarily geared toward measuring the performance of individual Union Organisers. Basic records refer to counts, totals or percentages over all groups of one particular gender under one organiser. A Union with three organisers would thus have six records every quarter year, three for the female groups and three for the male. The REMS data needs two aggregating operations, one over genders and one over the organisers, in order to produce Union-level figures. The system therefore is not very straightforward, but it does handle a number of useful economic activity and even social development indicators.

SODE's Federation monitoring is simpler at first glance. Its basic unit is the Federation. However, a number of problems defy the apparent simplicity. Most of the indicators are of an economic nature. Except for the number of women in executive committees which it does monitor, SODE has not come up with a set of indicators capturing social development, and given the complexity and diversity of Federations, it is hard to see

---

**Folk monitoring, and the ability to tell stories**

Our interviewees were surprisingly comfortable with numeric expressions, often embedding them in stories to indicate a magnitude of influence. For example, the Chairman of Cholbola Federation in Kaliganj recounted that the Federation managed to make itself heard by the Union Council in the case of an attempted rape. The Federation demanded Tk. 20,000 in compensation for the victim, who was the daughter of a member. The Union Councilors proposed to fine the attacker Tk. 3,000. Eventually, the family received Tk. 10,000 in compensation.

---

how a system of universal indicators could work for this realm. Gender ratios could in principle be used as an index for social development, but for some of the things for which they seem feasible such as the female share in loans SODE has not done so. Secondly, where economic indicators are used, definitions are not always clear. In principle, the indicators should correspond to the major positions of a Federation's balance sheet for a point of time and to those of its profit and loss statement for a period of time. But the Federations do not produce quarterly accounts, and, as far as we were told, they do not produce accounts consolidated over all their projects annually either. Even if they did, many of the concerned RDRS staff might not have the accounting knowledge to appreciate the information. What seems to happen is that both staff and executive committees share folk definitions of "savings" and "investments" and quarterly exchange information along those gridlines. They also keep track of contributions from RDRS. It is less clear how loans given to member groups are reported as assets, and undistributed profits as liabilities. The lack of accounting savvy on the Federations' side goes hand in hand with the definitional problems of the monitors. This is important because it obscures the accurate measurement of Federation equity as a prime indicator of their economic *and* organisational vibrancy.

The heaviest criticism, however, is that Federation monitoring so far has been static. It has produced a series of one-time shots. In contrast, the Credit Unit draws attention with time series (mostly on recovery rates). These show developments. SODE does not (nor does REMS, for that matter). It has collected quarterly data for slightly more than a year. Efforts to correlate current data with that of a year ago have not produced results that show Federation development in a dynamic perspective. In fact, in an act that almost seems barbaric, the Dhaka-based Research, Evaluation and Documentation Unit (RED) destroyed the data used in a baseline survey of all Federations in 1995. The persons potentially interested in that data either were unaware of it (Dhaka did not share with Rangpur) or thought that it could no longer serve any useful purpose "since it was already two years old."

Performance in Federation monitoring has been poor. But it is improving, with SODE trying to create a more systematic framework for baselining and then following the Federations, and with REMS, SODE, and the Credit Unit beginning to talk to each other.

Monitoring systems are self-reflecting operations in the sense that they invite observation of their own functioning. The relevancy of Federation monitoring is obvious; the validity of its current indicator system begs many questions; and the reliability of the data that it produces may even be in greater doubt. The big question is whether REMS and SODE can increase the value of monitoring for their consumers in RDRS; and that at the pace that the Credit Unit is setting for them – like it or not. It is too early to tell. But even with what little has been achieved so far, RDRS probably has outperformed most other organisations in Bangladesh in the monitoring of complex people's organisations. While, for example, both BRAC and the Grameen Bank have published very advanced theoretical and statistical analyses of credit at the individual loanee level (Mustafa et al. 1996, Hashemi et al. 1996), studies of much larger aggregates have not come to our notice from their side. There are of course legions of studies on other co-operatives in Bangladesh, but they seem for the most part to depend on special-purpose surveys rather than on the built-in regular monitoring. RDRS seems to have a lead in people's organisations as well as in the generation of systematic data on them.

## Caritas' Apex Organisations

RDRS' Federations are not a unique feature of the NGO landscape in Bangladesh. But there are not likely many other NGOs promoting local organisations of similar intent and pattern; and in fact, the only other NGO known to RDRS staff for such a systematic endeavour is Caritas with its Thana-level Federations. Caritas calls them Apex Organisations. Their relevance for RDRS is underlined by the focus that Caritas maintains on social development, alongside economic development, in contrast to other NGOs who have become quasi-banks.

The initial impetus for the creation of Apex Organisations came from the realisation that most of the groups formed under the Development Extension Education Services (DEEDS) programme, formed in 1979 to gear Caritas assistance towards the landless, would not be sustainable in the long run. This sentiment was made prominent at a National Leaders' Conference in 1985, and an external evaluation recommended to boost the number of such groups while at the same time creating structures to ensure the survival and growth of the primary groups. Caritas chose to create the Apex Organisations at the Thana level because it was there that the government's effective field administration resides and also because Caritas needed to relate to a manageable number of Apex Organisations. A minimum of 200 primary groups was set as a prerequisite for forming an Apex Organisation; this expansion was achieved by 1989. A further national conference, in 1990, endorsed the transfer, within a strict time planning, of functions from Caritas staff to the Apex leadership, against the resistance of many staff who found the people's organisations immature for the envisioned tasks. According to one informant, the transfer took place shortly after 1990 whereas another source considered it completed in meaningful ways only in 1994.

Currently, Apex Organisations exist in 58 Thanas. They bring together some 14,000 primary groups, with a combined membership of 290,000. The primary groups form Union Committees, and it is from these that the members of the Apex Executive Committees are drawn. In addition, every primary group is represented in the General Body, who meets twice in a year to review programmes and approve plans and budgets. Because every Union Committee sends one male and one female member to the Apex Executive Committee, this counts between 14 and 20 members, necessitating smaller (five persons) Management Boards. However, it is the Executive Committee which recruits the staff. In standard fashion, every Apex Organisation has a co-ordinator, an accounts officer as well as two Union workers for every Union. Their principal functions are to run a credit programme for the member groups, carry out income generating projects at the Apex level, and promote social development. Caritas has given each Apex Organisation a revolving fund of one million Taka (about \$ 50,000); the actual fund position nowadays varies between 1.5 and 2.7 million Taka. Caritas also underwrites 80% of the salary cost. The Apex Organisations occasionally meet at national conventions.

A number of common features stand out between the development of the Caritas' Apex Organisations and the RDRS Federations, but there are also several important differences to note. Common to both NGOs is a clear effort to maintain uniformity, to follow blueprints, and to adhere to centrally approved procedures, followed by the discovery, only recently and as yet tentatively, that more differentiated approaches are called for. Both Caritas and RDRS decided to make their Federations coextensive with a local government area, although at different tiers, and not to allow more spontaneous spatial groupings. Both have assigned multiple functions although it is difficult to find information on how many income-generating activities the Caritas Apex Organisations are actually undertaking, and occasional attempts to quantify the social actions have been frustrated by deficiencies of the monitoring systems in both Caritas and RDRS. The emphasis on social development is another commonality while admitting that their Federation policy environment is being very strongly influenced by loan programmes, both their own and those of competing NGOs.

The major differences are less in outlook and function, but more in history, structure and the consequences of structure. Historically, the two organisations embarked on major reorientations at about the same time, forming DEEDS (Caritas) and CMFE (Community Motivation and Functional Education, RDRS) at the end of the seventies to grapple with the landless problem, and reorganising their programmes starting in the mid-eighties in response to problems of

---

The two NGOs reoriented their programmes at the same time. Caritas used national forums and prestigious outside evaluators as engines for change whereas RDRS depended on local experimentation by visionary middle managers. Caritas' approach allowed it to transfer considerable power to people's organisations.

---

sustainability and programme consistency. In doing so, Caritas, however, used national forums and prestigious outside evaluators as engines for change whereas RDRS depended on local experimentation by visionary middle managers. The centralised policy direction that Caritas was able to determine prior to local experimentation enabled it to transfer considerable power to the people's organisations, with the result that the its Apex Organisations are the employers of the Thana and Union level workers. The RDRS Federations have remained insignificant as employers.

