

The political economy of the Chars of northern Bangladesh

Introduction

The three major rivers of north-western Bangladesh, the Jamuna, Padma and Teesta, continually erode and deposit soil to form riverine islands. These islands are known as Chars, some of which are attached to the mainland while others are very remote. Historically, the Chars have been affected by geographic isolation and they are more vulnerable to natural hazards like flood and erosion which cause damage to crops, livestock and housing. Moreover, geographic isolation reduces access to basic services such as education and healthcare and economically the Char communities are largely dependent on agriculture and livestock rearing. Despite this remoteness and vulnerability, the northwest chars are home to more than two million people, living in 500,000 households in more than 1,200 villages.

This paper builds on the work of the Making Markets Work for the Chars project (M4C) in the north of Bangladesh. This programme was established in 2012 with the aim of reducing poverty and vulnerability of char households in ten districts of northern Bangladesh by facilitating market systems that enhance opportunities for employment and income generation. M4C has worked in a number of ways to strengthen the market systems for Char dwellers. The central aim of its activities has been to build local market institutions and to improve delivery of relevant private and public services to the chars. M4C's interventions support large companies (agro-input, agro-processing, financial institutions, etc.), public agencies (research, extension, etc.) and local market actors (distributors, retailers, traders, etc.) to expand their activities to peripheral char markets; and provide their products and services as they do in the mainland markets. M4C also formed and facilitated linkages between more than 400 producer groups, to attract private-public investments to the chars.

As with all development projects, the M4C programme works to deliver the targets set in its logframe, and has been extremely successful in meeting these. As at August 2018, the programme's achievements included benefitting 92,000 households, creating an additional 200,000 working days for beneficiaries, and generating an additional in excess of one billion Taka of additional income to Char communities. This is equivalent to BDT 11,000 per household¹. The economic impacts of the project have therefore been consistently demonstrated by the annual reports, and performance against log-frame has been strong.

This paper describes the results of a research process designed to look 'beyond the logframe' at other impacts and effects which the M4C programme has had on the Char region. This stems from a realisation amongst the project team that, no matter how important were the log-frame related economic achievements, the programme has had wider 'dynamic' impacts on the Char communities and wider society in which they operate. This is one of a pair of papers looking at the wider impacts of the M4C project, the other being a paper examining the impact of the project on vulnerability of Char communities and households. This sister paper found that the M4C programme has had significant positive impacts on reducing vulnerability of Char populations. By increasing their

¹ Swisscontact (2018) *M4C project orientation and field visit programme*. PowerPoint presentation developed for the visit of the international consultants for this study and that on vulnerability.

knowledge and understanding of farming techniques M4C has provided Char communities with the ability to diversify their range of economic activities, and so become more resilient to shocks as and when these occur. Consequently, vulnerability has been much reduced.

What is explored in this present paper is the political economy impact of the M4C project. Political economy analysis (PEA) is a process to which donors frequently refer, but which is not always conducted in a robust and thorough fashion. Part of the challenge is that 'political economy' can sound rarefied, as if it has more to do with academic research than with the tough business of development programming. In practice, however, PEA should be central to good development programming as what it does is to shed light on power structures in target communities. PEA therefore is the process which informs development professionals about the wider system in which they are working, in order that they can assess how their activities might change that system in ways that will be durable.

In the case of the M4C programme, this paper explores the ways in which the programme has changed the balance of power between different actors in the Chars. Because Char farmers and their households have been the focal beneficiaries for this programme, this paper comments principally on the changes in power dynamics between the Char communities and the main parties with whom they interact. These include the retailers from whom farmers source inputs such as seed and fertiliser; traders to whom they sell their goods; financial services providers of various types; and those who provide 'technical' inputs such as cattle insemination.

However, the paper moves beyond the immediate relationships between farmers and their working counterparts, and also explores changes in the wider regional society in the Chars. Changes in the balance of power have occurred not just between farmers and other stakeholders, but also between those other stakeholders themselves. The paper thus explores relationships with 'formal' local authorities, for example Union and Upazila councils; with more informal power brokers; and with other local businesses such as shops and cafes.

Under normal conditions, a project working on private sector development and market systems would undertake a PEA during its inception phase, in order to assess the best points of entry and the potential risks to project performance. PEA is therefore intended as a way of understanding how project interventions need to be modified to be more likely to succeed given the prevailing local contextual conditions. The research described in this paper has turned this round, and looks at how a market-based intervention can affect the political economy. The aim of any development intervention, and in particular those focussing on market systems development, should be to effect lasting, durable change which will outlast the duration of the project itself. If this is not achieved, then any benefits of the programme will quickly ebb away. Systemic change is only achieved by making fundamental changes to the political economy of a project's focal community – to alter, for good, the power balances in that society. The main aim of this paper is to describe changes that have occurred in the political economy surrounding the Chars farmers, and therefore to understand the sustainable impact of the M4C programme.

This paper finds that; indeed, quite significant changes have occurred in the power dynamics of the Chars, with farmers (generally) in a much stronger position than was the case before the development of the M4C programme. The sister paper to this finds that the M4C interventions have reduced the

vulnerability of Chars communities by increasing their knowledge and so broadening their range of economic options. This paper finds that the interventions have also significantly improved the ability of Chars farmers to interact proactively with those with whom they come into contact. They are no longer passive victims of events, or recipients of aid, but have real agency in what they do.

Finally, therefore, this paper examines the implications of these findings for development programming as a whole. Historically, PSD has been seen an intervention which can be brought on further into the process of creating a development plan for a country or community. Hitherto, the primary focus of development actors has been on areas of programming such as education, healthcare provision, or even asset-transfer as a means to reduce extreme poverty. What this paper argues, by contrast, is that private sector avenues are actually the most effective way of creating lasting change in focal communities. The study described in this paper demonstrates clearly that a market-systems intervention – M4C – has brought about fundamental changes in the political power structures of the communities in which it is working. Therefore, it appears that the best way into topics like governance, healthcare, education and so on is through a market-system point of access since this throws up highly specific issues that demonstrably need to be addressed, not hypothetical ones.

The Project

The Making Markets work for the Chars project (M4C) began in 2012. It built on the work of an earlier project in this region, the Chars Livelihood Programme, which had operated in the region from 2006. The programme's aim has been to improve the livelihoods capital of the char dwellers and reduce these communities' vulnerability to economic and natural shocks. The core means of achieving this has been to build local market institutions and improve delivery of relevant private and public services to the chars. M4C's interventions support large companies (agro-input, agro-processing, financial institutions, etc.), public agencies (research, extension, etc.) and local market actors (distributors, retailers, traders, etc.) to expand to peripheral char markets and to provide their goods and services as they do in the mainland markets. M4C has also formed and facilitated linkages with 419 producer groups, to attract private-public investments to the chars. Through time-bound partnerships, M4C offered financial and non-financial supports for a number of activities including: market research; strengthening capacity and improving relationships and linkages between market actors; and piloting and scaling up of inclusive business delivery models.

Based on recommendations from the project's mid-term review, M4C has streamlined its portfolio of interventions under three intervention areas: input supply and production services; output market and post-harvest/processing services; and financial services. These intervention areas target both crop production (maize, chilli, onion, mustard, groundnut, pulses, rice, jute, etc.) and livestock rearing (bull fattening). A core aim has been to encourage farm households to focus on commercially-relevant products. Since the intervention areas cut across several sectors, this allowed the project to contribute to addressing the broader systemic change constraints faced by the chars. This also fits into the narrative of M4C, one of which is to catalyse wider changes in the market system in terms of number and types of services providers, availability and quality of services, changes in linkages and relationship with market actors, so that the scale and sustainability is achieved resulting in benefits for char dwellers both during and beyond M4C's project duration.

M4C addresses cross-cutting themes like women economic empowerment (WEE), disaster risk reduction (DRR), governance and conflict-sensitive programme management (CSPM) in project design and implementation. During the extended period, M4C is also supporting Char Development Research Centre (CDRC), a specialized centre of Rural Development Academy in Bogra dedicated to improving livelihoods of poor char dwellers. The programme also works with selected NGOs to archive and disseminate knowledge and lessons of various char development initiatives among public agencies, private sector actors, donors, NGOs, academics and media. This is to create awareness and mobilise initiatives and investments from wider public and private sector actors, beyond the project period.

Methodology

The paper describes a research process undertaken to understand some of the changes in power structures and influence in the Chars communities. Secondary research has been undertaken in order to be able to describe the historic structure of these communities, but the main focus of effort was primary research undertaken in the area in early October 2018. As had been agreed in the early research design, the study has been largely qualitative in nature, and so therefore is based on interviews and focus group discussions (FDGs) with key stakeholders in the Chars, specifically in the Jamuna, Padma and Teesta Char areas.

The research team consisted of 24 people, including an international specialist as Team Leader, members of the M4C project team, and other staff drawn from elsewhere in Swisscontact. The primary reason for primarily using Bangladeshi staff was to reduce the risk of interview bias. It was very obvious during the research that internationals remain something of a novelty in the Chars, and therefore it would have been difficult for a team of international interviewers to develop the trust of locals, and to have them speak frankly. By contrast, Bangladeshi staff spoke the same language and could develop excellent rapport with interviewees.

The team met for an initial workshop in Rangpur to develop a shared understanding of the aims of the research. What was also important at this stage was to ensure that all the researchers shared a common understanding of the challenges facing Chars communities, and an understanding of how farmers interact with each other and with other stakeholder groups.

This was important firstly, because not all those undertaking the research had prior knowledge of the Chars, and so needed to be brought up to speed. Secondly, even those who work in the Chars as part of the M4C programme work in different places and on different aspects of the programme, and therefore had different perspectives on the challenges facing these communities and the existing power dynamics therein. Pulling these different sets of experience together to form a common understanding of the basic structure of the communities was important in developing what was, in effect, a baseline about the Chars against which change could then be evaluated. Given that this was to be primarily a piece of qualitative research, the Rangpur workshop also served to develop an interview rubric to ensure that the same approach would be taken by all researchers when they went to the field. A copy of this rubric is included in this report as Appendix A.

