

# CSR REVIEW

## Financial Inclusion of Former Chitmahal Dwellers

Dr. Atiur Rahman, Governor, Bangladesh Bank



### Chitmahals- “The Land that Map Forgot”

Chitmahals, by a quirk of history, were the pieces of Bangladeshi and Indian territory, geographically located in one but politically and legally belong to another (Shewly, 2013). In a clear manner, any portion of a state that is entirely surrounded by the territory of one other state is known as enclave where as a portion of a state geographically separated from the main part, surrounding by foreign territory, is known as exclave. So, the pieces of land which were located within the boundary of Bangladesh but are part of Indian territory are known as enclave of India and exclave of Bangladesh and vice-versa. Thousands of people of both countries live in these Chitmahals which belong to one country but are located in other (Majumder, 2015).

The history of Indo-Bangladesh enclaves or Chitmahals is quite old and complex and the result of a variety of historical, political and geographical reasons. These pieces of land are known as a result of alleged triflings on the part of the kings of Coochbehar and Rangpur. These kings of neighboring kingdoms used to bet their villages in games of chess and hence gain control of territory within the rival kingdoms (Chatterjee, 2014). Another unlikely hypothesis suggests that Cyril Radcliffe - who drew the India-Pakistan border in 1947 - was in a hurry and he accidentally dropped some ink dots on the map, creating these Chitmahals (Chatterji, 1999).

However, whatever the root, it is not the matter of concern. The major crisis was, people who lived in these enclaves were stateless people without an identity, without documents and without any rights or privileges. They do not

belong to anyone. India does not want to have anything to do with the citizens who live in Chitmahals inside Bangladesh and Bangladesh seems to have forgotten the ones in Indian territory. Almost for seven decades, citizens of Chitmahals suffered from such situation.

### 1971- Independence Bangladesh: A Ray of Hope for the Dwellers of Chitmahals

1971- Under the charismatic leadership of Bangabandhu Sheikh Mujibur Rahman, Bangladesh became independent. Later, on 16 May 1974, The Land Boundary Agreement was signed between Indira Gandhi and Bangabandhu Sheikh Mujibur Rahman, to exchange enclaves and surrender adverse possessions. Nevertheless, on 15 August 1975, the noblest and the greatest of Bangalees in a thousand years, Bangabandhu Sheikh Mujibur Rahman was assassinated by a handful of treacherous military officers. Sudden demise of Bangabandhu created an obstacle to the execution of The Land Boundary Agreement, 1974.

### 2015- A New Era Begins

In 2015- after a long period of 68 years, the dream of the Chitmahal dwellers becomes true. The bill about executing came into reality only due to the dynamic leadership of our Honourable Prime Minister Sheikh Hasina, daughter of our Father of Nation, Bangabandhu Sheikh Mujibur Rahman. On 31 July 2015, at midnight, all the enclaves were exchanged between India and Bangladesh. Accordingly, 111 enclaves of India were united with the main land of Bangladesh. At present,

see page 2 ►

## Banks Take Forward CSR

Anis A. Khan

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Corporate Social Responsibility (CSR) that emerged in 1960 was an attempt to link business with society. CSR refers to strategies that corporations or firms employ to conduct their business in a way that is ethical, society friendly and beneficial to community in terms of development. It is a concept where business organizations apart from their profitability and growth show interest in societal and environmental welfare by taking the responsibility of impact of their activities on stakeholders, employees, shareholders, customers, suppliers, and civil society.

CSR is something that is mutually beneficial, both for the company in the sense of goodwill and interaction with the people, and the community in the sense of economic emancipation. It takes into consideration the social and environmental implications of corporate financial decisions. With the increasing need for economic development across the globe, there is demand for financial institutions to take a more central role in the efforts to alleviate poverty, achieve equitable and accountable systems of governance and ensure environmental security. In this regard, actions taken by corporate houses and regulatory authorities operating in developed nations are quite satisfactory.