But the strong push for Thana level Federations in Caritas also meant that its Union committees were to remain weak. In part that was deliberate. Caritas wanted the Apex Organisations to be strong before the Union Committees could form their own identity and use it to undermine the authority of the higher-level bodies. But it seems that Caritas has paid a price for the Thana Federations' relative autonomy from their social base. The Apex Organisations remain distant from the grassroots, and the Union Committees have not found a stable role, being variously told to mind social development or to assist in credit administration. Lately, Caritas has been attempting an intermediate structure

between Thana and Union for more efficient loan processing, with some Apex Organisation workers each being responsible for two or three Unions. This may further undermine the Union Committees. Caritas' commitment to its Thana Federations has also brought with it a clear understanding for the need to have staff (never mind that these are sometimes called paid volunteers) and to provide for adequate remuneration of the staff. In the absence of a transfer of formal employment, the RDRS has left those needs largely unresolved for its Union Federations. On the other hand, by not transferring staff to its Federations, RDRS has retained a mechanism for forming new primary groups. In Caritas, neither the Apex Organisations nor the Union Committees have an incentive to recruit because new groups would only further dilute the limited credit funds.

A major strength of the Caritas' approach to Federations flows from its funding security. Caritas' own sustainability does not depend on the success of its credit programmes, and it can therefore support the growth of its Apex Organisations without consideration for its own financial survival. It has used that freedom to accept more poor credit risks, by tightening eligibility criteria for new group members to a maximum of half an acre landholding. RDRS, with its 1.5 acre cut-off point for group members, is less likely to reach many of the hard-core poor. In addition, Caritas has documented a relatively sophisticated understanding of the social changes that have taken place in its work

---

One of the problems that Caritas has solved is to provide for adequate remuneration of those who work full-time for its Apex Organisations.

---

environment, leading it to predict that current group formation strategies will prove less and less effective and will have to be replaced by more functionally specific groups, particularly along professional lines. Being relaxed about its credit operation and optimistic that the Apex Organisations will be financially viable by the year 2000, Caritas can afford to develop visions for new programmes to assist the poorest.

Most of the social action by the Apex Organisations is gender related. But when it comes to real power, as indexed by Management Board membership and Thana level staff, the women are lagging behind (as they do in RDRS). Caritas has noted that the tension between economic and social development is increasing. This kind of conflict is also present in the RDRS Union Federations, but does not seem to be that strong. One reason may be that the RDRS Federations are as yet less heavily tied down by credit programmes and the concomitant expectations. Moreover, at the Union level, Federations may have more scope to become practically involved in social issues, by participating in local conflict resolution. Thana Federations may lack such a training ground, making it more difficult for them to acquire experience and confidence in social issues. But in other ways, both NGOs may experience the same conflict. Caritas' Apex Union workers, like RDRS' Union Organisers, are given loan disbursement targets (currently Tk. 450,000 per worker and year) and are at the same time told to respect and promote the primary groups' social development at its own intrinsic rhythm.

The strong and weak points of the Caritas approach are known thanks to a capacity for self-observation. As noted earlier, national conventions, for which people's

representatives were dignified with prominent roles early on, and external evaluations have been particularly important for Caritas. Conversely, reservations have been expressed about the effectiveness of internal learning processes. The latest DEEDS evaluation (Akthar et al. 1996: 46-49) has something to say that may be true also of RDRS' own organisational learning processes:

*Staff members are not systematically trained in monitoring and little use seems to be made of general monitoring instructions and manuals. As a result criteria are sometimes interpreted differently in the seven regions and possibly even within regions and projects. Information collected at the field level therefore does not always tally with that available at central level. .. Too little systematic data presentation and analysis is done. .. Apex Union workers however seem to be over optimistic in their assessments. .. Internal evaluation is not given a lot of attention. .. The Training, Evaluation and Research Cell (TERC) used to evaluate elements of DEEDS. Recently the evaluation resources have been shifted [elsewhere]. The Caritas Development Institute (CDI) occasionally does study type of evaluations. As yet, whatever few internal evaluations are conducted, broad data collected seems to be the norm. Systematic data analysis and feedback to project management gets less attention (op.cit., 49).*

Obviously, the dialectic between uniformity and autonomy, and the opportunities and constraints for mutual learning, are working out in similar ways for both Caritas and RDRS, despite the different Federation architectures. We suspect that much of this commonality is due to a shared value of social development, and the challenges that this presents in dealing with a difficult social environment for purposes that go beyond credit and credit recovery. Caritas seems to be a natural ally for learning and for struggling.

## **Federations: An Interpretation**

In the space of five years, the Federations rose from a minority experiment to one of the dominant features of the RDRS programme. The process did not go undisturbed; a temporary funding crisis resulting in lay-offs and dented staff morale, attention drained off by the specific demands of more and more bilateral projects, and, more recently, the growth pains of the credit programme all acted as brakes on the progress of Federations. But none of those factors could dislodge it, too strong were the RDRS tradition as an NGO immersed in multi-sectoral programmes and the skills that it had accumulated during more than ten years of working in the field of social organisation. While the directors of RDRS never wavered in their support of the Federation concept, after its universal adoption throughout the working area Federation performance has remained dependant on the quality of local leadership, particularly at the district – in RDRS terms: the programme unit level. The loss of structural diversity has been a price paid to fast expansion during 1992-93 (the “Pocket Committees” between Primary Groups and Unions were dropped). Since then, the multiplication of objectives in generations of policy documents has blurred rather than clarified the vision of what the Federation are eventually to achieve. Staff are divided in their attitudes towards the Federation, and the absence of a clear vision as to how the growth of Federations will affect the relationship with RDRS, is most palpable among some of those who work with them directly, the Assistant Thana Managers. RDRS has not yet translated its commitment to the Federations into staff training and incentives and has very incompletely integrated its credit programme with its armoury of support policies for the Federations. Its organisational memory, the way it is being supplied by disparate monitoring systems, has also not been well harnessed for learning about Federations.

The Federations have grown in an environment that was not static. As outlined in an earlier section, the society in which the RDRS target group lives has become more differentiated socially as well as functionally. Other agencies, particularly micro-lenders, have penetrated the RDRS working area. Instead of an almost uniformly sinking movement, mobility between lower and middle classes in Rangpur – Dinajpur has become two-way as a result of development programmes, including RDRS’, and of economic growth. Women have entered paid work and public spheres in larger numbers.

### ***A response to new risks***

The main thesis of this section is that by supporting Federations, both RDRS and the poor people in its Primary Groups responded to new risks and opportunities that social change created for both sides. Their choice to seek strength in a hybrid form of organisation reflects the as yet marginal contribution (compared to that of product and labour markets) that membership in NGO-sponsored groups makes for the total livelihoods of the poor, as well as the need for the NGO to control credit risks more directly while externalising other types of risks.

For RDRS, the case is easy to make. The Comprehensive Project had been successful, between 1987 and 1991, in organising many more Primary Groups. The capacity to look

after existing groups and to add new ones reached a limit which was painfully felt when RDRS had to lay off staff. Staying with a fixed number of groups would have given free rein to other organisations to bring the unorganised poor into their fold. Moreover, concerns for the long-term sustainability of the existing groups militated for finding new organisational arrangements for them. As Primary Groups took on larger numbers of income-generating projects that needed finance, expertise and supervision, they placed added strain on the Union Organisers and technical support staff. The expanding credit programme demanded that RDRS focus its supervisory energies more sharply on one particular type of risk, loan defaults. Clearly, issues of monitoring and control are at centerstage here. They concern both controlling what the NGO's own frontline workers are doing there "in the outer darkness of rural society" (Robert Chambers) and ensuring service to, and discipline of, the clients when the staff is stretched too thin. Handing over part of the supervisory and support functions to another organisation is the solution. Since RDRS would not gain from paying a third party for that service, voluntary associations raised from the groups to be supported are entrusted. For the remaining RDRS investment (e.g., training) to be productive, these associations need to follow a common format. The Federation policy achieves that. It responds to a problem of monitoring and control - the very condition which economic theory (Rubin 1978: 226) has identified for the emergence of franchises in other contexts.

---

For RDRS, the Federations responded to issues of monitoring and control, and even savings. For the poor, they offer insurance.

---

Why the poor should be motivated to participate in Federations is less obviously a rational choice. RDRS is not a commercial enterprise; therefore to argue that groups of poor people take a franchise motivated by a share of the profits leads nowhere. And, in actual fact, what business profits the Federations have so far made have been reinvested; they have not paid out dividends. The solution lies in the different functions that the Federations have for their leadership and for the rank-and-file membership.