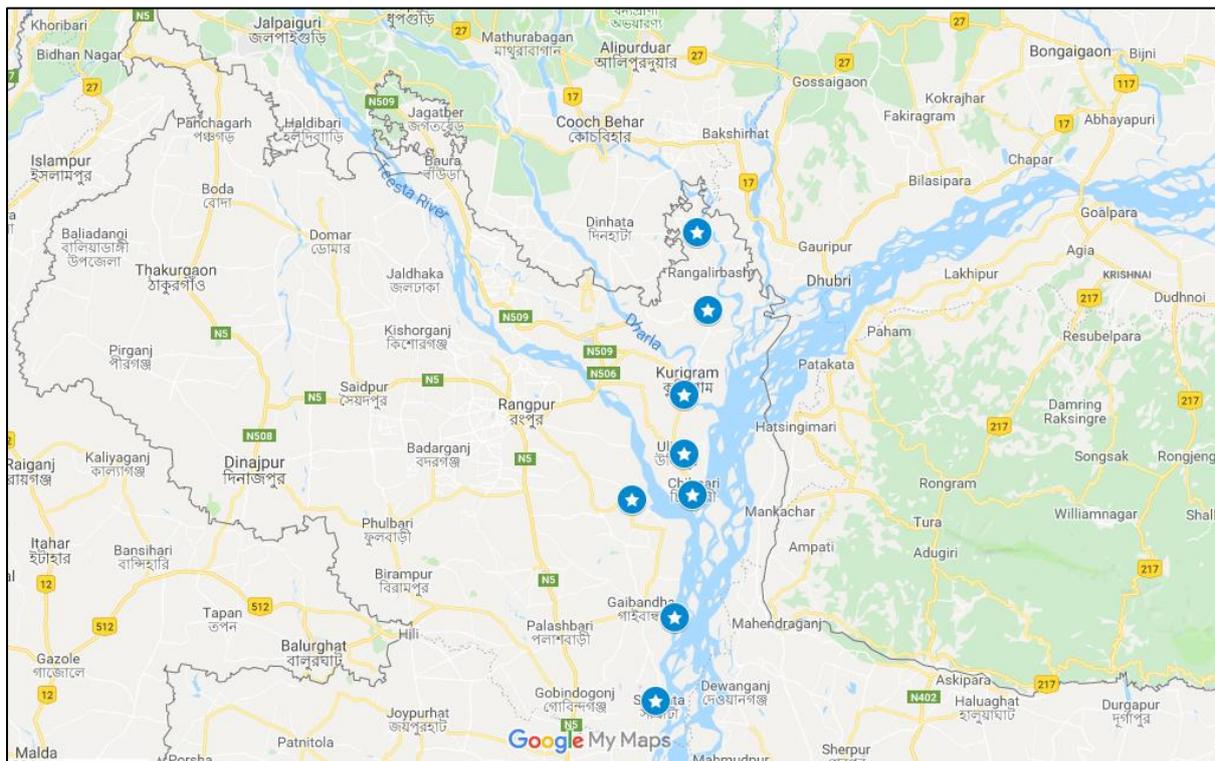
The research team was then divided into 12 groups of 2 who then spent three days in Chars communities. Interactions took a number of forms, including individual and group interviews, and focus group discussions. A range of different stakeholders was interviewed, including:

- Farmers: This included farmers engaged in a range of different areas of agriculture, both arable and livestock-rearing. Where possible, efforts were made to speak both with male and female farmers.
- Business partners: This included both retailers who provide inputs to farmers, such as seeds and fertiliser; and traders who buy farm products.

- Financing ‘organisations’: The Chars incorporate a wide range of financing entities, ranging from ‘loan sharks’ to MFIs and (more rarely) commercial banks.
- Technical intermediaries: As well as those providing finance, farmers also engage with others providing support business services. Some of these are governmental, for example government agricultural outreach workers, and others are commercial, for example those providing livestock services.
- Community leaders: Community leaders included those with both formal and informal power in the local areas. On the formal side, interviews were held with Union and Upazila members; and on the informal side interviewers spoke with individuals such as imams, who are well-regarded in the community, and who provide advice and support.
- Other service providers: Both within the Chars themselves, and in communities near markets, there are a range of individuals providing services unrelated to the business of farming, but whose client base are farmers, traders and others. Such service providers include cafes, rest houses and motorcycle riders.

In practice, the range of types of individuals with which the team engaged varied to some degree from place to place, depending largely on practical issues of who was available and willing to speak at the time when researchers were on-the-ground. On one occasion, for example, on the day the team visited many of the farmers in the Char were at a meeting to hear a land-right dispute between two brothers, and therefore it was hard to arrange time to speak with them. Moreover, there were variations between the different Chars visited. These differences included the age of the Char, and therefore the longevity and maturity of farming on it; the remoteness of the Char from markets, and wider support networks; and the length of time over which M4C had been engaging with the community. However, the initial workshop served to ensure that, even given these variabilities, similar cohorts of respondents were engaged with across all the Chars and markets (Haats) visited by the team.

The use of 12 2-person interview teams over three days resulted in 36 days-worth of interviews and engagement. Given that these interactions were based on a common interview rubric, and on a shared understanding of the stakeholder groups to engage, the result of the primary research was to produce what were, in effect, a set of mini case studies drawn from a range of communities. The study covered eight communities in the three Char areas of the Jamuna, Padma and Teesta.



That said, the methodology is necessarily limited in several ways. Firstly, the engagement with communities was time-limited and therefore not as deep as might have been ideal. To some extent, the impressions formed through the interview process were snap-shots not more thorough-going insights that would be developed only with more time. Secondly, the comments of respondents had to be taken at face value, and it was not possible always to check these objectively. In some cases – for example in relation to prices paid at market – it was possible to cross reference comments from interviewees through talking to others. In other cases, this could not be done. Finally, of course there is the general limitation of any type of case study-based research. Because case studies are not based

on the selection of a statistically-sound cross-section of the focal population, the results from the cases studied cannot be generalised to the wider population under review.

It also needs to be noted that the PE changes detailed in this study are not universal. There were considerable variations between Char communities in the changes in power relationships that they had experienced. These differences were due in part to differences in the Chars themselves – for example, some were more remote than others from services such as healthcare and education. However, also important was the length of time during which the M4C programme had been working in a Char. Those communities which had experienced the greatest changes were often (though not universally) those in which M4C had been operating longest. Nor is it possible to say, on the basis of this study, how widespread the effects are in the Chars in which M4C operates. The research team visited only eight sites, not all those with which the programme works. It is also the case that some important PE changes may not have been identified by this study. Equally, negative changes also might not have been picked up on.

That said, despite all these variables, a picture emerged from across the populations with which the team engaged which did demonstrate significant commonalities in terms of changes in the political economy power dynamics. Following the field visits, a further workshop was held in Rangpur to draw together the insights gained from stakeholder interviews and FGDs. Whilst the experiences of communities varied greatly, a number of common themes emerged which suggests strongly that the M4C project has had significant impacts on the power dynamics in the Chars.

This report describes these changes, and how they have occurred.

Chars communities: the background

Historically, the communities living in the Chars areas have been regarded as amongst the most marginal, vulnerable and poverty-affected in Bangladesh. A 2002 study by the World Food Programme² found the Char households to be the most food-insecure in the country. This is a result of the seasonality of food production. Typically, two rice crops are planted each year, roughly in March and September. However, in the period between planting and harvesting, employment opportunities are depressed, and food supplies are very low. The phenomenon is referred to locally as *monga*, meaning hunger.

Although this seasonal variability is anticipated, the options for households to address the challenge have been limited, in particular for those on the lowest incomes. A 2014 study of Char communities observed a number of coping strategies to enable families to subsist during *monga* periods. These strategies are 'often trade-offs between short-term survival and longer-term economic goals, and can include the distress sale of assets, reduction in consumption and high interest usury.'³

Furthermore, the position of these households is made even more vulnerable by the unpredictable impacts of the natural environment, for example floods and monsoons. A series of environmental challenges laid on top of the need to cope with regular periods of food scarcity can have extremely detrimental impacts on families in the longer-term, 'with sustained losses in income, assets, consumption and future household growth.'⁴ These problems are reflected in some of the key human development indicators for these communities. Under-nutrition is wide-spread in the Chars, which is caused both by a diet that is inadequate in terms of quantity and quality, and by poor sanitation hygiene behaviours and conditions. Women who are undernourished are likely to have children who themselves are undernourished. A 2010 DFID report found that adults who were undernourished in childhood are less productive later on in life.⁵ The Chars Livelihood Programme found that one in five Char children were wasted, and 50% were underweight, compared with Bangladesh averages of one in seven and 43% respectively.⁶

The combination of high food insecurity and low income has often resulted in one household member (usually an adult male) leaving the Char to seek work elsewhere – for example as a rickshaw driver in cities such as Rangpur or even Dhaka, or working in garment factories. As a 1999 study by the RDRS reported, the result was a large number of women-headed households, in which responsibility for

² World Food Programme (WFP). (2002). *The coping strategies index, a tool for rapidly measuring food security and the impact. Food Aid Programmes in Emergencies*. Rome:

³ Islam M R & Hossain D. (2014) 'Island "Char" Resources Mobilization (ICRM): Changes of Livelihoods of Vulnerable People in Bangladesh'. In *Social Indicators Research* Vol 117 No 3 (July 2014) pp 1033-1054.

⁴ Khandker, S. R. (2009). *Poverty & income seasonality*. World Bank Policy Research Working Paper 4923. Washington DC. World Bank.

⁵ DFID (2010) *The neglected crisis of under-nutrition*. DFID, London

⁶ Chars Livelihoods Programme (CLP). (2010). *Impact of earlier recruitment into the CLP on mother and child nutritional status among chars dwellers*.

child-care, crop cultivation and other tasks devolves entirely to women⁷. Other studies argue that migration has become an accepted approach which households use both to respond to environmental risks, and to diversify income streams. VanWey *et al* argue that rural dwellers 'believe that they could make a better living as migrants and contribute to resilience back home by sending remittances, allowing their families to stay on their land.'⁸ The result is that households send members away to work for different durations as a way of reducing vulnerability to shocks, including climate-related ones. Martin *et al* argue that migration decisions are generally made by the migrant, after consultation with friends, relatives and other members of the community. 'Migration is not seen as a pioneering or risk-taking venture, but a business-as-usual activity despite all the uncertainties involved in it. The migrants trust their social networks to inform them about opportunities and places to migrate.'⁹ Migration has therefore become a normal and socially-acceptable behaviour to respond to environmental change, vulnerability and variability in climate-related factors.

The Char dwellers are further disadvantaged by poor communications links with wider Bangladeshi society.¹⁰ This has significant implications for these communities in relation to the provision of services such as healthcare, education and agricultural extension activities.