In recent years an attempt has been initiated to ensure socially responsible behavior of banking sector in a more organized manner. The CSR in Bangladesh's banking sector is aimed at addressing financial inclusion, providing financial services to the unbanked or untapped

see page 3 ►





# Editorial

## Bringing former enclave dwellers into the mainstream

A historic event took place on August 1, 2015. On this day Bangladesh and India swapped 162 'chhits' or enclaves \_111 in Bangladesh and 51 in India \_ in Implementation of a landmark border deal ending one of the world's most complicated border disputes. This ended the ordeal of about 52,000 enclave people who had been denied a state identity for nearly seven decades. The lack of state identity had meant denial of all basic human rights and services provided by a state to its citizens. The Bangladeshi enclave dwellers had no links to their mainland and so was the case with the Indian enclave people.

For example, the Indians living in the enclaves located in Bangladesh's Kurigram, Lalmonirhat, Nilphamari and Panchagarh districts of Rangpur division had been denied any service, rights or assistance from the Indian government due to geographical seclusion. As virtual citizens of India they could not claim any such services from the Bangladesh administration either. The same was with the Bangladeshis living in territories surrounded by Indian mainland. For decades they saw the people of their neighboring villages receiving government services like health care, education, supply of seeds, fertilizers and irrigation inputs for better farming, social safety and disaster relief. But the chhit dwellers had always been deprived of all these services only because they lacked a state identity.

The dark days are over. The term 'enclave' has become a past. The deprived citizens of Bangladesh have now regained their dignity and the right to claim from the state what is due to them. It is high time Bangladesh takes care of the problems of its citizens with priority. They are entitled to receive similar services enjoyed by other citizens not only from the government, but also from other development and service providers.

Bangladesh government has already got into action. It has allocated Tk. 200 crores for the development of the former enclaves and the welfare of the people living there. Most of the fund will likely be spent for infrastructure building like construction of roads and schools. It is appreciated that the government has taken this prompt decision to help this deprived section of the population. At the same time this amount is not at all sufficient to develop an area of 17,000 acres which has seen no sign of development in the last seven decades. Like other development efforts of the government, this initiative should also be supplemented and complemented by other stakeholders.

It is good to see some non-government organizations and development agencies have come forward to help these people. They are assessing the needs of these areas as they plan to make a contribution. Historically, development activities in Bangladesh are jointly carried out by government and private enterprises. Stake of the business sector in the area of development should be mentioned here. Over last few years, the business sector has demonstrated remarkable success in addressing the needs of the vulnerable communities through CSR interventions. The annual expenditure in CSR (Corporate Social Responsibility) by the banking sector alone has exceeded Taka 500 crores. These interventions have benefitted the target communities.

The situation in the former enclaves has created both needs and opportunities: needs of the people who have long been deprived of living a decent human life; and opportunities for the business and corporate houses to play a meaningful role in addressing the real needs of a deserving community through CSR programme. The advocacy for CSR in last couple of years has led the business community to realize about the win-win outcome of CSR. Many companies now wish to operate CSR ensuring value for their money.

In spite of this good intention the business houses do not have time or scope to identify the target community, assess their needs, plan activities/interventions, implement the programme, monitor and evaluate results and impact. So they need dependable and experienced partners from the development sector to go through the process, which may not always be very easy to find.

Addressing the needs of the former enclave dwellers is an immediate requirement. If the business community wants to respond to the needs, there is no time to spare. How to proceed?

One option to have a good start can be creating a common CSR fund with the support of business houses or even separate common funds involving different business sectors such as bank and financial institute, RMG, pharmaceuticals, telecommunication companies and the like. The fund will be used for implementing need based interventions in the former enclave areas. Contributing companies will form a body to regulate the fund. The body will decide on the mode of operations of the fund. Development organizations will be invited to submit proposals catering to the needs of the target community. One organization with experience, credibility and capacity may be given the responsibility of fund management and oversight of project activities.

Whatever the modus operandi, the needs of these long-deprived citizens of Bangladesh have to be addressed immediately. They must feel that their newly-found identity is bringing real change in their life and livelihood.

◀ from page 1

## Financial Inclusion of Former Chitmahal Dwellers

the Land Boundary Agreement, 1974 was passed in the Parliament of India. It will be worthwhile to say that, this dream of the People's Republic of Bangladesh is taking several steps to fulfill the basic needs of these chitmahal dwellers.