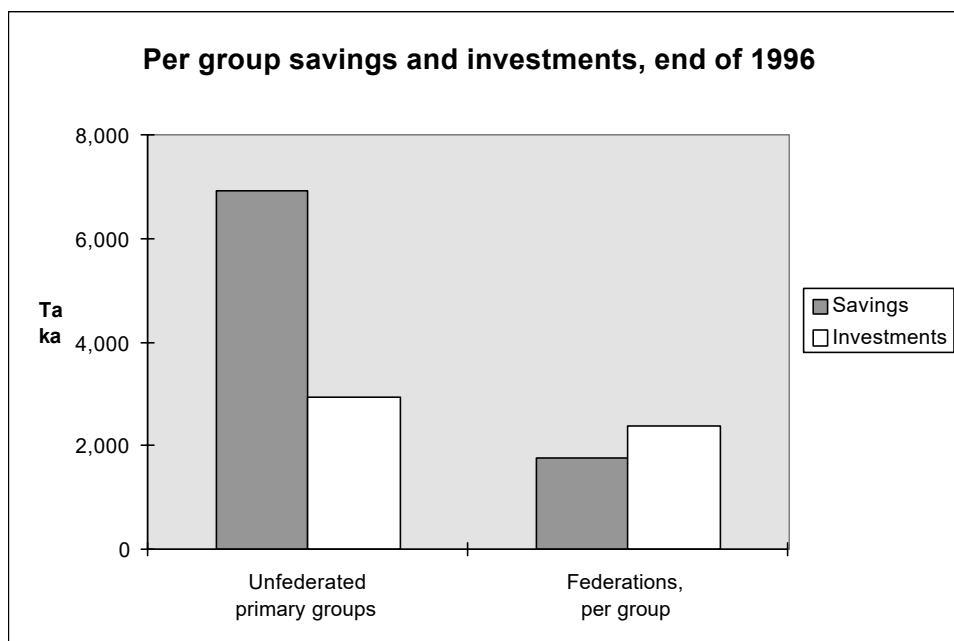
### ***Almost an insurance for the poor***

For the poor people in the Primary Groups, the Federation is a lottery short of a fully functioning insurance scheme. Membership has its costs in terms of time for meetings, monthly subscriptions and possibly disqualification from other organisations' credit programmes. But it buys, at a relatively low cost, a likelihood, small, but not negligible, to receive support and assistance in the event of need. With resources and power being so limited, the Federations do not produce secure entitlements, only improved chances to be helped – the reason why the mechanism resembles a lottery more closely than an insurance. The types of needs addressable under the Federation umbrella are diverse. They will not encompass the entire width and breadth of livelihood risks against which insurance is sought, but they are much broader than what "credit only" organisations can attend to. Loans, help in disputes, access to public resources, community norms such as on legal marriage and child education, flood rescue are but examples in a motley, and

always locally unique, array of needs in which Federation improve their members' position. In several of those areas, the growth of membership further improves the chances of success. "We have strength in numbers" was repeated to us time and again, particularly in reference to dispute settlement and mitigation of oppressive practices such as dowry. Strength in numbers compensates for the public character of many of the goods that Federations produce, which otherwise would dilute the incentive for individuals to invest in them.

All the same, one has to recognise that the members earn their livelihoods overwhelmingly from the sale of their labour and products produced with little or no assistance from their Federations. They survive as households competing in markets outside the Federations and are employed neither by them nor by RDRS. Although less important than the household, the Primary Group is a significant contributor to the individual members' economic sustenance, and it is here that members' savings are kept in large part, ready and available for times of emergency. The Federations on the other hand are on such short strings for loan capital that very few groups have had loans from them. The marginal position of the Federation for its members' livelihoods appears in the following graph.

**Table 8: Financial involvement in Primary Groups and Federations compared**



Calculated after RDRS 1996 Annual Report

In this RDRS reporting, the variables do not satisfy usual accounting definitions, but their values nevertheless provide a useful indirect test. "Savings" and "investments" are both on the asset side, cash on hand and bank deposits vs. money tied up in income-earning projects in as much as they result from members' contributions and undistributed profits.

The equity per group in the unfederated groups is much larger than that in the Federations. Supposing that groups who joined Federations had similar average equity as the still unfederated ones and have not transferred to them more than the average group's share in the Federation, the graph gives an approximation of those assets that members hold at the Primary Group level vs. those given over to the Federations.

Not only do members keep the larger part of their resources "close to their house", i.e. in the Primary Groups rather than the Federations, also their use differs. A larger portion of the Primary Group equity is liquid. It serves as a reserve for emergency needs. This avenue is not open for members dealing with their Federation; for most Federations do not offer savings accounts for their member groups. What is shown as investment here is higher than the savings because Federations invest large parts of the member contributions and undistributed profits in income-earning projects. They are less liquid than Primary Groups. All that is consonant with a lottery or quasi-insurance model in which members do not transfer significant amounts of their resources, but are willing to pay a premium primarily for emergency assistance and for public goods in social development.

### ***Leaders have other reasons***

So much for the ordinary members. The incentives for leaders are different. Most of the chairmen and secretaries that we met have risen from the erstwhile ranks of RDRS contact farmers. They received training, some of them at several occasions, and became chair of a small group. Their leadership experience held them in good stead when the committee positions were filled in the Federations that their groups later joined. Many have been able to

leave their labourer and small farmer past behind. They nowadays combine farming with trade or a production business. They have the means and at least some of the education necessary to spend time on Federation business.

Most of the committee members by now belong to the lower rural middle class. Their normal survival depends on their

---

#### **I rub your back, you rub my back ..**

Not all committee members work for honour and prestige only. But only very few Federations pay any of them salaries or stipends (we heard of Tk. 500 being the informal norm for paid secretaries in the rare cases where they do get anything). Sometimes substitute arrangements are worked out (which may violate Federation rules).

In one Federation, the chairman was allowed a Tk. 50,000 loan for the development of his private fishery business. He pays 4% interest whereas ordinary members are charged 20%. This amounts to a Tk. 8,000 subsidy per year, or slightly more than the amount paid as a salary elsewhere.

We interviewed members of a Primary Group about the soundness of the arrangement. They were all for it, but also said they had not been consulted. They praised the chairman for being hard-working and a good negotiator with the banks. He had already procured them three bank loans in a row, the latest of Tk. 72,000; they did not have to pay the usual 10-20% bribe on the principal. They pointed out that the savings that their group alone thus made had already paid for the Federation income foregone from the chairman's loan.

---

Federations even less than that of the ordinary members does, but their position in this socially mobile group is still precarious. Their economic position alone is too weak to afford them the status of leaders in the local community. In their own words, it is their work as Federation leaders that rewards them with the necessary status and prestige to get there. The committee positions add to their relation capital that helps to solidify their social ascent. Several want to go higher from there. They hope to run for a Union Council seat or, as in the case of the Gogrialdanga chairman, to substantially enlarge their private business with the help of the Federation.

**Table 9: Background of committee members**

Federation and positions	Current incumbent joined RDRS group in / as	Professional activities
Mohendranagar, Chairman	Was chairman of a RDRS Small Farmers' Group. Year unknown.	Had training from RDRS in different fields. Changed principal occupation several times. Had several loans as a group member before the Federation. Currently farmer and stock business
Cholbola, Chairman	1984, RDRS Small Farmers' Group member	Maulana
Gogrialdanga, Secretary	1989, RDRS primary group member. Received training in record keeping at that stage, again for the Federation	Small farmer. Volunteer in the RDRS legal education and in the social literacy programs. For a while, held a job in an IFAD project.
Gogrialdanga, Chairman	1985, RDRS Small Farmers' Group	Farming. Fish nursery business.
Gogrialdanga, other committee members		Most of them are small farmers or businessmen. Only one man and one woman still sell their labour.
Char Ostomir, Chairman	1989, RDRS group member, group chairman	Owns rice mill, is RDRS livestock volunteer
Char Ostomir, Secretary	1989, RDRS group member	Mobile petty business
Char Ostomir, other committee members		Cashier: cloth-seller. Only one out of nine committee members (a woman) sells labour, as against about 60% of the group members.
Tabakpur, Chairman	1984, RDRS Small Farmers' Group member	Farmer

The chairmen, secretaries and cashiers command respect and influence, and in the words of many a Primary Group member, love, because they work hard for the Federation and can dispense favours. Most of them were selected by public acclaim, and ballot elections appear to be rare. As the same persons have been at the helm for four or more years, one has reason to believe that many Federations are ruled by a small oligarchy. That may be true, but the group of persons capable and willing to volunteer leadership may also be small. Ownership in these co-operative-like associations is evenly spread, and everyone

can expect small dividends only. Incentives to keep tabs on the leadership, let alone to assume strenuous roles are therefore weak, and selection of leaders depends on extraneous factors such as prior socio-economic status and prospects for ulterior rewards. Public prestige and the prospects to secure their middle-class position may help to mitigate a chronic structural problem of co-operatives, their inability to “retain superior management” (Williamson 1985: 266). A minority of leaders have not been satisfied with their prestige; they served themselves with loans. For large projects such as major tree plantations (or for novel types such as small factories, although this has been only a theoretical discussion in RDRS so far), the co-operative ownership pattern is seen to be inefficient for management; RDRS contemplates joint business ventures which come closer to investor ownership<sup>7</sup>. Oligarchy, therefore, seems stimulated less by exploitative traits of Bangladeshi society and culture than by the rational choices of both leaders and followers and by functional imperatives of economic projects.