Anthropological studies of the Chars communities suggest that their vulnerable position is exploited by those in positions of power with landed elites able to maintain, and indeed expand a position of control and authority. Zaman, for example, describes what he calls a *lathiyali* system of control in the Chars. This, he argues, is a semi-feudal system of relations between landlords and peasants 'in which the local *talukdars* (independent proprietors) and *jotedars* (superior tenure holders), acting as power bosses, use their patron-tied dependants as lathiyals to organize violent land conflict to grab new depositional land.'¹¹ The result is that *talukdars*, as local 'power-holders' are able to take advantage of the unstable riverine situation by maintaining 'invisible' armies of lathiyals in order, first, to extract the surplus or use the cheap labour of dependent peasant households to expand their new agricultural frontier, and secondly, to secure further control over new char land. In addition, with lathiyals behind them, the talukdars can also significantly influence outcomes in formal political arenas: their political networks and alliances with the state further reinforce their power and control over dependent lathiyals in the locality. He argues that this system of control used to exist across much of what is now Bangladesh, but it has persisted in the Char areas because of their relative isolation. His conclusion is that 'it is entirely possible that the lathiyali system will remain an important process in char land settlement in riverine Bangladesh for as long as the rivers flood and create new depositional land in the countryside.'¹²

⁷ Rangpur Dinajpur Rural Services (RDRS). (1999). *Annual report 1999*.

⁸ VanWey, L K Guedes GR & D'Antona AO, 'Out migration and land-use change in agricultural frontiers' In *Population and Environment* 34(1) pp44-68.

⁹ Martin M *et al*. 'Climate-related migration in rural Bangladesh: a behavioural model'. In *Population and Environment*, Vol. 36, No. 1 (September 2014), pp. 85-110

¹⁰ Thornton, P. (2000). *Char livelihoods projects: Management and institutional assessment*. Dhaka: Verulam Associates.

¹¹ Zaman M Q. 'Social Structure and Process in Char Land Settlement in the Brahmaputra-Jamuna Floodplain' In *Man* Vol 26, No 4 (Dec 1991) pp 673-690 Royal Anthropological Institute of Great Britain and Ireland, London

¹² *Ibid* p687

Powerful elites have been further enabled in maintaining and extending their control because as char lands are not covered in latest land surveys. Char farmers therefore often lack updated land records and papers to transfer ownership; and thus renting or leasing is the only option for them. Therefore, pattern of land ownership has played a the central role in shaping the political economy in the chars. Due to the continuous movement of the rivers, river erosion renders some families landless and rights to newly formed char lands are plagued with ambiguity.

Since there is no regulatory process for rehabilitation and land redistribution, local political and or economic elites have been able to take lands and use their forced ownership of char lands to establish a patron-client relationship. As new land emerges, political and economic elites try to take control of newly emerged land and then distribute it among their coterie, in return for an annual fee. In most case, these elites also hold roles in political institutions (i.e. ruling/opposition party) as well as public offices (i.e. Union Parishad) and thus can get away with a limited level of public service offerings to the char-dwellers. Such vulnerability forces the dwellers to live and migrate as a community, and to become dependent on the influential elites. This in turn makes them politically and economically vulnerable, subject to exploitation by the political elites.

What is political economy?

Since this paper aims to provide observations as to how the M4C programme has impacted on the political economy of the Chars communities, it is important to set out briefly what ‘political economy’ (PE) is, and why it is important.

Political economy describes the processes and structures through which power is exercised, and describes the complex political nature of decision-making between groups and individuals. It explores how power and authority affect economic choices within a given grouping – in this case the communities in Bangladesh’s Chars. Effective political economy analysis is vital for development interventions as it enables programme designers to understand the system which they are seeking to change, and to understand where and how interventions can affect that system in a sustainable way. PEA offers no quick fixes or ready solutions, but leads to smarter engagement with more sustainable and resilient outcomes.

This study therefore investigates the interaction of political and economic processes impacting on areas within which the M4C programme operates, the issues it seeks to influence. This means developing an understanding of:

- the power and authority of certain groups and individuals, assessing the interests they hold and the incentives that drive them in working towards particular outcomes;
- the role that formal and informal institutions play in allocating resources;
- the influence that values and ideas, including culture, ideologies, and religion, have on shaping the interactions and relations of actors.

In the case of this paper, the aim of the political economy analysis is retrospective, rather than prospective. Normally a PEA would be undertaken before a programme is implemented, to understand where and how different activities might bring about the desired developmental outcomes. This study, by contrast, examines where changes have already occurred in the PE of the Chars communities, and seeks to explain why these have happened, and to discern which activities of the M4C programme have brought these about.

‘Political economy’ can be seen as having more to do with academic research than with the pragmatic needs of international development. However, the reality is that good PEA is central to effective development programming. At its core, PEA is concerned with understanding the distribution of power and how this power is used by actors to either promote or frustrate particular outcomes. A completely comprehensive list of all the concepts within PEA would be rather long, but some of the key concepts and themes within the subject can be listed under three broad headings:

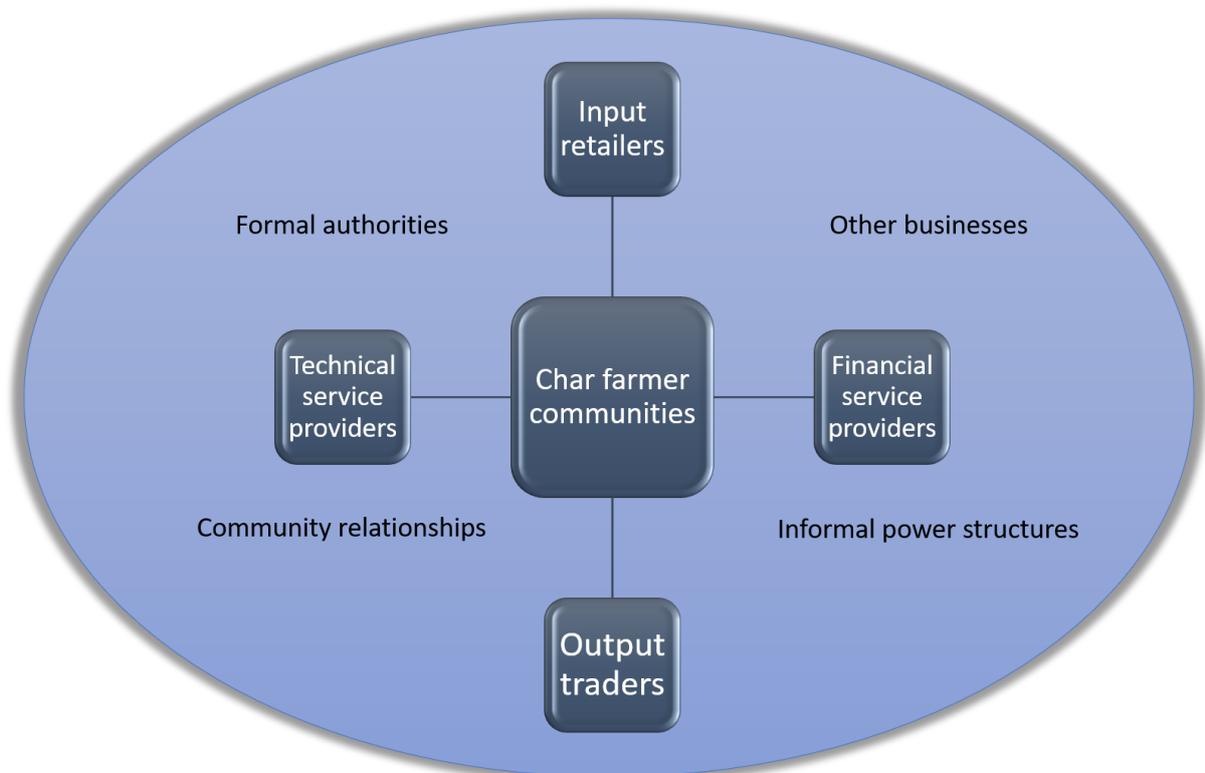
- **Actors:** Who are the key stakeholders, be those individuals or groups, who have an influence or interest in what is going on? For the purposes of this study, this includes the Char farm communities themselves, and the range of other parties which impact on them, and on whom they impact. This study will extend beyond the market system actors normally described in

MSD programmes, but consider also a wider set of stakeholders in the wider community who are of relevance.

- **Structures:** What political and other institutions and networks affect the way in which these actors interact with one another? Some of these may be formal ‘political’ institutional arrangements, or more informal links. In the Chars, it is important therefore to understand the changes in relationships with formal power structures such as Union and Upazila authorities. However, it is also clear that informal networks of influence exist, for example in the relationship between farmers and land-owners.
- **Context:** What contextual factors impact on the way in which these actors and structures work at the moment? How might changes in this context lead to increasing tensions, or to a situation where change can more readily be put in place? In the context of the Chars, the key contextual issue for this study is the impacts of the M4C programme – how (if at all) has it affected the power dynamics? However, within the study it is important also to understand what other changes might be going on, and to understand these too. This would include, for example, the work of other donor programmes, and of Bangladeshi government agencies.

Structure of the Chars communities

As discussed in the methodology section, an initial workshop was held to develop amongst the research team a shared view of what the research was intended to deliver and what the methodology for that research would be. However, attention was also paid to creating a common view about how Chars communities are structured: who are the key actors, and how do they interrelate. This needed to reach beyond a description of the market systems relationships – something that has been a core part of the M4C process – but also incorporating the structure of the wider community. The following structure was developed and agreed by the group.



The different groups of actors can be briefly described as follows:

- **Char farmer communities:** Those living in the Chars. This includes both farmers themselves, and the others living in their communities.
- **Input retailers:** Traders selling farm inputs to farmers. This includes the sale of seeds, fertilisers, pesticides, farm equipment and other goods
- **Output traders:** Traders buying the goods produced by Char farmers. These usually operate at regular markets, known as Haats.
- **Technical service providers:** Farmers also make use of a range of companies providing other technical inputs to the farming process. This includes, *inter alia* those providing artificial insemination services to livestock farmers.

- **Financial service providers:** This includes a range of providers ranging from informal money lenders through to MFIs and banks.
- **Wider community:** The farming value chain operates within a wider societal structure which also needs to be considered from the perspective of a political economy analysis. The key groups are the following:
 - **Community relationships:** The balance of power between different actors within the Char communities. This includes changes in the relationship between men and women, who have very different responsibilities from each other; between farmers and other community members, such as shop owners; with other 'professionals' such as school teachers and so on.
 - **Other businesses:** Companies operating in other sectors not directly related to farming
 - **Informal power structures:** Those networks through which power is wielded, but which are not part of formal governmental structures.
 - **Formal authorities:** This includes the formal structures of power, from national government down to the local Union level.