### Inclusive activities of Bangladesh Bank: Towards Chitmahal Dwellers

Vision 2021 or formation of Digital Bangladesh or plan to achieve inclusive development - whatever the mandate has been taken by the Government of the People's Republic of Bangladesh, Bangladesh Bank has always played a supportive role a-line with that. Accordingly, with an immediate effect, Bangladesh Bank has started to take special programs for the dwellers of Chitmahals under its financial inclusion activities- the major tools for fostering inclusive growth and reducing poverty in Bangladesh.

To ensure financial service for the underprivileged people of former Chitmahals, Bangladesh Bank has instructed all the scheduled banks to open 10 taka no frill accounts for them. In those accounts minimum balance is not mandatory and no fees/charges are applied either. All the banks are also instructed to provide highest interest rates in these accounts.

A 200 crore taka refinancing scheme was also formed for all the 10 Tk. account holders. The purpose of this scheme is to enable the poor to earn additional money by initiating small businesses. As because, included those poor, underserved dwellers in some income generating business activities through providing financial services, would ultimately benefit the economy. Bangladesh Bank has not only instructed all the banks to open 10 TK accounts for these former Chitmahal dwellers but also given instruction to provide loan facilities under Tk. 200 crore refinance scheme.

Agriculture sector plays an important role to Bangladesh Economy. Each year Bangladesh Bank announces "Agriculture and Rural Credit Policy and program" at the beginning of New FY and undertakes various programs as well as implements those to promote this sector. Providing sufficient credit is the most important scheme of Bangladesh Bank to expedite the growth of this sector. To uphold this aim along with ensuring economical development of the underprivileged people of former Chitmahal dwellers, Bangladesh Bank has instructed all the scheduled banks to disburse agriculture credit in these newly connected areas of Bangladesh.

Small and Medium Enterprises (SMEs) are flourished as the driving force of economic





development worldwide. Like other countries, SME sector plays a critical role in the overall development of Bangladesh economy. Each year Bangladesh Bank formulates an extensive SME credit policy and undertakes policies emphasizing on SME financing. This sector is less capital intensive compared to the large industry but has more potential in employment generation and earning more profit. Therefore, to add the deprived former Chitmahal dwellers into this promising sector and flourish their potential initiative Bangladesh Bank has instructed all scheduled banks to disburse micro, small and medium credit in these newly connected areas of Bangladesh.

Corporate Social Responsibility (CSR) is a significant issue in today's world. Profitable organizations generate profit from the people of the society and in return, they have some social responsibilities. Therefore, to encourage and formalize CSR in financial sector Bangladesh Bank has taken initiative by issuing an elaborate guideline "Mainstreaming Corporate Social Responsibility in banks and FIs in Bangladesh".

Bangladesh Bank has specified several areas where banks and FIs should perform their socially responsible activities. Accordingly, to uplift of living standards of former Chitmahal dwellers, Bangladesh bank has instructed all the scheduled banks and FIs to conduct CSR activities from their CSR fund for these people.

### What's Next

Financial inclusion activities of Bangladesh Bank are getting popular all over the world. Till now, Bangladesh Bank has achieved several awards and recognitions from reputed international institutions for financial inclusion programs. Recently Queen Maxima of the Netherlands, a special adviser to the UN secretary general on financial inclusion, has appreciated the growth of financial inclusion in Bangladesh and expressed her interest to visit the country. To expand the range of Financial Inclusion Bangladesh Bank has organized "National Banking Festival and Fair" in November 2015. The key purpose of these initiatives is to bring all the unbanked people- especially from underserved areas like former Chitmahals, Chars etc., under the

banking umbrella. Bangladesh Bank believes that favorable economic growth and sustainable development is possible by reducing poverty through deepening inequality and widening the range of financial inclusion.

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◀ from page 1

## Banks Take Forward CSR

areas of the country, the socio- economic development of the country by focusing on activities like poverty alleviation, health and medical care, rural area development, self employment training and financial literacy trainings, infrastructure development, education, and environmental protection etc. Bangladesh Bank (BB), the country's central bank, insists upon taking measures for sustainable development of economy through realizing the dire necessity of CSR. BB feels that CSR entails the integration of social and environmental concerns by companies in their business operations and also in interactions with their stakeholders. Financial inclusion signifies the delivery of financial services at affordable costs to disadvantaged and low-income people who would otherwise not be able to afford these services.