Our explanation, however, is not without difficulty. If only a minority of leaders are motivated by direct material rewards, then the increasing relative importance of economic functions of Federations, and the decrease in importance of social development (for which we gave several indications earlier) does not seem compelling. The Federations do not normally pay dividends to members<sup>8</sup> nor salaries to managers (i.e., chairmen, secretaries, cashiers), and managers therefore should not have an incentive to steer Federation activities away from social development to economic projects. Explanations for such a shift are therefore ad hoc. The RDRS credit programme for unfederated groups may influence expectations of the kinds of benefits that Federations should deliver. However, our interviews found that expectations for loans are only moderately strong. Another possibility is that the growth of Federation capital shifted the gender balance in internal power relations further in favour of men. We have seen that Federations short-change women on loans. Similarly, as Federations invest in more income-earning projects the day-to-day management of which is entrusted to member groups or even individuals, relatively more male groups may be benefiting. Male groups may therefore take a more active interest in Federation affairs and may therefore let economic issues prevail over social ones, most of which concern the better treatment of women. All that

---

<sup>7</sup> Similarly, the aforementioned chairman of Gogrialdanga proposed that the Federation commute the loan that he had taken for the development of a fishery project into shares in his business. Pressures to abandon equal cooperative ownership in favour of other arrangements (e.g., investors-cum-public regulation) grow with more heterogeneous social and technical conditions, as has been shown for other contexts. Milgrom et al. 1992: 563 cite the example of rural (cooperatives) vs. urban (investors and authority) electrification in the USA.

<sup>8</sup> The reasons why this has not happened significantly can only be speculated about. For one thing, Williamson’s argument that “founders are unwilling to share the fruits of their success with newcomers” (op.cit.: 266) may matter here. Perhaps there is simply no practical formula to figure out who is entitled to what, given the low level of accounting skills. Nath (1997) reported that Federation members in Panchagarh complained about that, but referred more to savings deposit administration than earnings distribution. Remember that Panchagarh has been the unit with the strongest community penetration through its Federations, but low equity per member. Tension between founders and a steady stream of newcomers from graduated groups may be slowing down the vibrancy of Federations. The Federations may see a way out of that by expanding their loan programmes rather than paying dividends and by deciding loan allocations by executive committee fiat. However, as we were visiting Federations in the eastern wing, it was reported that Federations in Panchagarh were having major sales from their roadside tree plantations. It would be interesting to see how those proceeds have been disposed of.

may seem far-fetched and is without proof. The dynamic relationship between economic and social concerns needs more research.

### ***Again: Federation as local organisations***

What we have written so far in interpreting the RDRS Federations, answers also many of the questions that can be asked recalling Esman and Uphoff's typology of local organisations. Yes, Federations are co-operatives; for they pool resources from members. This is a source of self-reliance, but also of problems that are not always recognised. The widely scattered ownership leaves the door open for influences from members' stratification and also for continuous dominance by the one financing NGO, RDRS. Yes, Federations are local development associations. All graduated Primary Groups in a Union can belong (and most do). This also has pros and cons. It makes the Federations legitimate partners to negotiate with local government. But it also means that RDRS has had to invest considerably in the Federations' infrastructure, in order to give them public stature, and this has resulted in a majority of them suffering from low equity to outside assistance ratios. In other words, the fact of building Federations at the Union level has to an extent counteracted the self-reliance of their co-operative personality part.

And finally: Yes, Federations are interest associations. Their members define themselves as poor. But with RDRS having fixed a higher landholding ceiling for Primary Group members (1.5 acres) than most other NGOs have, the associates have less in common in terms of absolute poverty than by virtue of biographies of RDRS clients. They are conscious of their strong affiliation with this NGO and use it in the quest for public resources, just as commercial franchisees use trademarks to attract custom. This model allows very poor people to co-operate with better-off ones in a marriage of numbers with leadership resources. But it has its dangers in potential dishonesty and arrogance of the leaders, and in self-selection of the better-off for power, prestige and resources. That can happen already in the Primary Groups before they join Federations. There are few hard indicators for that, but when Haque (1996) studied the RDRS credit programme, he found a very high difference in literacy rates between RDRS loanees and non-members. Data are available also for Grameen Bank loanees and controls from their surroundings. Because the Grameen Bank study used a different definition of education, only the odds ratios are comparable. A look at the next table would suggest that the RDRS programmes, as a price for their greater inclusiveness, dispense their assistance at a higher social altitude. The observed socio-economic differences between Federation leaders and their rank and file appear to confirm that.

**Table 10: Education as a proxy for socio-economic status of target groups among all poor**

	Loanee members	Non-member controls	Multiple of odds ratio
RDRS: Literate	86%	54%	5.2
Grameen Bank: Ever attended school	29%	18%	1.9

Calculated after: Haque 1996: 9, Hashemi et al 1996: 640

The advantage of social heterogeneity among members is that the distance between Federation leaders and RDRS staff is relatively smaller than what it may be in other NGOs. A dialogue on an equal footing seems a stronger possibility than when the client group consists chiefly of very poor persons habituated to subordination and silence. For example, the complaints of the kind that BRAC's group members have made about the cooling of staff-group relations in a climate of greater social distance (Mustafa et al. 1996: 101) were not heard in our interviews. Over time, however, a common organisational history and positive dialogue culture may not be enough to ensure internal democracy in the Federations. In the famous triad of liberty, equality and fraternity, RDRS needs to give continuous incentives for fraternity to grow among Federation members who are freer than in the past, but not equal. Otherwise, the mutual connivance of Federation leaders and RDRS fieldstaff may cement oligarchy and corruption.

By and large, however, RDRS Federations have remained truly multi-functional people's organisations that grow on a wave of grassroots enthusiasm. The poor speak of them with a sense of ownership and pride. We in our analysis have tried to be sober, using concepts such as lottery and insurance, incentives and choices. Such terms are not defamatory of the poor people's struggle when we recognise that their enthusiasm is about the results of their rational choices, together with their hard work and with RDRS' support.

---

Federations have remained multi-functional people's organisations that grow on a wave of grassroots enthusiasm.

---

### ***Environment and performance***

This leads to a last observation in this section. It is about the importance for the Federation outcomes of support and proper management vs. the influence of societal conditions. Earlier we reported on the Esman-Uphoff thesis of weak environmental influence on performance. Our research lends at least some support to their claim that for the success of local organisations the quality of management is more decisive than the social environment. The statistical model on Federation equity suggested that the influence of districts and of the local Union conditions was particularly strong. Because we have both concentrations of strong Federations in the disadvantaged eastern region and concentrations of weak ones in the more favoured western area, the conclusion is that strong support from district co-ordinators made a key difference. At the Union level, our model cannot separate leadership and environmental factors, but we know that about half of success and failure are determined there. Poverty is certainly holding back the upswing of people's organisations, but good decisions, co-operation and support have enabled a large number of Federations to challenge it.