Findings

This research process has observed a range of changes in power dynamics amongst the different actors relevant to the Chars communities. Since the core beneficiaries of the M4C programme are the Char communities, the observations focus to a large degree on how farmers' position of power relative to others has changed as a result of the M4C programme. However, given that this study is not focussed solely on the farm value chain, it is important also to observe changes in the power dynamics between other stakeholders. The interviews for this study show that the ripple effects of the changes at the farm level have impacted on the wider community beyond the Chars themselves. Effects include, *inter alia*, changes in the dynamics between different market traders, with the role for smaller traders appearing to be diminished because Chars farmers now have larger quantities of goods to sell and therefore are able to deal directly with larger traders; and changes in the relationship between input traders and seed companies. Because farmers are now more knowledgeable, seed companies are less able to get rid of sub-standard products in Char areas. Farmers' higher level of business means traders are offering credit terms, and this is having to be accepted by the seed companies in the terms they offer their agents.

This section therefore sets out the key changes in power and position experienced by each of the key groupings which were defined by the research team, and described in the stakeholder mapping section, above.

Farmers

It is evident from the fieldwork that the position of Chars farmers in the areas where M4C is operating has changed markedly. The economic benefits have been detailed in the programme's formal reporting processes, but it is clear that, significant though these economic gains are, the programme has effected change on a broader front than that.

The most significant change observed by the research team, and stated by farmers themselves, is the marked improvement in the knowledge-base of Chars farmers. In the past, farmers have tended to learn their trade from their fathers and grandfathers: formal training in farming techniques was rare. Key interventions by the M4C programme changed this by focussing on up-skilling farmers. Initially this training was provided by the M4C programme. However, as a FGD¹³ with farmers in Pachim Bazra said, this initial training is now reinforced by additional support from agro-input companies. The latter also provide product demonstrations and farmer field schools so that farmers are aware of the importance of, and how to use quality inputs including seeds, micronutrients and herbicides. This has helped farmers in a number of key regards. Firstly, the interventions have improved the basic techniques which farmers use, for instance in encouraging the use of inputs such as fertilizers and pesticides. Secondly, interventions have encouraged farmers to grow more commercial varieties of key crops, and to rear commercial varieties of livestock. Historically, farmers have grown and reared local crops and animals, which usually command significantly lower prices at market. According to input

¹³ FGD with farmers, Pachim Bazra, 04/10/18

traders interviewed in Kaligonj Bazar¹⁴, near Nageswari, farmers are now routinely growing commercial crops such as maize, chili and onion. 90% are cultivating the more productive Boro rice variety, which 5 years ago was planted by only 10-20% of farmers.

Thirdly, farmers have been encouraged to diversify the range of farm activities they undertake. The project has encouraged, for example, the cultivation of crops such as jute, vegetables and maize to reduce reliance on only one or two potential income streams. Furthermore, farmers have learned to vary what they grow in a season depending on potential demand: something which again maximises their income potential, and reduces the risk to it. According to an FGD in Bhurungamari¹⁵, both M4C staff and agriculture companies have held a range of training interventions with the result that farmers now get as many as four training sessions a year. Consequently, the majority of farmers (up to 70% according to this group) are now able to cultivate over 3-4 cycles per year. The result is, in the estimate of farmers on one Char, an increase in production of around 30% since the beginning of the M4C programme¹⁶.

As has been observed in the sister study to this one, this diversification of income streams and the focus on more-commercial varieties of crops and livestock has had the effect of reducing the vulnerability of Chars farmers. They have a greater range of options should disaster happen, and higher incomes to allow them to sustain themselves and their families through *monga* periods. However, crucially, this increased resilience has also given farmers much greater confidence. They appear not to regard themselves any longer as merely subject to events, but feel themselves to have greater agency in deciding their fate and are in a better position to take pro-active decisions about what they do. For example, in a meeting with interviewers in Kapna Char, local people explained how the construction of a causeway would help protect large amounts of farmland from all-but the worst flooding. They also explained how they were seeking to influence the authorities to get something done. As a representative of a leading MFI in Sundarganj put it 'increased knowledge, higher yields and better-quality produce means that farmers' bargaining power has increased significantly.'¹⁷

This growing confidence is reflected in changes in the dynamics between farmers and a number of the parties with whom they interact as part of their activities. In interviews with input retailers – that is those selling seeds, fertilisers, farm equipment and so on – it was clear that farmers are now in a much stronger position both in their ability to discuss farming techniques, and therefore improve their practice; and to drive better commercial deals. At an FGD held with a group of farmers at Nageswari¹⁸, participants reported that the training provided to them has made them more aware of which are the most high-yielding crops available, and are better able to understand the need for, and use effectively, technologies such as irrigation. As a result, they said, the fertility of their land has increased.

Because of their greater knowledge of farming methods, they are better able to buy wisely when it comes to input products and have the confidence to discuss their needs with input providers. Traders

¹⁴ Interviews, Kaligonj Bazar, Kaligonj, 05/10/18

¹⁵ FGD in Bhurungamari, 04/10/18

¹⁶ Interviews, Kapna Char 05/10/18

¹⁷ Interview with Assistant Branch Manager, ASA, Sundarganj Branch, Sundorganj, 06/10/18

¹⁸ Farmer FGD, Nageswari, 04/10/18

reported that farmers' confidence grows over time. In the early days after farmers have received training, they know to ask for particular seeds, fertilisers and other goods. However, over time, it was reported, they develop a better understanding of how modern, commercial inputs work and so are able to discuss with traders what they might best use, rather than simply buy on the basis of a brand name. Furthermore, because they have a higher level of wealth, farmers are now much better customers for their input providers. One trader, in Fulchari Haat, observed that Char farmers were now amongst his best clients, and others said that they now went to the Chars to make sales; something that would not have happened in the past. In practical terms, this has a significant impact on farmers' cash flow since many (maybe even most) traders will now routinely offer credit to farmers on their purchases. Typically, farmers appear to pay 50% of the cost of the goods up-front, with the rest payable when the crop is harvested.

Farmers' increased wealth appears to be putting them in a stronger position in relation to financing options more broadly. It was reported in some Chars that farmers now have access to monthly and 6-monthly loans which historically have not been available. Even some banks, not just MFIs, seem to be expanding in this area. As a result, farmers are no longer so dependent on money lenders. In the past these people have charged up to 100% interest on loans. This has been a key element in keeping Char communities in poverty as, in times of crisis, households had little choice but to take out such loans for emergencies such as healthcare. The availability of other options for financing, and the fact that more mainstream financial institutions are now taking an interest in Chars communities demonstrates a significant shift in the balance of power between the Chars and other actors. This is important. The greater wealth of farmers, and the availability of other financial providers, has fundamentally changed the long-standing dependency of Chars communities on money-lenders.

There are also examples of farmers changing their behaviours in relation to selling at market, as demonstrated by the emergence in some Chars of farmers who act as aggregators. These individuals collect produce from their neighbours and act in effect as their agent, selling for them at local markets. It was reported that these 'aggregator farmers' charged their neighbours around 15% of the sale prices for the service they offered, although this varied depending on the volume of crops. The reason for such a change in behaviours is that the relative-remoteness of Chars means that travelling to market carries with it a significant opportunity cost. Farmers may be away at market for 2-3 days, which means that their farms may not be properly tended in their absence.

There is also evidence that Char farmers are increasingly willing to collaborate to resist land acquisition by the powerful external players. As was noted earlier, in the past landlords have used their influence and the use of violence to dominate Char communities. However, interviews suggested that farmers' greater confidence is making them feel better able to push back on such malign influence. For example, at meetings in Baje FulchoriChar in Gaibandha, local residents said that, whilst from time-to-time old power-brokers sometimes try to 'grab' newly-formed land, this is not now the norm. Instead, it was said, new land was distributed fairly, in particular to those who might have lost their own land. Where disputes persisted, the interviewees were told, these were usually heard publicly and dealt with (more or less) fairly. The nature of this study means it is not possible to say how wide-spread this more equitable approach is. However, it does appear that, at least in the areas where M4C has been operating, land disputes are usually dealt with transparently, and that the power of non-resident elite groups has eroded.

Many of the farmers interviewed said that they found it difficult to access government subsidy and asset transfer programmes. It was reported that, in principle, government monies are earmarked for use in the Chars, but in practice spending was decided on a political basis. Farmers frequently complained the government agricultural extension workers rarely ventured into the Chars, but instead were available periodically in Haats (markets). For their part, extension workers complain that they are not given the resources to travel to the Chars, and members of the M4C staff reported that on some occasions, extension workers hitch lifts with them in to various Chars. In practice, the lack of willingness or ability of government workers to travel to the Chars compares unfavourably with the much-increased keenness of traders and input providers to visit the Chars, as they realise the commercial opportunity available. As noted elsewhere, these individuals are also willing to provide advice to Char farmers on issues such as cultivation techniques, and post-harvest processing. They have therefore become a key source of advice, whereas the government extension workers seem generally not to be respected.

Input market actors

Input market actors include a range of traders providing seeds, fertilisers, pesticides farm equipment and other supplies for Char farmers. The role and position of these actors appears to have developed in a number of significant ways as a result of the work of the M4C programme.

Firstly, many traders interviewed commented that, as incomes of Char farmers have increased, so the amount of business they do with input traders has increased as well. A number of traders commented that, although in the past they may have ignored Chars communities, farmers from those areas are now amongst their best customers. As noted above, the increased knowledge of farmers means also that they are buying higher quality products, which further drives revenue increases for the traders. Traders at an FGD Narayanpur Bazar at Nageswari¹⁹ stated that in the past few years, the customer base from the Chars had increased from around 150, to 300 now. The change in farmers' practices is also driving new business areas for traders. For example, the increase in cattle-fattening taking place in the Chars means that the business of providing animal feed has increased significantly.

This increasing level of business is driving changes in the behaviour of input traders in that many now travel into the Chars to pursue business and to make sure that they are known to different farmers. Many traders observed that in the past the Chars were seen as commercially-worthless. That has changed entirely, and traders see considerable value in going out to the Chars to solicit for business, not just serve those who come to them.

Moreover, many traders reported that they are increasingly-regarded by farmers as a source of advice. Traders at Narayanpur Bazar in Nageswari²⁰ said that they received training from the seed companies such as AIC, and that this puts them in a good position to advise their customers. Initially farmers appear to be cautious of their new knowledge and whilst they will buy different seeds and other inputs, they will ask, it was reported, for particular brand names. Over time, however, farmers become more confident, can see the benefits of changes in their practices, and as training is reinforced with

¹⁹ FGD with input market traders, Nageswari, 05/10/18

²⁰ Ibid

other support from M4C. As a result, over time, traders report, farmers are able to discuss in more depth different crop and other input options. At this stage, traders report that they are seen as key providers of advice to farmers, and are better trusted than the Government's network of agricultural extension workers, who are not seen as providing particularly good advice. However, it also seems that, in some cases, input traders provide cash funding to farmers to facilitate farmers' business. A trader in the Tarapur Char said that he provided farmers with cash support of BDT 2000-5000 during the cultivating season for fertilizers and pest-management.²¹

The combination of all of these factors appears to be changing the relationship between traders and the seed and other input companies from whom they themselves purchase. The increased volume of business that the traders now have, and the fact that they are generally selling more value-added products now have means that the agriculture companies are increasingly prepared to provide training to the traders, and to provide new products and input to the Chars. This would not have happened in the past. It was also reported that traders are receiving training from NGOs and other institutions, which suggests that the importance of their role is increasingly recognised. This obviously means that the traders are themselves in a better position to pass on their product knowledge to the farmers, so reinforcing their role as a trusted advisor.