Among all businesses, Bangladesh's banking sector is in a leading position as far as CSR is concerned. A quality consideration is always at the top of all considerations in CSR practices by the banks. CSR in one hand is improving the standards of the banks and on the other playing a key role in ensuring socially responsible business operations by all other stakeholders.

The central bank in Bangladesh is working like the guardian of banks not only for general banking operations, but also for CSR initiatives. The guidance, the care and surveillance of Bangladesh Bank resulted in huge momentum for CSR operations in the banking sector. Almost all the scheduled banks in Bangladesh have some kind of engagement in CSR practices. In terms of direct monetary expenditure, engagements of banks in CSR initiatives are increasing, particularly following issuance of guidelines by the Bangladesh Bank.

Sustainability, CSR and banks are often not thought of in the same context. Bangladesh Bank governor has personally taken steps to

increase access to "green finance" and energy efficiency finance for medium and small scale enterprises. This is particularly important to promote sustainability, both by practicing responsible business behavior itself and requiring the same from the clients.

Financial Institutions play a vital role in driving a sustainable economy. Banks while engaging themselves in CSR operations should think of short term, medium term as well as long term planning and strategy. Short term goals may be to provide immediate relief while medium term goals may be to provide options for betterment of the community and long term goals would be to ensure self-reliance. Planning ensures better prioritization for CSR operations. Every organization should prioritize which areas they should focus on instead of doing things haphazardly and this should be done when the budget is set for the following year so that everyone is in tune. In our country, priority may be given in the fields of education and health care.

Successful implementation of CSR projects largely depend on partnerships. It is not possible for organizations to actively get involved in many CSR projects and many organizations actively look for partners who can help them fulfill their obligations. CSR is not just a job to be done just for the sake of doing it. But, its impact should also be measured. The measurement should typically take place not only through the project report but also through a visit by the concerned organization in the area where the CSR activities take place. This will ensure active participation by the people of the organization and build better community involvement.

Mutual Trust Bank Limited (MTB) believes in implementing its moral obligations, as a socially responsible organization, by carrying out its CSR initiatives in line with global norms as well as directives provided by the regulators. MTB is eager to aid the disadvantaged population

through greater financial inclusion. The Bank's CSR policy reflects its efforts to help improve the lives of the existing and potential clients by financing agriculture, small enterprises and renewable energy enterprises at single digit interest rate.

MTB also created a separate Foundation in 2005, solely devoted to the cause of social welfare towards the promotion of CSR objectives under the following categories:

1. **Education (30%):** MTB aims to nurture the primary education sector mainly in the rural hard-to-reach areas. This is a priority sector for the bank in 2015
2. **Health and Nutrition (20%):** The second area of participation for community development by the Bank is Health and Nutrition
3. **Others (50%):** The other areas are disaster relief, sports, art and culture and environment depending on the need at a particular time

In the year 2014, more than 46 percent of the Bank's CSR budget was allocated to Disaster Management, around 25 percent of the budget was spent on the Education sector followed by Health, Sports, Art and Culture and other sectors. In 2015, MTB is emphasizing on Education and Health sectors especially in hard-to-reach rural areas.

CSR initiatives by the banks, like all other activities, must go through systematic governance framework, without which businesses may face substantial difficulties in finding and maintaining appropriate boundaries for their CSR interventions. MTB is committed to deploy its resources in a useful manner to aid in the efforts of all concerned for sustainable development.





MRDI's CSR initiative

Once stateless  
Now in the mainstream

Some 111 Indian enclaves became territory of Bangladesh and over 38,000 people in these enclaves got citizenship with the exchange of enclaves between Bangladesh and India. The swap of the enclaves that took place on August 1, 2015 put an end to the deprivation and denial from the access to basic amenities of these people rendered by the state for about seven decades. As citizens of Bangladesh they are now entitled to enjoy their basic rights and needs.

The government has allocated Tk 200 crore for development of enclaves located in Panchagarh, Lalmonirhat, Kurigram and Nilphamari districts in the northwest region of the country. Bangladesh Bank has also asked banks to spend part of their Corporate Social Responsibility (CSR) funds for the welfare of people in the former enclaves.