## What Futures?

### ***A results-oriented view***

We are not the first to start reflecting on the future of the Federations. Most workers in RDRS must have given that some thought, if only because the Federations are seen to be affecting their own futures. Some have tried to give future scenarios a clearer expression. The best known is the poster depicting a fully developed Federation centre that we mentioned earlier. Written statements detailing a global vision do not exist. On particular aspects, such as the potential for Federations to become “People’s Banks”, proposals have been circulated among senior staff. In early 1997, a senior staff retreat was held to discuss the future of Federations. It did not produce much of a consensus and left the impression that the senior staff felt the Federations were too much bogged down in their current problems to give space for new visions:

*The Workshop suggested to give special emphasis on social activities along with economic/income generating activities beyond 2000. However, there has been no consensus as to the formation of the Federations at different tiers, the Thana and the District level .. The Federations will have to take their responsibilities of their own future course as to how they would develop themselves. It was suggested that there should be no vision beyond Union level Federations at this point in time. They should be strengthened to bear load (RDRS, Retreat Report .. 1997: 1).*

During the summer 1997, the British volunteer Robert Walker strove to revive discussions on the future of the Federations. Walker, an animal husbandry specialist stationed in Kaliganj, Lalmonirhat, visited many Federations throughout the RDRS working areas. He made notes of his conversations with colleagues and Federation leaders, but lacked an official forum for advancing a common vision. Nevertheless, the ideas that he distilled from his wide exposure to Federations have coherence and lead to questions that are more consequential than what day-to-day muddle-through management offers. Walker asked his contacts (Walker 1997b):

- *What responsibilities should the federations have in five years time ?*
- *What facilities should all federations be expected to have in five years time ?*
- *Should RDRS have an active role with the federations in five years time ? If so, what should it be?*
- *What extra do Federations executive members and RDRS staff require to improve the federations ability to operate?*

Walker found, as we did in our interviews with RDRS workers, that few had ever been asked the first of those questions, and that they found it difficult. Most had, as he says, “little concept that the Federations should have expanded responsibility” or opposed the idea because it put their jobs at risk. Those who embraced it in general would suggest that the Federations have

- *Full control of all groups within the area*
- *Full control of the credit dispersal and collection, and be*
- *Fully responsible for beneficiaries training supported by RDRS core trainers*
- *Fully responsible for implementing the RDRS Federation charter,*

but it is again important to note that those were far from being points of consensus. When it came to discussing facilities, most suggestions used physical images of the Federation as a resource or market centre, not unlike the model Federation on the poster, and did not refer to more abstract tools such as credit instruments, committee structure or legal registration. Training has a strong place in the following wish list, as does machinery for income earning projects:

- *A full training centre (and meeting room) for 20 to 25 beneficiaries training*
- *A guest room for visiting trainers*
- *A fully operational working agriculture and livestock demonstration facility*
- *A health clinic / advisory centre for visiting GOB medics or RDRS health staff*
- *A library*
- *A husking and grinding mill*
- *An oil expeller*
- *A packaging and marketing centre for beneficiaries produce*
- *A small production centre for destitute women or very poor beneficiaries to make goods*
- *A livestock feed centre*
- *A permanent livestock field worker*
- *A school*
- *Agricultural machinery for hire*
- *Livestock medicine stock*
- *Agricultural pesticide and fertiliser stock*
- *Tree nursery for roadside planting*

The implied view is that the Federations ought to be broadly multi-functional also in the future, in other words a belief in economies of scope rather than of scale. Not surprisingly, the RDRS workers asked whether RDRS should still play an active role in five years from now answered with “an emphatic yes”. Many Federation leaders too felt they would still need to depend on RDRS support. More specifically, many staff thought that RDRS should provide to each Federation, perhaps on a cost sharing basis, an accountant to help maintain probity. They were not sure as to whether RDRS should continue to extend credit to groups directly, or whether all credit to groups should be channelled through the Federations. A need was seen by some – it would seem, for the first time in RDRS discussions – to have a phase-out policy for Federations on the road to autonomy, with targets similarly as are used in the Primary Group graduation process. The logical consequence that this would need higher-level Federations for the support of the phased-out ones, however, was apparently not drawn by any of Walker’s colleagues. Finally, among the extras needed to make the transition effective, all Federation members expressed a strong need for more training in group and credit management.

# Average Federation Capital Per Member, June 1997



Figure 12: Average Federation Capital Per Member, June 1997

Walker concludes by stating that RDRS must retain some power to intervene in Federations that go seriously wrong. His notes do not indicate whether that proviso was suggested by the staff or by the Federation leaders or was his own idea.

Walker's implied plan to give the Federations more responsibility has several advantages, but also two serious drawbacks. It starts from a strong goal that Federations must have greater powers and resources, and that RDRS must help them in that. It has a timeframe. Objectives can then be defined for each year and can be reviewed and refined in annual work plans. Road posts can be set, and staff can be held accountable for reaching them in time. The process is universal, involving all Federations.

Those advantages are purely formal, concerning the method of realising the goal. They say nothing about the substance of Federations. However, one of the paramount findings of the Federation experience is that applying "one size fits all"-policies has led to very different outcomes. It has left RDRS to look after a set of organisations that know between them strong differences in capital-per-member ratios from richer to poorer. It has left Federation performance at the mercy of district, Thana and local leadership. A uniform policy, in other words, has not replaced leadership, staff commitment and the concerned poor people's own savvy at all levels below the policy-makers. And for that reason, a simple policy to expand Federation responsibilities would not be enforceable because it would not be capable of immediate consensus.

### ***A process-oriented view***

Moreover, earlier studies, including Walker's proposals, have had a tendency to be maximalist in their recommendations. They asked for many more different things to be done for the Federations, apparently without much consideration for RDRS' organisational capacity or the depth of staff commitment. That can add to system overload. An alternative approach is needed. It may start from these observations:

- The Federations are at very different levels of performance and autonomy. We have, deliberately in this section, placed the map of per member capital to visualise the extent of these differences.
- The vision that most RDRS workers have of the future shape of the Federations, the role that RDRS is to play for them, and their own personal development to be useful participants is not very sharp at present.
- The anxieties of the staff about loss of their jobs in case the Federations become stronger are real. They threaten the integrity of the current and of any revised Federation support policy unless effectively dispelled.

The first observation calls for a differentiated support policy. At the same, all of them are poor people's poor organisations – the average Federation own less than Tk. 250 or US-\$ 6 per member – and will continue to need various types of support. A finer support

policy will take time to devise. In the meantime, a number of urgent problems need to be worked on if only for partial and temporary solutions:

RDRS should enhance the audit of Federations and, if needed, hire additional auditors to ensure that the financial probity of each Federation is examined at least once a year. Audit reports should be linked with the baseline information that SODE is using for grading Federations, and with data on loan repayments. Federations should be helped to produce proper balance sheets that inform their members and RDRS of their value and results as firms with several businesses. This should be done in a way that favours the Federation's autonomy and allows to use key financial information to be transferred from audits to the RDRS Federation monitoring system. RDRS should consider forming roving auditor teams including Federation members adept at book-keeping and representing Federation viewpoints. The RDRS should go through with plans to supply accounting stationery adapted to Federation needs.

Measures should be taken to mitigate the structural antagonism between the credit programme and Federation support. Federations that the audit certifies for good repayment, clean management and democratic elections should immediately be given reasonably larger allocations in the credit programme and should be allowed to charge a mark-up for their management expenses. The loan disbursement targets for Union Organisers (loans that go directly to Primary Groups) should be relaxed so that the social development of young groups carries more weight in

---

**Between staff and Federation, a common vision for the future will need to be worked out. The support policy will also need to become more differentiated.**

**While that will take time, a number of problems need to be tackled urgently. We have selected three for attention: Financial transparency and audits; the antagonism with the credit programme; the revival of the training effort.**

---

the appraisal of their performance. Thana Managers should have authority to direct variable portions of new lending towards Primary Groups, resp. the Federations. The training function has to be so redesigned that realistic and meaningful annual training objectives emerge, and that providers (Rangpur-led subject-matter specialists) and organisers (district staff) can be made accountable for their delivery to Federations. This concerns above all training for social development. Care should be taken for women executive committee members and women's group representatives to be involved with preference.

The vision of the future of the Federations and the place of the RDRS in it have to be addressed through a longer process of internal consultation. The direction and format of the process cannot be determined in this report. The workers will need to understand that the progress of the Federations does not make them redundant; rather, it will make their tasks more demanding and more productive. They will need a vision that makes it clear

that “RDRS is about Federations”. Such a focus will also help to re-position RDRS in public opinion and among donors. It was said about two other NGOs: “In the communities where Grameen works it is widely understood that the central purpose of Grameen Bank is to provide credit to poor women. BRAC is perceived as an organisation concerned more broadly with community development” (Hashemi 1996: 649). There is equally strong reason that RDRS will be recognised as being in the business of supporting poor people’s Federations, and that its staff should be happy doing that.

The Federations deserve that support. They are contributing to the economic development of the poorer sections in Rangpur and Dinajpur. They promote social change particularly for the improvement of the women’s conditions. They create social capital among the poor and in this way counteract the breakdown of solidarity that the aggressive promotion of micro-credit has inflicted to legions of organised groups of poor elsewhere in Bangladesh. As part of civil society, the Federations facilitate the entry of the poor in the political arena and, through their role in dispute resolution, even in judicial functions. They have a redeeming effect against the dominance of the economic sphere over the development of other institutions.