However, input retailers are also able to command better credit terms with their agriculture company suppliers. As noted above, it appears to have become common practice for traders to offer farmers credit on the goods that they buy, with 50% paid up-front, and the rest paid after the harvest. Traders interviewed said that they are able to ask for similar terms from their own suppliers. A number of issues are pertinent here. The first is an issue of trust. Most traders said that they did not initially offer credit to new farmer customers, but would do so with established clients. The research team interviewed an agricultural input trader²² in Fulchari Haat who has opened his shop in the second phase of M4C. He reported that his business had growth steadily, and in the previous year his turnover had been in the region of BDT six million. He extends credit to many of his customers, and at the peak would have as much as BDT 850,000 in credit open to Char farmers. However, he estimated that of this, only BDT 40,000 would be bad debt. Similarly, members of the research team interviewed a retailer²³ in Kapna Char, which is an island surrounded by Dudhkumar river and Brahmaputra river. The store is both a pharmacy and sells veterinary medicines as well. The owner explained that he offers 6 monthly credit to the farmers and around 50% of transactions are done on this basis. However, because of the larger volumes of business which he is now doing large companies such as ACI, Renata and ACME are now prepared to offer him credit on similar terms.

Given that trust is the key element in a decision to extend credit. Therefore, the agriculture companies are extending credit based on the decision of their customers, but the volume of business that these customers provides makes this worthwhile. This is a significant change in power dynamics between these key actors.

²¹ Interview, input trader, Tarapur Char, 05/10/18

²² Data from interviews, Fulchari Haat Fulchari Haat, Gaibandha 06/10/18

²³ Interviews, Kapna Char 04/10/18

Output market actors

This category includes the various traders to whom farmers sell their products. Here again, the changing position of the Char farmers is impacting on the way in which traders work, and the range of activities which they undertake.

Most obviously, as with input retailers, increased yields from Chars farms is changing the relationship between farmers and traders. In the past, it was reported, because Chars farmers brought only relatively-small quantities of goods to market, the price they received was lower. This is because traders are often seeking to fill large orders from food production companies, and are prepared to pay a premium price for larger quantities of product. Increasing yields are enabling Chars farmers to benefit from this.

There are some other effects consequent on this change. The first is that certain market traders appear to be becoming marginalised. During a visit to a jute market, researchers observed a number of smaller-scale traders who, in the past had bought from Chars farmers: because these traders were themselves relatively small-scale the smaller amounts of goods from the Chars made sense. These small-scale traders would then aggregate a number of purchases and sell on to larger competitors. However, now that Chars farmers have larger quantities of goods, they are more able to deal directly with these large traders, and so the smaller-scale operators are likely, over time, to be pushed out of business.

A further impact is that Chars farmers are now finding that their local markets are not necessarily able to deal with the quantities of goods that they are now producing. This means that farmers are now sometimes travelling further afield, to larger markets able to deal with greater quantities of goods. However, some farmers report that they are sometimes not welcome in these newer locations and are not necessarily able to sell their goods: some suggested that in effect a cartel existed in these locations from which they were excluded. Further investigation suggested, however, that the problem was more a practical one, rather than one of price-fixing. Traders, it appears, have suppliers which they know and trust and new providers, whilst of interest, need to demonstrate the consistency and quality of their goods over time in order for traders to buy from them regularly. It would be interesting to test in a year or two which interpretation is correct.

What is clear is that Char farmers are now a much more important client base for traders than in the past. One trader, Musa Ali, interviewed in Narayanpur Bazar said that in the past 5 years, his number of clients had risen from 100 to more than 300²⁴. This is having a significant positive impact on the size of traders' operations and influence. Mr Ali commented that he now had a presence in both Narayanpur and Kaligonj bazars, and his increased quantity of suppliers meant he was now better able to sell into larger traders in Kurigram, Jatrapur and Ghogadaha bazars. He also reported that his capital had increased 3-fold.

It was also reported that traders are increasingly willing to travel to Chars farms to seek out suppliers. As with input providers, many traders said that, in the past, they would not have bothered with Chars

²⁴ Interview with trader, Narayanpur Bazar, Narayanpur, Nageswari, 06/10/18

communities, seeing them as only marginal in the goods that they produced. Now it seems an increasingly important part of traders' work to travel to Chars to secure their supply. For example, one chili trader interviewed at Fulchari Haat, one of the largest Haats of Gaibandha, reported that in the past year he had bought 120 tonnes of chili from inside the Chars and only 9.6 tonnes chili from different Haats²⁵. A trader in jute, chili and maize at Jorgach Bazar in Chilmari also said that he bought directly from farmers. In his case he has, with the support of M4C developed 4 groups of 100 farmers in Datar Char, and buys additionally from 300 farmers from neighbouring Chars.²⁶ The members of the farmer groups which Mr Jalil has established are not obliged to sell to him, but can also sell to one of the other six traders operating in the Char. This suggests that a proper free market has emerged, rather than a clientelist one. This impression is borne out also by an FGD with farmers in Pachim Bazra²⁷, who said that they experienced no forced selling, or contract selling at what they felt to be an unfair price.

It was also reported that in some cases traders were prepared to offer farmers lines of credit. In effect this amounts to a contract farming approach. Farmers are extended credits by the traders with which to buy inputs and to sustain their families during the growing season. In return traders have guaranteed supply of products at a previously-agreed price. Whilst this system can break down if farmers sell elsewhere (something which sometimes occurs), the fact that this practice takes place at all demonstrates the greater importance that traders accord to their Char suppliers. It is also possible, through this was not tested by this study, that this practice strengthens the position of some traders relative to the food production companies to which they sell as they have a more reliable, price-predictable sources of supply than their competitors.

As with the input providers, buyers are also supporting farmers with increased knowledge on good practices, in particular in relation to harvesting and production techniques. This means that farmers have less wastage at harvest, so increase their yield and the price which their goods command. The fact that some traders have good relationships with food production companies means that traders are able to pass onto farmers tips and advice as to what characteristics are sought by the end buyer of different crops. For example, during a visit by members of the research team to a chili market at Fulchari Haat²⁸, a farmer reported that he had been advised by a large buyer of chili that pods with a richer red colour command higher prices, and he had taken this advice in his cultivation, harvesting and production techniques.

Technical service providers

There is a considerable range of providers of different farming-related services to farmers, differing according to the activities in which each farmer is engaged. What is apparent, however, is that the range and type of service providers has expanded, at least in part because of the increased levels of production, and diversity of products in which farmers are now engaged. Increased knowledge on the part of farmers of good farming techniques means that a number of relatively-new areas of service provision have developed quite significantly. In a number of Chars, providers offering crop shelling

²⁵ Interviews, Fulchari Haat, Gaibandha, 06/10/18

²⁶ Interview with trader, Jorgach Bazar, Chilmari, 04/10/18

²⁷ FGD with farmers, P Achim Bazra, 04/10/18

²⁸ Interview with farmer, Fulchari Haat, 06/10/18

services have expanded their range of clients, as farmers now recognise that they will command a better price for products which have been processed, even if only partially-so. It is also reported that sellers of drying materials (matting for example) have also increased their business, as lessons to farmers in training sessions of the need to dry crops properly are put into practice. A farmer FGD in Taluk Belka²⁹ said that they had a large shelling machine for maize shelling and a tarpaulin net for drying purposes in order to improve the quality of their product so command a higher price. Similarly, in Bazra, bazar, a retailer has recently bought a shelling machine with assistance from M4C. Last season he provided a service to 300 maize farmers with the result that they were able to sell their produce for a higher price³⁰.

One development arising from the work of M4C is the increasing number of families which are now engaging in cattle fattening as part of the diversification of their economic activities.

The standard practice is for a family to be provided with a calf, and they then pay for the feed and any other inputs needed. When the animal is sold, the profit is divided between the owner and the farmer. The logic of cattle fattening lies firstly in that it is very profitable, is not seasonal and offers a relatively-swift pay back on investment and time. According to Narayanpur's Mr Hosain, as a result of using better technical know-how, farmers were now able to rear a fattened cow in 4-5 months, as opposed to 8-10 months previously. Furthermore, the mortality rate has dropped. A further advantage is that a cow is transportable. Therefore, even should a Char be flooded, or even washed away, families can take their cattle with them and so retain an asset and a means of income even if everything else is, literally, washed away. The expansion of this area of business means that the scope and range of business opportunities open to livestock service providers appears to have expanded. For example, in a number of Char communities, opportunities for artificial insemination services have grown. As with agriculture input providers, farmers also appear to regard their livestock service providers as a source of expertise and knowledge. Those providers able to offer good advice and support to their farmer clients find themselves, therefore, in a very strong position.

Although this practice is not new, it has been encouraged and has expanded under the programme. One provider of livestock services³¹ in Narayanpur Bazar, Mr Mir Hosain said that his client base had doubled from 300 to 600 farmers. He provides a diverse range of services, including primary treatment, deworming, vaccination services and also providing cattle fattening technical support to farmers. As is the case with agricultural input providers, Mr Hosain reported that his clients look to him as a primary source of advice. In Hatbari Char too, a livestock service provider, Mr Ashraful Islam³² reported that his client base had increased in the past 5 years from around 100 farmers, to over 500 now, spread over 5 villages. He commented that farmers are much more knowledgeable and aware of the importance of issues such as vaccination and deworming. Demand for artificial insemination has also increased markedly. A livestock service provider in Korai Borishal Char, Mr Rofiqul Islam³³ reported that when he started business 8 years ago, he handled around 5 AI cases per month. That has now increased to 55-60 cases a month.