Out of its commitment to the promotion of CSR for social good, a team of MRDI carried out a quick assessment survey on its own to identify the needs of people living in these villages. The team visited several former enclaves of Panchagarh, Lalmonirhat and Kurigram and talked to people individually and in groups. Views of government officials and representatives of Enclave Exchange Coordination Committee were also taken during the survey to get a broader view of the situation and needs of residents in the area. Compiling the findings, the team proposed some pilot interventions that would meet the immediate needs of the people.

MRDI team handed over the report to the Governor of Bangladesh Bank who took much interest in the issue and thanked MRDI for accomplishing the work so promptly.

THE SCENARIO

**Population :** Of the 111 enclaves, there are human settlements in 72 enclaves and rest are mainly crop land. Some 7,648 households, having 39,144 members, reside in these enclaves in four bordering districts of northern Bangladesh.

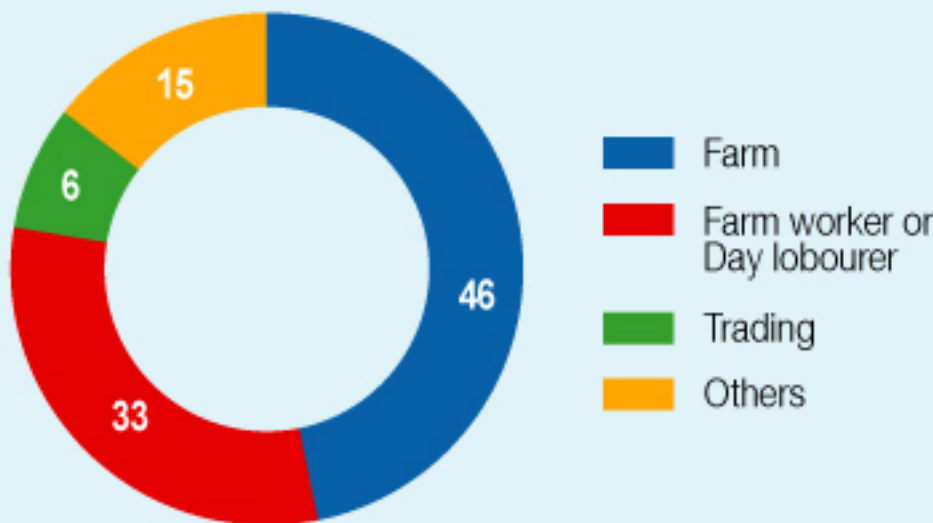
The number of population is expected to decline to 38,157 after migration of 987 persons who opted to go to India.

**Housing :** Most of the residents live in straw and tin shed houses and side walls are developed either by tin or by bamboo or other low cost materials. Poor families have walls made of jute sticks. Earthen floor is quite common except for well off households. Most of the families have separate sheds for kitchen. Almost every household has extended sheds as shelter for reared animals and fire wood.

**Livelihood :** Agriculture is the main source of livelihoods in the area. Non-farm activities are mainly limited to shop keeping or trading, rickshaw van pulling. Family members of a section of residents also work in towns and cities including Bangladesh and India and send money home.

However, farming is dependent on landless, marginal and small farmers. The survey shows that two-third of the respondents belong to categories of landless and small farmers with half owning less than one acre of land.

Percentage of people occupied in various income generating activities in the former enclaves



Percentage of people occupied in various income generating activities in the former enclaves

Livestock, poultry and fish:

Many farming families rear cows. But the rearing activities are not meant for commercial purposes. The cattle seen at households during field appeared to be local breed indicating a gap in artificial insemination. People also do not have enough knowledge about cow fattening and commercial milk production.

**Education infrastructure:** No formal educational institute sponsored by government or private sector was found in former enclave areas. Residents said they earlier got their children admitted in schools in Bangladesh by faking their identities. However, the percentage of adults who have completed secondary and higher secondary education was found to be low. The rate of education among youths, adolescents and children is comparatively higher.

GLIMPSES OF THE PRIORITIES

**Housing :** Most of the residents live in straw and tin shed houses and side walls are developed either by tin, bamboo or other low cost materials. Poor families have walls made by jute sticks. Earthen floor is quite common except for well off households. So assistance is needed for providing the families with dwelling houses of minimum acceptable quality.

**Sanitation :** Most of the households do not have sanitary latrine. Use of open latrine and random defecation cause various diseases and ailments. So sanitary latrine is urgently needed in enclave areas.