---

#### Four key questions on vision:

- What specific tasks are the Federations likely to take upon themselves for the welfare of the poor?
- How strong is their energy to change themselves and change others?
- In what directions is RDRS likely to change the Federations, and how will it adapt its support systems for them?
- How will RDRS be changed by the Federations?

(adapted from Sülzer et al. 1996: 12-13)

---

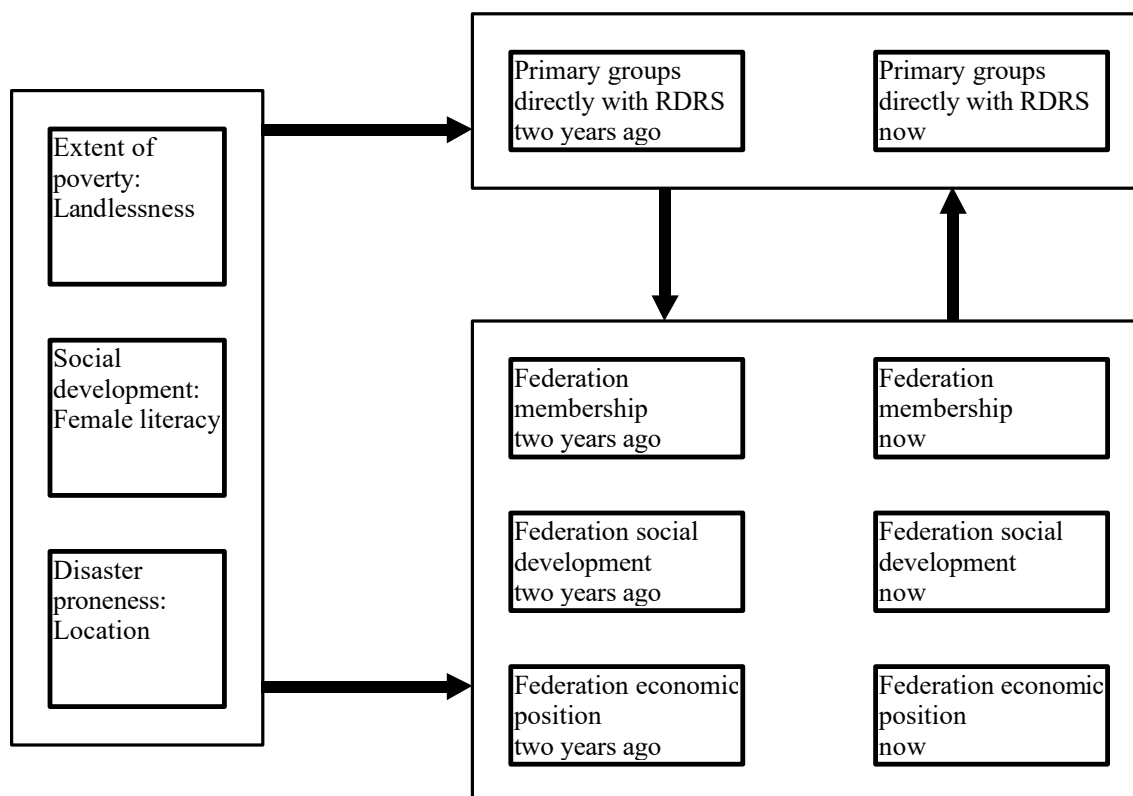
This paper must not conclude on a complacent note, however. The Federations came into existence because of changes in RDRS’ work environment, and they can go out of existence if they and RDRS do not adapt to the next rounds of change in society. Both have to earn their competitive advantage again every new day. For those who find that too abstract, a practical, blunt example may suffice: Many Federations exploit fishponds for which they receive technical and financial support from RDRS.

Other major actors in rural development are scaling up their involvement in inland fisheries development. Unless RDRS can enhance its support functions, such as by operating efficient fish nurseries together with Federations or by buying such services, incentives for groups to stay with the Federations will dwindle. It is therefore not enough to promise secure jobs for good workers, or more loans for good Federations. The visionaries also must anticipate changes in the environment that will impact on this noble partnership, and make it grow by aptly using new opportunities.

## Appendix: A Note on Method

Elements of substantive theory that grounded this research have been presented in the introduction as well as in the section on the theory of local associations. Here we wish to briefly indicate the conceptual framework through which we organised the search for, and ordering of, data. It was inspired chiefly by Esman and Uphoff's (see their 1984) quest to gauge the influence of the societal forces vs. that of management decisions (both RDRS' and the Federations' own) on Federation outcomes. We considered that question important because the Federations are heavily dependent on support from one organisation, and also because the RDRS working area is made up of distinct types of social ecologies. These are primarily the western wing with its more stable conditions, the poorer and more often disaster-ravaged eastern area, and, within the latter, the Chars or sandbar island communities in the Brahmaputra and its tributaries.

Figure 13: Variables and possible causal arrows



The social ecology tradition within sociology provides an ordering formula. By way of example, the study of Zakeri et al. (1994) on rural Pennsylvania may be mentioned. The title of their study “Past activeness, solidarity, and local development efforts” closely describes what we wanted to find out about solidarity groups in a different part of the planet. In fact, by statistically controlling for ecological factors, those authors were able to show that “community action occurs in distressed small communities, varying

positively with past local activeness and persistence of local solidarity” (218). Our own methodological ambition can be expressed in the above graph.

For data reasons, we have not been able to build models realising such a programme in integrated fashion. For one thing, data on the position of the Federations in the past had been lost. Moreover, data on the social ecology and on social development was not readily available for most Federations. We were essentially limited to demographic and financial variables with values for one point in time only, June 1997, as provided by the most recent monitoring exercise of the REMS and SODE unit.

We have tried to follow the analytical scheme, at least figuratively, in ordering also the material obtained through the study of documents and in about 25 interviews with individuals and small groups of RDRS workers and Federation members. We visited five Federations, each for one day, meeting with their executive committees at the centre and two member groups in their respective neighbourhoods. Pairs of male vs. female visitors / Rangpur-based staff members would sit with interviewees of the same gender separately. At the end of the day, we would have small group discussions with the Thana and Assistant Thana Managers and occasionally other workers in the concerned unit.

**Table 11: Federations visited**

<b>Programme unit</b>	<b>Thana</b>	<b>Union</b>
CP Lalmonirhat	Lalmonirhat Saddar	Mohendranagar
CP Lalmonirhat	Kaliganj	Cholbola
CP Kurigram	Rajarhat	Gogrialdanga
CP Kurigram	Ulipur	Tabakpur
Char Dev. Project	Chilmari	Char Ostomir

The data from the monitoring units was nested in the same three-tier system. We took advantage of that to estimate the influence of RDRS financial support on the amount of productive equity in the 259 Federations and to see how the variance of the residual was distributed between programme units, Thanas and Unions. A similar multi-level approach was taken by the Bangladeshi researcher H.T. Abdullah Khan to estimate “A Hierarchical Model of Contraceptive Use in Urban and Rural Bangladesh” (Khan 1997) across three tiers (regions, census blocks, and individuals). Although different in theme and detail, our model too uses multi-level regression. However, it is important to note that this procedure is almost the converse of the ecological model used by Zekeri et al. (who use hierarchical regression and canonical correlations). Since we do not have much in the way of ecological data (e.g. amount of landlessness in each Union), the RDRS financial contribution is first controlled for, and then the programme units (as dummy variables) serve as proxies for other RDRS plus social ecology influences (the confounding of these two is clearly unsatisfactory). The remaining variance of the equity is then separated between and within Thanas.

## Bibliography

### ***RDRS documents***

Batkin, Andy, NGOs: the case of RDRS in Bangladesh. RDRS Monograph No. 2. March 1996, Dhaka, RDRS, 1996, 24 pp.

Haque, M. Mainul, et al., Socio-Economic Impact of RDRS Credit Programme. Survey and Research Report No. 10, January 1996, Dhaka, RDRS, 1996, 45 pp.

Haque, Rezaul, The federation concept: RDRS in practice, Dhaka, The Independent, 18 Aug 1996, 1996

Muniruzzaman, Imrul Kayes, Federation Policy (Revised Draft). Inter-Office Memorandum SODECU/6.16/67/97. 24 September 1997., Rangpur, RDRS, 1997, 1 + 12 pp., appendix

Nath, Bhabatosh, RDRS Programme Audit Report - 3; Period January - March 1997, Dhaka, RDRS, 1997, 39 pp

Rahman, Mohammad Habibur, Development of People's Organisation through NGOs: A Study on RDRS Supports to Its Federations. RDRS Monograph No. 4, Dhaka, RDRS, 1996, 18 pp.