²⁹ FDG with farmers in Taluk Belka, 04/10/18

³⁰ Interview with Aminul Islam, Input retailer, Bazra bazar, 04/10/18

³¹ Interview, Narayanpur Bazar, 06/10/18

³² Interview with livestock service provider, Hatbari Char, 05/10/18

³³ Interview with livestock service provider, Korai Borishal Char, 06/10/18

Farmers also seem to be getting an improved service too from non-commercial technical suppliers, including from government agricultural extension workers (Sub Assistant Agricultural Officer SAAOs), who were now providing an improved service to Chars farmers. In the past, it was reported for example at Fulchari³⁴ market, that the SAAOs worked in their office for 3 days a week, and visited Haats for a further two days. SAAOs therefore had neither the time nor the resource (Government had not provided the resource for SAAOs to visit Chars) to address the needs of Char farmers. It was reported in on farmer FGD that not only did SAAOs not regularly visit the Chars, but that also they charged farmers BDT300-400 for their time.³⁵ This seems to be changing, and the number of SAAOs seems also to have expanded. In the past a SAAO would have been responsible for 5-6 villages. An increase in their numbers, now means a SAAO is responsible only for 2-3 villages, therefore increasing the level and amount of advice which each village (and therefore farmer) can expect to receive. This demonstrates a significant change in the perceived value and importance with which the Char communities are regarded. These areas are now figuratively, as well as literally, on the map in a way that has not been the case in the past.

Financial service providers

The increased incomes on the part of Chars farmers appears to have brought about a considerable change in the structure of financial service provision. As discussed above, in the past Chars communities have been financially highly fragile, and in times of need have had to rely either on distress sales of assets, or on very high interest loans from money lenders. This situation is changing.

Firstly, the fact that Chars farmers are now of more commercial interest to their business partners means that these actors are, in various ways, extending credit to farmers. As noted above, input providers now routinely (at least with their established clients) take 50% payment for goods at the time of sale; the other 50% being payable at the time of harvesting and sale of the crop. Traders too are prepared to provide farmers with funding, in a type of contract farming structure. In both of these cases, not only do farmers have access to funding, but they have access to funding which fits more with the periodic nature of agricultural incomes. A challenge for small-scale farmers the world over is that, even when loans are accessible, they are structured on the basis of monthly repayments. This makes them unsuitable for farmers who have little or no income for months at a time, and then a significant spike in income when their crops are harvested and sold.

There is, however, evidence from this study to suggest that some MFIs serving Chars communities are developing new loan facilities and options which are adapted to farmers' income structure. It was reported in many interviews and FGDs that financial institutions are now offering seasonal loans. BRAC Bank, for example, is reported to be providing loans on this basis for both arable and livestock farming.³⁶ In Vitorbondho in Nageswar, the manager of the BRAC branch confirmed that they have been

³⁴ Interviews, Fulchari market 40/10/18

³⁵ Farmer FGD, PAchim Bazra, 04/10/18

³⁶ Farmer FGD, Bhurungamari, 05/10/18

piloting seasonal crop loans over the past two years and are trying to find a structure which works both for farmers and for the bank. Moreover, the available loan size has gone up considerably, from a maximum of BDT50,000 to a maximum of BDT100,000.³⁷ Interviews with representatives of MFIs suggested that the reason that these institutions are willing to do this is because of the near-100% repayment rate they have in Char communities. This very high rate is driven, at least in part, by peer pressure in the Chars to ensure that loans to all local farmers are repaid so that the Char maintains a good reputation with funders. MFIs report appealing to the Shobhanetri (the leader of a farmer group) if an individual farmer does not repay a loan.

Demand for financing seems to be increasing as farmers' increasing knowledge increases the range of commercial opportunities available to them. For example, in Baje Fulchori Char³⁸, SKS, a leading MFI reported to the research team that the average loan size five years ago was between BDT 5,000 – 10,000. Now the average loan is anything up to BDT50,000. Despite this significant increase in loan size SKS say that the repayment rate is nearly 100%. It was also reported in an FGD in one Char³⁹ that, even in emergencies, farmers' borrowing behaviours have changed. In the past, in the case of a health or other time of urgent need, it was reported that 80% of farmers would have resorted to taking loans from money lenders. Now, they will turn to MFIs.

The changing incomes and behaviours of Chars farmers in relation to MFIs is demonstrated by the example of the Grameen Bank branch in Modafot Kalikapur in the Ostomir Char. According to the branch manager, Mr Roy⁴⁰ the average loan size has doubled in the past five years, from BDT15,000 to BDT30,000. As a result, his loan portfolio has grown from BDT 1.7 million to BDT 3.7 million. He now deals with 180 farmer groups, up from 110 five years ago, and savings amongst these groups have grown from BDT 1million to nearly BDT 4million now. The Bank has also begun to offer seasonal loans to Char farmers in which the capital is repayable after six months, with only interest payable (weekly) in the interim. Another MFI said that it was offering a range of loans to cover different needs, including building sanitation, agriculture, cattle and poultry rearing and education.⁴¹

Moreover, in addition to having better access to loans, Char farmers now have access also to other financial products. Some MFIs, for example RDRS and SKS, are reportedly now offering savings schemes to farmers as well as loans. Not only does this demonstrate the significance of the increase in farmers' incomes, that they are now in a position to save money, but also provides further evidence of the much more resilient position that these farmers are now in. Some MFIs are also developing agricultural insurance products which will further protect farmers and their incomes in situations where flood or monsoon rains damage crops or flood the land.

As a consequence of these developments, the position of money lenders is much weaker. It was evident from many conversations with farmers that loans from these actors is still used, but at a much lower level than was the case in the past. Moreover, it was reported that the money lenders have been obliged to reduce significantly their rates of interest. In the past these actors would charge 100%

³⁷ Interview, BRAC, Vitorbondho, Nageswari, 05/10/18

³⁸ Interviews, Baje Fulchori, 04/10/18

³⁹ Farmer FGD, Bhurungamari, 05/10/18

⁴⁰ Interview, Modafot Kalikapur, 04/10/18

⁴¹ Interview with Assistant Branch Manager, Somokal Samaj Unnyan Sangsthas, Sundarganj Branch, 06/10/18

interest on a loan: these rates have, it was reported, dropped considerably. The greater range of financing options now open to farmers has therefore greatly reduced the power of traditional lenders. In some places, it was reported also that the number of money lenders had reduced significantly. In Baje Fulchori, for example, researchers were told that five years ago there were as many as 150 informal lenders operating in the Char: now there are only about 12⁴². In Tarapur Char, one interviewee⁴³ reported that in the past there had been around 8 money lenders operating. Since then MFIs such as BRAC now operate in the Char with the result that the money-lending business has become unsustainable with the result that these individuals now engage in cattle-rearing. The same thing was said to be the case also in Sundarganj, according to a manager of ASA, one of the local MFIs.⁴⁴

Wider community interactions

This study aims to look beyond the market linkages between Char farmers and their commercial counterparts, and consider also changes in the relationships between farmers and the wider community in northern Bangladesh. Four key groups emerged both from discussions within the research team, and from the field interviews:

- Relationships within Char communities themselves
- Other businesses and service-providers in the Char communities which are not directly-related to the farming business.
- ‘Formal’ institutions of government and decision-making, including local authorities and their operational departments
- ‘Informal’ structures of power and influence which have impacts on the way in which Chars communities and their occupants are able to function properly.

Intra-community relationships

A number of interviews identified dynamics within the Chars communities themselves. Firstly, several interviewees commented that the increased incomes of Chars farmers mean that the amount paid for a dowry has also increased. A further observation relates to the prevalence of sexual harassment in Chars communities. As many men still migrate for part of the year from the Chars to cities for waged work it appears that the wives who remain behind are harassed by some of the remaining local men. This phenomenon has been observed by other studies: for example Schuler, Lenzi and Yount observe that ‘Bangladesh is notable for its high reported levels of intimate-partner violence (IPV), with estimates of lifetime IPV from six rural surveys ranging from 32% to 72% of married women.’⁴⁵ It is not possible to say whether the issues in this regard picked up by our study reflect any change in this wider dynamic.

⁴² Interviews, Baje Fulchori 05/10/18

⁴³ Interview, Tarapur Char, 05/10/18

⁴⁴ Interview with, Assistant Branch Manager, ASA, Sundarganj Branch, Sundorganj, 06/10/18

⁴⁵ Schuler SR, R Lenzi & KM Yount. (2011) ‘Justification of intimate partner violence in rural Bangladesh: What survey questions fail to capture. In *Studies in Family Planning*. Vol 42, No 1 (March 2011) pp21-28

Other businesses

Both in Char communities themselves, and more broadly in villages in which markets take place, the increase in economic activity and incomes for farmers is having a beneficial impact on other businesses. In a number of Chars communities, researchers were able to visit shops which sold a range of goods including foods, drinks, and medicines. Even though some of these were in existence before the arrival of the M4C programme, a number of the proprietors reported that their level of trade had increased, as had the range of goods that they are able to supply. Most of these are small-scale, but depend heavily on good business on market days. Such businesses include tea stalls, rest houses and motorbike riders, who help farmers to transport themselves and their goods. For example, Ananda Bazar in Kapna Char⁴⁶ was established in 2006 with a tea stall, two confectionaries and two vegetable shops. Now, including temporary businesses, there are 50 shops operating in this market. The range of goods and service provided by these small stores has also increased. Mr Islam, proprietor of the Refat Varsity Store in Akota Bazar in Taluk Belka said that previously, he had only grocery business and a customer base of around 80 households. Now, in addition he has an agro-input business, and a customer base of around 125.⁴⁷

These changes are most obviously economic in nature: the increased economic muscle of Chars farmers is having a positive ripple effect on the levels of business amongst those in other sectors than farming alone. However, this increased economic muscle also implies more 'political' muscle for these communities. Historically, chars communities have been largely ignored because they were regarded as being economically-marginal, and therefore marginal and unimportant in other ways too. Chars farmers, and the wider communities of which they are a part have both greater economic moment than they did before, but also an increasing confidence and ability to express to other stakeholders what they want and need. This represents a significant shift in power dynamics, and is reflected in the relationships with both formal and informal systems of power and influence.

Informal power structures

As was discussed earlier in this paper, Chars communities have historically been subject to strong influences of land owners and their coteries, which have exerted often-malign control on these regions of the country. However, this research suggests that the stronger position of the farmers is reducing the influence of these power-brokers: or at the very least making the playing field more level. A number of farmers commented that land agreements have become more transparent and so their dependence on land-owners (who often live outside the Chars) is much less. For example, in discussions in Bozra Char, residents explained that as a result of their ability to generate more income, they are investing more and acquiring more land. According to the residents, this is happening in an orderly manner, and there seems to be little influence on the process from politicians or traditional power-brokers. According to a member of the Nunkhawa Union the number of land disputes heard in village courts has increased considerably, which strongly suggests that disputes are now being settled between Chars dwellers themselves, rather than being subject to the fiat of outside power-brokers.