**Power supply for lighting and irrigation :** Enclave dwellers depend on kerosene lamp for lighting homes. Very few households have solar homes system (SHS). Irrigation of land is done by using high cost diesel operated water pump. Provision of solar energy can address this problem.

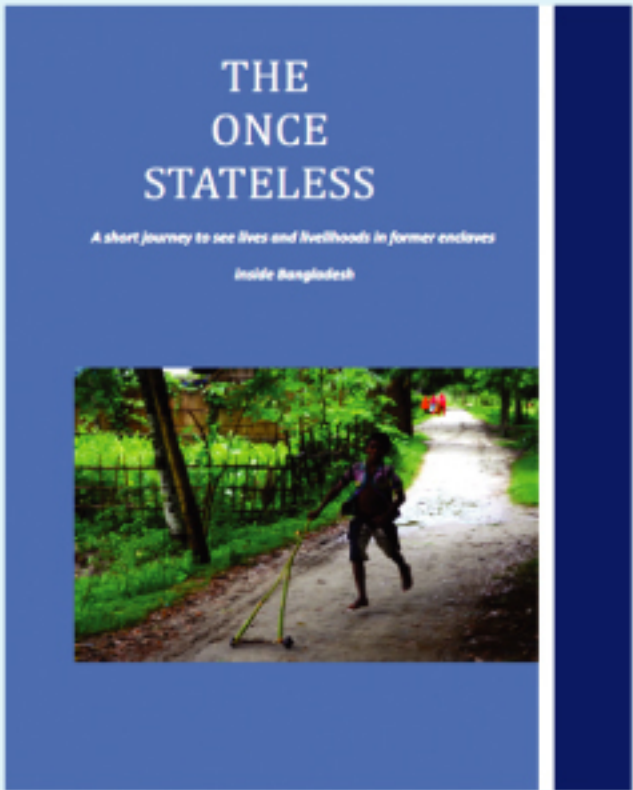
**Skills training and income generation :** Men, women and young people of the community, so far deprived of all rights and opportunities, need vocational skills to equip themselves for living a life with dignity. Skills training centres and income generation facilities have to be created for them.

**Education :** No education facilities are there in the enclave areas. Special initiative is needed to facilitate education for children and the youth. Stipend and interest free loan for education, in general and technical education, in particular need to be provided. Adult learning facilities have to be created.

**Health services:** Health care facilities for mother, children and other members of the family have to be created with urgency. Child delivery including pre and post natal care in an institutional facility, immunization and health care for children have to be ensured with priority.

**Loan without collateral:** Considering the complications of land ownership which is likely to take time to be settled and the position of landless people, arrangements should be made to provide credit from banks and financial institutes to farmers without collateral.

Once stateless, the people of these villages are lagging far behind their neighbours in terms of socio-economic condition and livelihood facilities without any fault of them. Special assistance and support should be extended to them to compensate the deprivations which have caused them humiliations and sufferings for decades. And again, that has to be done immediately. Hardly there is any time to spare.



For detailed report please visit  
[www.mrdibd.org/downloads/Enclave%20Report.pdf](http://www.mrdibd.org/downloads/Enclave%20Report.pdf)





## Thanks to MTB

### Children rescued from the wrath of disaster

Children of Char Patila of the southern district of Bhola had long been deprived of their fundamental right to education. With the noble mission of promoting child education, Mutual Trust Bank (MTB) provided support to build the infrastructure of Sharifpara Primary School in the remote village with the assistance of MRDI. The school has now been brought under government's salary payment scheme to make it a sustainable institute.

Despite these positive factors, poor attendance of children was a matter of concern. Looking for the reason, it was found that many of the children suffer from common ailments. To address the problem, MTB again came up with support to provide health care services through its 'Health program for Char Patila' project. Health camp is organized twice a week in the village with the provision of doctor's advice and free medicine for the children and their family member.



A mishap took place in Char Patila when tornado 'Komen' hit the offshore area in last August. The students of Sharifpara Primary School of the offshore island, on their way home after the morning shift of classes, were hit by the storm and tidal bore. The upsurge pulled away fifteen children who were rescued by the village people. Seven of them were in critical condition.

The local union parishad chairman and the Director of a local NGO Unnayan Dhara Trust rushed to the village and initially shifted the children to a nearby health centre and then to the government hospital at the upazila level for treatment.