Razzaque, M.A., Irregularities in seed-money credits to Federations. Office memorandum. 3 October 1996, Rangpur, RDRS Credit Unit, 1996, 1 p. + app.

RDRS, Quarterly Federation Monitoring System. RED Unit. Undated, Dhaka, 8 pp.

RDRS, Maturity Criteria for Union Federation, dupl., undated, 3 p.

RDRS, Formation and Management System of Federations of Primary Groups. Undated, Dhaka, 24 pp.

RDRS, Development Programme Policy, 1996 - 2000, January 1996, Dhaka, 1996, 38 pp.

RDRS, Project Proposal: Regional Federation Network and Advocacy Support Project. November 1996, Dhaka, 1996, 10 pp., map

RDRS, The RDRS Approach to Group Organisation and Development Education. Basic Development Series No. 1, June 1997, Dhaka, 1997, 11 pp.

RDRS, Retreat Report on Federation Policy, 26 March 1997, Dhaka, 1997

RDRS, Quarterly Monitoring Report No.2 (April-June) 1997, Rangpur, 1997, 29 pp.

RDRS, Strategy for RDRS, 1996-2000, draft, undated, Dhaka, RDRS

RDRS Bangladesh, Baseline Information on The Situation of Poor Rural women and Legal Education Needs. Survey and Research Report No. 8. December 1995, Dhaka, RDRS, 1995, 14 pp.

Shelley, Selina, Union Federation Survey Report. Survey and Research Report No. 6, June 1995, Dhaka, RDRS, 1995

Vincent, Fernand, Towards Greater Financial Autonomy of RDRS. Survey and Research No. 9. December 1995, Dhaka, RDRS, 1995, 45 pp.

Walker, Robert, RDRS. The Federations. A report of field observations. August 1997 ( Walker 1997a), Kaliganj, RDRS, 1997, 4 pp.

### ***Interview***

(No name retained), Interview. Union Parishad Chairman, Tabakpur Union, 20 September 1997, Tabakpur, Ulipur, 1997

(No names retained), Interview. Executive Committee, Ostomir Char Federation. 22 September 1997, Char Ostomir, 1997

Akaster, Nazima, Ava Akaster, Interview. Union Organizers, Char Development Programme. 23 September 1997, Char Oshtemir, Kurigram Dist., RDRS, 1997

Akbar, Kamaluddin, Interview. Director RDRS. 9 September 1997, Dhaka, 1997

Akhima Begum, Lal Banu, Interview. Members, Executive Committee, Ostomir Char Federation. 22 September 1997, Ostomir Char, Kurigram Dist., 1997

Aktaruzzaman, Interview, RDRS, Social Organization & Development Education Officer, Kaliganj, Sep 17 97, 0

Alam, Nural, Dr., Interview. RDRS Programme Coordinator. 14 September 1997, Rangpur, 1997

Alam, Ashraful, Interview. Chairman, Mahendranagar Union Federation, Lalmonirhat Saddar Thana, 18 September 1997, Mahendranagar, 1997

Alam, M. Jahangir, et al., Chairman and members, Tabakpur Union Federation, 20 September 1997, Tabakpur, Ulipur, 1997

Alauddin, et al., Group discussion. RDRS office, CharDevelopment Programme, Char Ostomir. 23 September 1997, Char Ostomir, 1997

Anwara, Kamola, et al., Group discussion with members, Female Primary Group near Ostumir Char Federation center. 22 September 1997, Ostomir Char, Kurigram Dist, 1997

Armstrong, Allen, Interview. LWS Representative. 12 September 1997, Dhaka, 1997

Azad, M. Abul Kalam, Interview. Chairman, Cholbola Union Federation, Cholbola, Kaliganj Thana, 19 September 1997, 1997

Bala, Giri, Chine Bala, Amitra Bala, Interview, Gharialdanga Union Federation. Members of Kishamat Nakhander Primary Group. September 21, 1997, Gharialdanga Union, 0

Bala, Jhum, et al., Interview. Primary Group members, Purba Duhuli No. 3 Female Group, Chalbala Union, Kaliganj, 19 September 1997, Duhuli, 1997

Bala Dev, Shree Moti Kazal, Interview. Member, Executive Committee, Tabakpur Union Federation, and member of Bamonerhat Female Group, 20 September 1997, Tabakpur, Ulipur, 1997

Barman, Jaganmath, Interview. Chairman, Duhuli No. 1 Male Group, and member of Chalbola Union Federation, chalbola, Kaliganj Thana, Lalmonirhat, 19 September 1997, Duhuli, 1997

Barman, Sri Birijondro, Interview. Cashier and members, Devotor Khuddro Krishok Dol (now: Purush Dol), member group of Gharialdanga Union Federation, Rajarhat Thana, 21 September 1997, Poshuna Devotor, G. R., 1997

Bhan, Mossamad Samasta, Interview. Chairman, Tabakpur Beparipara Female Group, 20 September 1997, Beparipara, Tabakpur, Ulipur, 1997

Bhuiyan, Danial, Interview. DEEDS Project Co-ordinator, Caritas Bangladesh. 10 September 1997, Dhaka, 1997

Bhuiyan, A.H., Interview. RDRS Strategic Advisor. 16 September 1997, Rangpur, 1997

Biswas, Pronob, Discussion. District Coordinator: Kurigram Comprehensive Program Unit Sept 21, 1997, Kurigram, 1997

Bulbuli, Rani, Interview. Cashier, Mahendranagar Union Federation, and member of Nizpara Female Group, 18 September 1997, Nizpara, Lalmonirhat, 1997

Chakaborty, Hemoja, Conversation/interview; RDRS 9/17, Rangpur, September, 1997

Chakroborty, Mukunda Chandra, Interview, Assistant Thana Manager, Lalmonirhat Saddar Thana, 18 September 1997, Lalmonirhat, 1997

Chowdhury, Prasun Kanti, Safiqur Rahman Sarker (ATM) MasudurRahman (ATM), KamolaRani Paul, (ATM), Interview. Gharialdanga Union Federation. September 21, 1997., Gharialdanga, 0

Chowdhury, Prasun Kanti, M. Safiqur Rahman Sarker, Ahm. Masudur Rahman, Kamola Rani Paul, Group discussion. RDRS Thana Manager and Assistant Thana Managers, Rajarhat Thana, Kurigram District. 21 September 1997, Rajarhat, 1997

Das, S.K., Interview. RDRS, Lalmoniarhat , District coordinator. September 17, 1997, Lalmoniarhat, 0

Dupuis, Dr. Juergen Leo, Interview. GTZ Project Coordinator. 30 September 1997, Dhaka, 1997

Gouni, Ousman, Interview. RDRS, Thana manager, Lalmonhiat. Saddar Thana, 17 Sep 97, 1997

Haque, Rezaul, Interview. Head of Research, Evaluation and Documentation. 9 September 1997, Dhaka, 1997

Hossain, M. Delwar, and two Federation members, Interview. Vice-Chairman, Mahendranagar Union Federation, Kashipur Shaheb Male Group, 18 September 1997, Mahendranagar, 1997

Hossain, M. Anwar, Interview. Unit Manager, RDRS Char Development Programme. 22 September 1997, Char Ostomi, Kurigram District, 1997

Hossain, Alamgir, Saiful Islam, Jahurul Haque, Group discussion. RDRS Thana Manager, Kaliganj. Ass. District Coordinator, Lalmonirhat, Ass. Thana Manager, Kaliganj, 19 September 1997, Kaliganj, Lalmonirhat, 1997

Hossain, Amjad, and other group members, Interview. Chairman, Fakirer Takeya No. 1 Male Group, 18 September 1997, Lalmonirhat Saddar Thana, 1997

Islam, Rafiqul, Amjad Hussein, Informal conversation 10 September 1997, Dhaka, 1997

Islam, Asadul, et. al., Interview. Cashier, Secretary and two other Executive Committee members, Chalbola Union Federation, Chalbola, Kaliganj, 19 September 1997, Chalbola, 1997

Islam, Saiful, Alamgir Hossain, Jahurul Hoque, Group discussion. RDRS Assistant District Coordinator, Lalmonirhat, Thana Manager and Assistant Thana Manager, Kaliganj. 19 September 1997, Kaliganj, Lalmonirhat District, 1997