What was also noteworthy is that the previous categorisation of farmers by their land holding does not seem to hold true. Farmers have often been regarded as belonging to one of three groups. At the

⁴⁶ Interviews, Kapna Char 04/10/18

⁴⁷ Interview, Tuluk Belka, 05/10/18

top are those who either own or have long-term, secure tenure on the land they far. Next down are farmers who have shorter-term leases on land; and at the bottom are farmers who do not have their own land, but who share crop (till land for others and take a share of the harvest in return) or sell their labour to others. The research described in this paper suggests that this three-way division is rather too rigid, and does not properly reflect what goes on on-the-ground. In practice, many farmers appear to fall to some degree under each of the three categories. Many own land, but may not farm it themselves, but let it out to others. They may then lease other land, and may also engage in share-cropping as well. The decision about what land to farm and on what basis appeared to the research team often to be a proactive choice on the part of individual farmers, rather than a function of necessity. This latter point is far from categoric, given that the nature of the interview process was not statistically-derived. Nevertheless, a clear impression emerging from this research is that the nature of the informal structures of land power in the Chars are weaker than once they were. It would be valuable to explore this dynamic in more detail and more systematically.

By contrast the influence of Imams seems to be increasing. Char communities and farmers seem highly inclined to seek the advice of their Imam on many issues, ranging from those related to farming, through to more personal or family issues. Interestingly a number of respondents suggested that this increased influence is derived, at least in part, from the fact that donor projects often incorporate Imams in their stakeholder network.

Formal authorities

In the past, the relationship between Chars communities and official government structures has been shallow. The remoteness of the Chars, and the perception of their marginalisation meant that government services are less wide-spread in these areas, and Union and Upazila authorities have paid relatively-little attention to the Chars. This dynamic seems to be changing, as demonstrated by the fact that many of the research teams were able secure meetings with Union and Upazila representatives, and, in one case met with a Member of Parliament In many of these meetings, officials observed that they were now having to take greater notice of the needs of Chars communities.

Firstly, the provision of government services into the Chars appears to be improving, even if there remains a long way to go. It appears, for example, that government agriculture extension workers are increasingly travelling to Char communities – indeed it was reported that some are hitching lifts with M4C staff to do so.

Interviewees stated that both education and healthcare services are becoming more widespread in the Chars, with the opening of new clinics and schools in a number of places. For example, in Kapna Char⁴⁸, the headmaster had recently-moved from a school on the mainland as he the shift as being professionally-beneficial. The school was expanded in size in 2013 with Government money, and now has nearly 300 pupils. Part of the reason for this seems to be that because of increases in farm incomes, more parents now have the resources to pay for school fees. According to Mr Anwar Sarkar, head teacher of the Narayanpur High School in Narayanpur⁴⁹ the number of pupils has increased since 2012 from 250 to around 1,000 now. He further reported that attendance is good, as parents encourage their children in their schooling, and girls' admission to the school has also increased.

⁴⁸ Interviews, Kapna Char, 04/10/18

⁴⁹ Interview, Head teacher, Teacher, Narayanpur High scholl, Narayanpur, Nageswari 06/10/18

However, it should be observed that provision of public services, particularly of healthcare, remains a low level. Even if a relatively-local clinic is able to provide first aid and other simple services, for most Chars dwellers, care for major health emergencies remains geographically very-distant. For many, the hospital in Kurrigram is the nearest facility for major illnesses, accidents and for service such as maternity care. Moreover, whilst the expansion in education facilities is welcome, it is not gender-neutral. At the school in Kapna, for example, it was reported that, whilst more girls are enrolled at school when they are younger, their drop-out rate is higher than that for boys.

Nevertheless, challenges still remain. Char residents still feel themselves to be more marginalised by official power structures, than their mainland counterparts, and believe their needs are not fully recognised. For example, in Kapna Char⁵⁰, a group of farmers and community leaders pointed out how the construction of a causeway would defend a considerable expanse of land from future damage by flooding, but that they were getting no response from the local authorities about the potential for building this defence. Many farmers also remonstrated with researchers about perceived injustices in relation to an asset-transfer programme being undertaken by the government. In principle, the monies for this scheme are meant to be allocated on a per capita basis. However, Chars dwellers believe that, in practice, more money is being spent on mainland communities than on them. It is not clear from this research whether or not this complaint is justified: it does however show that Chars communities still feel themselves to be regarded by local authorities as being of less importance than those on the mainland. It is interesting to speculate about how the increasing self-confidence of Chars communities observed in other of their relationships may, over time, lead them to more strongly confront formal power structures to oblige local councils to provide better services in the Chars, and to respond more immediately to their needs.

⁵⁰ FGD with farmers and community leaders, Kapna Char, 04/10/18

Changes in power structures.

It is clear from the research presented above that there a number of changes are under way in terms of the power structures operating in the Chars areas. The degree of these changes differs considerably from community to community, and is dependent on a number of factors. Changes are more embedded and varied in areas where the M4C programme has been operating for longer. However, there are a range of other pertinent factors. Chars that are more remote appear to struggle more than those closer to larger markets, and more accessible for service providers such as SAAOs and MFIs. Strong local leadership is also important, enabling communities and different groups to make their voice heard more effectively. However, also key seems to be entrepreneurialism on the part of a small number of individuals. The emergence of almost-entirely new business services shows that changing power dynamics are opening up new opportunities, for example for some farmers to act as aggregators – taking their neighbours products to market in return for a cut of the sale price. As a result, the power and influence of old elites is weakening, at least to some extent.

Increase in power of Chars communities

Perhaps the most significant change is that the Char communities are – figuratively as well as literally – now on the map. All other groups interviewed – input retailers, traders and so on – all commented that historically the Char communities were marginal and therefore largely ignored. The increased production levels on the Chars, and the consequent increases in income mean that these communities are now very viable – indeed, in some cases, excellent – markets for input providers, and a good source of supply for traders. As has been discussed above, many input retailers and output traders now routinely travel to the Chars to pursue the business opportunities there.

Moreover, it is also clear that Chars farmers have greater confidence in themselves, which is reflected in the way in which they interact with their commercial counterparts. Retailers spoke of the fact that in the early days after farmers received M4C-backed training, they were quite formulaic in what they asked for in terms of seeds and other inputs. They knew what they had been told to ask for, but not much more. Over time, however, farmers have developed their understanding and, retailers report, are now able to discuss fluently the relative merits of different products and farming approaches. Traders too said that farmers are increasingly keen to learn about improved harvesting, drying and other production techniques.

The change in the power position of the Chars communities therefore emerges from, but is separate from the change in their economic position. The greater incomes of Chars farmers have not simply been an end in itself (desirable though that end is). Farmers now have greater access to information and knowledge, which has enabled them both to improve their farming techniques, and so improve incomes; but has also greatly increased their confidence, and their willingness to engage with others. They increasingly see themselves as proactive actors with agency to influence their future.

Increases in power of other actors

However, it is not just the Chars farmers whose power has increased relative to others: so too has that of many of the partners with whom they work; in particular input retailers and traders, both of which have seen their position change relative to their own stakeholders.

Many of the input retailers interviewed said that their position relative to the agricultural companies from whom they purchase has altered markedly. Most obviously, many retailers now enjoy similar credit terms from their suppliers that they themselves provide to farmers – 50% is paid at the time of receiving the goods, with the remaining 50% payable at the end of the growing season. However, it is also clear that the broader level of service that retailers receive from the agricultural companies has improved a great deal. Retailers report that they now have access to the latest products, and it is evident that the larger companies also provide a good deal of support in the way of training. This enables the traders to continue to improve in their role as trusted advisers to their farmer clients.

The position of traders has also improved. A number of the traders buying from Char farmers commented that the larger volumes to which they now have access means that they themselves are able to sell at larger, regional markets. A number also commented on the fact that they are also able to get closer to a number of the food production companies to which the farm goods are ultimately sold. This means that they are more aware of the specific requirements that end-users have of different products: information that they are able to pass on to Chars farmers.

Changes in actors and roles

The political economy of the Chars is changing also in that there are changes in the position and role of some existing actors, and the emergence of new ones. It is clear that some actors are losing influence, in particular smaller-scale traders at Haats. In the past, because Char farmers were selling relatively-small quantities of goods, there was a role for small traders. They would pay a lower price to Chars farmers for small quantities and then aggregate these before selling them onto larger traders. Now that Chars farmers are selling larger quantities of goods, they are able to go directly to the larger traders, bypassing the smaller ones. One of the the research teams, visiting a Jute market in Fulchari Haat⁵¹ met one trader who was buying jute at BDT 1,600/ mound and selling at BDT1,650. The quantities being sold were relatively small, and it seemed unlikely that the role for traders at this level is sustainable.

However, there are also a number of changes and modifications in the roles that individuals play, with the boundaries between different categories of actor being broken down to some degree. An example is an interviewee whom the research team met in Hatiar Mela Char⁵². Mr Rahman described himself as a trader of maize, jute and groundnuts: he reported buying from as many as 1,500 farmers in different Chars of the Ulipur district. However, in practice, his business covered a much wider set of activities. He said that he lent money to farmers and helped them source the correct agro-inputs to enable them to produce goods of the quality he wanted to buy. He also said he provided advice to

⁵¹ Interviews, Fulchari Haat, 06/10/18

⁵² Interviews, Hatiar Mela Char 05/10/18

farmers on growing and production techniques. Consequently, this individual's business has now expanded beyond simply trading, and now covers a number of other categories. Additionally, other roles have come into existence. Most notable is the emergence of farmers acting as aggregators for their own and their neighbours' goods, which they then sell at market. As noted earlier, this removes the opportunity cost for other farmers travelling to market and demonstrates another shift in the political economy of Chars communities.

Reduction in the power of traditional power players

As was discussed earlier in this report, in the past power, especially in relation to land ownership, has been in the hands of a relatively-small elite of land-owners, who enforce their writ through the use of coercion, and occasionally through violence. This appears to be changing, if only gradually. Interviews and FGDs for this study found that land ownership is more widespread, and disputes over land are more-routinely addressed transparently, with settlements often agreed in public forums.

Evidence from an FGD with farmers in Nageswari⁵³ reinforces the impression that there is a shift in the balance of power in relation to land ownership – with farmers more likely to be owning at least some of the land they work. According to farmers in this group, around 40% of poor farmers now have mortgages with which they have purchased land, with only around 10% engaged in share cropping. They said that this is the reverse of the situation 5-or so years ago, when the proportions would have been reversed. Further, they said that this change is the result of poor farmers' incomes having increased because of improvements crop choices and use of better cultivation techniques.

During a visit to Khelar Bhita, a village of Kaliganj union⁵⁴ one research team observed the adjudication of a land dispute between two brothers a small piece of land. The dispute was held in public, with a large proportion of the village community in attendance. Each of the brothers had a representative to press their case, and the whole proceeding was chaired by a former chairman of the local Union. His appointment had been agreed by both parties. In this case, as apparently in many others, stems from the fact that both parties had legal documents demonstrating their ownership of the land. The researchers were told that this happens when an inherited shared land is sold to different buyers by different successors. The informal signed paper can be shown as a document to the formal village court and the additional judge court. The process went on for many hours before agreement was reached and witnessed by the wider community. It was reported that these on-the-ground agreements, though technically informal are increasingly accepted by the court system as being legally-binding. In another Char, Kaligong in Nageswari, the chairman of the UP Council, Mr Motiar Rahman Bapari⁵⁵ reported that whilst land disputes are common, this public structure for resolving them is widespread, and allows around 90% of cases to be resolved, with only the remaining 10% or so going to court. In Bozra Char⁵⁶, a research team met with a land surveyor who had access to land surveys dating back to 1940 and 1962. This means that if one farmer's land is submerged and then subsequently reemerges, the land surveyor can support that person's reclamation of the land. He reported that the process normally proceeds smoothly.

⁵³ Farmer FGD, Nageswari,, 04/10/18

⁵⁴ Interviews, Khelar Bhita, 05/10/18

⁵⁵ Interview with UP Chairman, Kaligong,, Nageswari, 05/10/18

⁵⁶ Interview, Bozra char, 05/10/18

It was also reported that the interference of elite groups in agricultural markets has reduced. A farmer FGD in Pachim Bazra⁵⁷ reported that the local elites and politicians did not interfere with their business with input sellers and traders, and that they perceived the business environment to be reasonably open in this regard. There is also some evidence that new governance structures are coming into being which are controlled by those in the markets, not by external power-brokers. At an FGD at Akota Bazar at Taluk Belka it was reported that the traders have created a market management committee of 15 people. This decides on whether new stores will be permitted, and if so, selling what, and vets new potential traders on the market.⁵⁸ In a number of cases, interviewees said that trades are done increasingly on the basis of quality and best price, and are not controlled by elites.

There are shifts too in the partisan position of different communities. Interviews in Char Kapna⁵⁹ found that the UP chairman and local MP were from the Bangladesh Jatiyo Party; the Union Chairman from Bangladesh Awami League (ruling party), and the Upazilla Chairman from Bangladesh Nationalist Party. Therefore within 3 years, local people had voted for 3 different political parties in four elections. This strongly indicates that the partisan behaviour of local people is decreasing and is being superseded by consideration of candidates' individual attributes and policies.

There is, however, still evidence of the power of old elites. In an interview with an SAAO in Ramdakua in Belka reported that some in political positions illegally harvest the crops of other farmers, and use 'musclemen' to enforce their power.⁶⁰ In Baje Fulchori⁶¹ too, it was reported that there are still occasions when newly-emerged Char land is grabbed by powerful elites, who reportedly are able to manipulate the paperwork at the land registry office.

A lag in the response for 'formal' institutions

Where change has failed to keep up is with local and national government entities, which still seem unable to respond effectively to the needs and increased profile of the Chars communities. Indeed, in a key regard, the attitude of 'formal' authority has not fundamentally shifted. Given how much has been achieved by these communities in improving their own lot, it is interesting to note that the Government is currently pressing forward with an asset-transfer programme (which itself is controversial in the means of distribution of resources). This fits ill with a situation where the Chars communities are proactive and have agency in shaping their future, not merely recipients of largesse on the part of the state.

It is also clear that there is increasing pressure on Government (both local and national) to improve the service that it offers to Char communities. It was widely reported that most Chars have historically

⁵⁷ FGD with farmers, 05/10/18

⁵⁸ FGD with market traders, Akota Bazar, Taluk Belka, 06/10/18

⁵⁹ Interviews, Kapna Char 04/10/18

⁶⁰ Interview with SAAO, Ramdakua, Belka, 04/10/18

⁶¹ FGD with famers, Baje Fulchori, 05/10/18

received a very poor service from SAAOs, who are meant to be tasked with supporting and educating farmers. In many interviews and FGDs, farmers routinely said that SAAOs largely did not venture into the Chars and were available often for only for relatively few days, at Haats on the mainland. Some farmers even commented that SAAOs charged (BDT400) for their time. As a result, farmers have relied more on their commercial partners – those from whom they buy goods and services, and those to whom they sell – as sources of expertise and advice. There is, however, a strong sense that government staff should be providing a better service. There is evidence that things are improving – it does seem that SAAOs are now responding to this demand and are travelling more frequently to the Chars. However, they are clearly not being provided with the appropriate resources as they are sometimes hitching lifts with M4C staff. Moreover, it is clear from discussions in several Chars, that communities there do not feel that their needs are being listened to by the official authorities. In Kapna Char, for example, local people were able to explain in detail how the construction of a causeway in the north-western corner of their island could protect a large area of fertile and productive land: they have had no engagement on this from the political authorities.

Conclusions: Implications for the development process

The political economy of the Chars communities has therefore changed markedly. Whilst old power structures have far from disappeared, it does seem that they carry less weight than hitherto. In particular in the matter of access to land and land ownership, there does appear to be a reasonable and growing degree of transparency and fairness, with disputes routinely, though not always, heard and resolved publicly.

Moreover, the evidence of this study demonstrates the importance of business clusters as a key driver of development. As Delgado *et al* make clear, 'the presence of complementary activity via clusters is a strong driver of growth through allowing ... ready access to key inputs, better interactions with customers, and facilitating experimentation and innovation.'⁶² Although Char communities are agricultural rather than industrial, the example of Zimbabwe before the Mugabe land 'reforms' demonstrates how in agricultural communities clustering is important as a driver of a wider economy. The farm included in the core business of agriculture – providers of seeds, fertilisers and other inputs; farmers themselves; processors; and distributors – but also the other businesses that could develop on the back of a successful farming hub. These companies might include shops of different types, schools and training facilities, leisure facilities and so on.

Research by the Overseas Development Institute for the World Bank⁶³ explored in more detail – focussing on the tourism sector – the ripple impacts of private sector development programming. This work identified three mechanisms of impact:

- the direct effects of tourism – the earnings of those working in the sector, at hotels and in excursion companies
- the indirect effects as tourism draws in inputs from other segments of the economy such as food, transportation and furnishings
- the dynamic effects created by tourism, such as the business climate for small enterprise development; patterns of growth in the host economy, and the infrastructure of the destination.

It is easy often for development actors to see themselves and their interventions as the answer to the needs of poor communities in places like Bangladesh. Donors have great experience in providing support on a range of issues including healthcare provision, education, creation of infrastructure and so on. However, this study suggests that these interventions are not always necessary and that, in fact, the best intervention which donors can make is to facilitate the development of open and equitable market systems. Doing this provides a conduit for the creation of wealth which beneficiaries can then themselves spend on other desirable development outcomes.

⁶² Delgado, M, M E Porter & S Stern. 'Clusters, Convergence, and Economic Performance' *NBER Working Paper No. 18250* National Bureau of Economic Research, Cambridge MA. July 2012

⁶³ Mitchell J & Ashley, C. (2007) *Pathways to Prosperity – How can tourism reduce poverty: A review of pathways, evidence and methods.* World Bank / ODI

The example of the M4C programme demonstrates that the impact of market systems interventions extends significantly beyond only the economic. The impacts extend into a wide range of issues which development actors might normally consider as ripe territory for programme interventions. The Chars communities visibly have more wealth, and some of this is being spent on 'developmentally-beneficially' ends. Many of those interviewed in farmer communities said that they were spending money on the education of children, and a number of teachers observed that the roll of their school had increased, and parents were ensuring that children were attending class. Additionally, in a number of communities, researchers met with shop owners, whose goods for sale included medicines. State provision of healthcare remains problematic, but greater incomes are allowing farming communities to make some improvements in medical care available to their families.

The implication of this for development programming is clear: that by supporting private sector development and market systems projects, donors are able to address a wide range of other development needs. However, rather than these other needs being dependent for their continuation on the presence of donor money, they can be met sustainably because local communities have the resources themselves to provide them.

This means that donors are then able to use their resources to fill gaps that the market system does not provide, or to help official structures respond more effectively to the changes in the political economy dynamic. In the case of the Char communities, a key remaining challenge is the relative slowness of official authorities to respond to the changing power dynamics. Provision of services such as agricultural outreach, health and education remain problematic, and the official view of the Chars, as reflected by the decision to push forward with an asset-transfer programme, seems to still be of a community of victims needing largesse, rather than of one which is proactive and increasingly forming its own destiny.

Therefore, it is not just in areas of programming such as healthcare and education where PSD/MSD interventions can provide an entry point, the same is true also of areas like governance, rule of law and democratisation. In the case of the M4C programme, its work has prompted, not only economic development, but also a significant change in the political economy. Therefore, in exactly the same way as it is clearer now what needs to be done in the areas of healthcare and education, it is also much clearer what work is needed to address issues of governance. Public authorities are struggling to deal with the changed power of Chars communities: a governance programme to help address this would support a real area of need. This is patently more relevant than a programme developed in isolation from the on-the-ground realities.

However, there are also significant implications for PSD/MSD programming. Those designing and implementing projects of this type need to be aware that they are not affecting 'only' the economy and the private sector: rather they are potentially affecting the whole fabric of the host communities. M4C has most certainly done what it was designed to do – to improve the incomes of Char communities. However, as has been demonstrated by this study, by doing this, the relative power balance between those farmers and others with whom they interact has changed fundamentally. PSD/MSD programmes therefore need to be designed in the knowledge that these wider impacts can be had. This means that targets should not just be about, for example, increases in incomes or jobs

created, but also about issues such as, for example the number of traders visiting Chars, as this demonstrates that a wider, systemic societal change is underway.

The Donor Committee for Enterprise Development has done a good deal of work to develop M&E systems to assess PSD programmes in fragile and conflict-affected situations. This builds on analysis that PSD impacts on a number of key aspects of conflict-management, including creating cross-divide linkages, and stimulating good governance⁶⁴. It would be valuable to derive a similar set of indicators that could be developed to ensure that PSD programmes were able to have the greatest-possible chance of affecting wider societal dynamics as well as factors specifically related to the economy and private sector.

The clear recommendation of this paper is that PSD/ MSD interventions should be the default access point for donors into the development process of host communities. Programmes like M4C are able to develop a functioning market economy which provides the economic wherewithal for people to provide many developmental goods – education, healthcare, etc – for themselves. However, by effecting fundamental and durable shifts in the political economy, they are also able to highlight where donor interventions in other areas – even on issues such as governance – can be most effective, and have greatest impact.

⁶⁴ Davis P (2012) *Corporations, Global Governance and Post-Conflict Reconstruction*. Routledge, London