Jamila Begum, Interview. Member Executive Committee, Mahendranagar Union Federation, Nizpara Female Group, Mahendranagar, 1997

Maksud, Nuruzzaman, Akbar Ali, Interview. Chairman, member and cashier, Chokidarpara Male Group, and member group of Tabakpur Union Federation, 20 September 1997, Chokidarpara, Tabakpur, Ulipur, 1997

Malek, Abdul, Interview. RDRS Strategic Advisor. 16 September 1997, Rangpur, 1997

Masjid, Abdul, et al., Interview. Chairman and members, Thakurchar Ekota Purush Dol, and member group of Ostomir Char Federation. 22 September 1997, Ostomir Char, Kurigram Dist., 1997

Mohela Khatum, et al., Interview. Members. Noterkainidi Titas Female Group (member of Ostomir Char Federation). 22 September 1997, Noterkainidi, Ostomir Char, 1997

Muniuzzaman, Imrul Kayes, Interview. Coordinator, Social Organization and Development Education. 14 September 1997, Rangpur, RDRS, 1997

Pramanik, Sreekumar, Interview. Union Organizer, Mahendranagar Union, Lalmonirhat, 18 September 1997, Lalmonirhat, 1997

Rahman, Mizanur, Rehajul Bakhsi, Abdur Rashid, Group discussion. Assistant Thana Managers, RDRS Ulipur, 20 September 1997, Ulipur, 1997

Rahman, Abdul, Jotindranath Barman, et al., Interview. Chairman, secretary and male members of the Executive Committee, Gharialdanga Union Federation, Gharialdanga, Rajarhat Thana, Kurigram District, 21 September 1997, Gharialdanga, 1997

Rani, Joshana, Shaira Khatum, Interview, Members of Executive Committee, Gharialdanga Union Federation. September 21, 1997, Gharialdanga Union, 0

Rani, Gita, Interview. Executive Committee Member, Mahendranagar Union Federation, and member Nizpara Shbuz Female Group, 18 September 1997, Mahendranagar, 1997

Rani, Renuka, Protira Rani, Interview. Uttar Barazan Female Group, and members of Cholbola Union Federation. Cholbola, Kaliganj, 19 September 1997, Cholbola, 1997

Razzaque, M.A., Interview. RDRS Credit Coordinator. 16 September 1997, Rangpur, 1997

Saleha Begum, Interview. RDRS Union Organizer, Mahendranagar, 18 September 1997, Lalmonirhat, 1997

Sarker, Selena, Interview. RDRS, Social Organization & Development Education Officer. Sept 17, 1997, Lalmonhiat, 1997

Sashibala, Sremati, Interview. Executive Committee member, Cholbola Union Federation, Cholbola, Kaliganj, 19 September 1997, Cholbola, 1997

Shelley, Selina, Interview 9 September 1997, Dhaka, 1997

### **Books and journals**

Akhtar, Hamida, Dr., Dirk R. Frans et al., Replication or Innovation? Evaluation of DEEDS - Phase V, IWDP, ICDP, IHDP, HDP-B. October 1996, Dhaka, Caritas Bangladesh, Bilance-Misereor, 1996, 83 pp.

Charlick, Robert, Animation Rurale Revisited: Participatory Techniques for Improving Agriculture and Social Services in Five Francophone Nations. Report to Office of Multi-Sectoral Development, Bureau of Science and Technology, Washington, USAID, 1984

CIRDAP, Report on Rural Development in CIRDAP Member Countries 1994-95. Centre on Integrated Rural Development for Asia and the Pacific Study Series no. 171, Dhaka, CIRDAP, 1996, 137 pp.

Coleman, James S., Social Capital in the Creation of Human Capital, Chicago, American Journal of Sociology, 94, Supplement, 1988, S95-S120

Cracknell, Michael P., Cooperatives: Has Their Time Come - or Gone? (Rural Cooperatives and Participatory Development). October 1996, Rome, FAO, Rural Institutions and Participation Service, 1996

Csaki, Csaba, Yoav Kislev (eds.), Agricultural Cooperatives in Transition, Boulder, Westview Press, 1993, 413 pp.

Dülfer, Eberhard, Jahani Laurinkari (eds.), The International Handbook of Cooperative Organizations, Goettingen, Vandenhoeck and Ruprecht, 1994, 961 pp.

Esman, M.J., N.T. Uphoff, Local Organizations. Intermediaries in Rural Development, Ithaca, NY, Cornell University Press, 1984

Evers, Hans-Dieter, Solvay Gerke, Global Market Cultures and the Construction of Modernity in Southeast Asia, London, Thesis Eleven, 50, 1997, 1-14

Gow, David D., et al., Local Organizations and Rural Development: A Comparative Reappraisal, 2 volumes, Washington, Development Alternatives, Inc., 1979

Hashemi, S.M., Schuler, S R; Riley, A P, Rural Credit Programs and Women's Empowerment in Bangladesh, World Development, 24/4, 1996, 635-653

Luhmann, Niklas, Zeit und Gedächtnis, Opladen, Soziale Systeme, 2/2, 1996, 307-330

Milgrom, Paul, John Roberts, Economics, Organization, and Management, Englewood Cliffs, Prentice Hall Int. Inc., 1992, 621 pp.

Mustafa, Shams, Isharat Ara et al., Beacon of Hope: An Impact Assessment Study of BRAC's Rural Development Programme, Dhaka, BRAC Research and Evaluation Division, 1996, 131 pp. + a.

Putnam, Robert D., Bowling Alone: America's Declining Social Capital, Journal of Democracy, 6/1, 1995, 65-78

Rubin, Paul H., The Theory of the Firm and the Structure of the Franchise Contract, Journal of Law and Economics, 21, 1978, 223-233

Sülzer, R., A. Zimmermann, Organisieren und Organisationen verstehen. Wege der internationalen Zusammenarbeit, Opladen, Westdeutscher Verlag, 1996, 332 pp.

Zekeri, Andrew A., et al., Past activeness, solidarity and local development efforts, Rural Sociology, 59/2, 1994, 216-235

## Glossary

ATM	Assistant Thana Manager. ATMs supervise the Union Organisers. Federations are looked after by one or several of the ATMs in a Thana (see Thana).
CDP	Char Development Project. Chars are inhabited sandbar islands in the Brahmaputra river and its tributaries, many of them transient due to river erosion. Based in Kurigram. One of the bilaterally funded projects.
CP	Comprehensive Project. The major programme of RDRS offering services from different domains in an integrated fashion. Has five territorial units (Thakurgaon, Panchagarh, Nilphamari, Lalmonirhat and Kurigram), each directed by a district co-ordinator. Supported by subject-matter specialists who report to their technical co-ordinators in Rangpur
GMH	Group Member Households. Membership size in Primary Groups and Federations is figured in GMHs.
RDRS	Rangpur Dinajpur Rural Service
REMS (sometimes RMES)	Rangpur Evaluation and Monitoring Section. Responsible for the monitoring of RDRS work with the Primary Groups. Reports to the Research, Evaluation and Documentation Department in Dhaka
SODECU (or SODE)	Social Organisation and Development Education Coordination Unit. Responsible for policy, training, monitoring of the Federations. Based in Rangpur.
SODEO	Social Organisation and Development Education Officer. The subject-matter specialists responsible for training of Federation members. Typically two per programme unit (district)
Taka	The Bangladeshi currency. In September 1997, US-\$ 1 = Tk. 44
Thana	A subdistrict. One tier up from the Union, one down from the District.
Union	The lowest local government tier in Bangladesh. Has an elected council, the Union Parishad.
Union Organiser	Frontline development worker at the base of the RDRS staff pyramid. Typically 2-3 per Union.

## **The Reader's Own Notes**

## Addresses

Rangpur Dinajpur Rural Service  
RDRS Bangladesh  
Mr. Kamaluddin Akbar  
Executive Director  
GPO Box 618  
Dhaka 1000, Bangladesh

E-mail: [rdrs@bangla.net](mailto:rdrs@bangla.net)

Dr. Aldo A. Benini  
Social Science Consultant  
Survey Action Center  
Global Landmine Survey  
2001 "S" Street, NW, Suite 310  
Washington DC 20009, USA

E-mail: [abenini@starpower.net](mailto:abenini@starpower.net)

Janet K. Benini  
4817 48<sup>th</sup> Street NW  
Washington DC 20016, USA

E-mail: [janet.benini@rspa.dot.gov](mailto:janet.benini@rspa.dot.gov)