When contacted, MTB authority immediately responded and approved funds to meet the cost of treatment of the rescued children and other related expenses. Not only the parents and teachers of these children, but also other people of Char Patila are grateful to MTB for this noble gesture.

## Paying back to Birangonas

Aimana Begum (70), one of nineteen women whom we affectionately call Birangona (war heroine) in recognition of their sacrifice for the liberation of the country, gave a blank look when she was asked about her whereabouts. Short of hearing, she was communicated by another woman with louder voice.

How is Aimana? Is she well? No. Because she has no shelter to live, no money to buy a hearing aid. But she feels happy at the moment. Because after long 43 years of liberation some well-wishers have come to her to know her whereabouts. She recalls the bestial acts of brutal Pakistanis and their local collaborators in those dark days. Yet she sees her kind brothers with loving and caring words before her. A drop of tear comes out of her blank eye.

This happened at an event to hand over some aid items and cash money to the Birangonas as rehabilitation support in the northern district of Sirajganj. MRDI, with the support of Bangladesh Bank organized the programme.

A newspaper report on twenty Birangonas of Sirajganj, living in a deplorable condition, drew attention of Dr. Atiur Rahman, Governor of Bangladesh Bank. Touched by the sufferings of the Birangonas, the governor requested MRDI to conduct a quick assessment of the needs of these helpless women.

Accordingly MRDI conducted a survey with the assistance of Programme for Women Development (PWD), a local NGO. Nineteen out of twenty women could be reached who placed their requirements before the assessment team. According to their needs, a programme was organized at Sirajganj town in presence of the officials of Bangladesh Bank, MRDI and PWD and local elites to hand over the support materials to the Birangonas.

Not a big event though, this humble initiative is an evidence that the nation has not forgotten the sacrifice of its mothers.

## Congratulations to Dr. Atiur Rahman

MRDI extends hearty congratulations to Dr. Atiur Rahman, Governor of Bangladesh Bank on his being awarded as the 'Central Bank Governor of the Year 2015 for Asia' for his contribution to the successful maintenance of macroeconomic stability in the country. This award is a recognition of his pioneering role in promoting socially responsible financing, financial inclusiveness and green funding.

A champion of the concept of corporate social responsibility (CSR), Dr. Rahman has been a driving force and a source of inspiration to MRDI for its advocacy initiatives for the promotion of CSR in Bangladesh.

MRDI hopes, under his able and creative leadership, people of all walks of life will enjoy the benefits of formal financial system and contribute to the country's economy.



## Training on CSR Guideline

### Banks need their own strategy to strengthen CSR



Banks should develop their CSR strategy to have a focused impact on the target community that would ultimately contribute to the bank's profitability. Allocation of resources, priority setting and monitoring implementation of the interventions in a strategic manner will ensure a sustainable impact of these efforts.

Speakers said this while inaugurating a training for CSR desk officers of banks on CSR Guideline of Bangladesh Bank organized by MRDI in partnership with the central bank.

Discussions on CSR Strategy in the banking sector; cost-benefit analysis and sustainability of CSR; Bank-CSO partnership for a sustainable CSR implementation; responsibilities of CSR desk officers; indicative guidelines for CSR allocation and SRO on CSR tax exemption took place in the training. Academics and experts facilitated the sessions as resource persons.



## CSR - Banks' Strategy and Policy

Shitangshu Kumar Sur Chowdhury, Deputy Governor, Bangladesh Bank

As CSR is a concept to be materialized according to the necessity of situation, there is no universally agreed statement to define itself. Yet, CSR may be viewed as-

*"the voluntary actions that a corporation implements as it pursues its mission and fulfils its perceived obligations to stakeholders, including employees, communities, the environment, and society as a whole".*

This definition endorses the idea of strategic corporate social responsibility. The expectations of relevant internal and external stakeholders, irrespective of where those stakeholders may be located, may have a strong influence on CSR strategy.

A strategic approach to Corporate Social Responsibility (CSR) is increasingly important to the competitiveness of enterprises. It can bring benefits in terms of risk management, cost savings, access to capital, customer relationships, human resource management, and innovation capacity. It can therefore drive the development of new markets and create opportunities for growth. Responsible business conduct is especially important when private sector operators provide public services. CSR offers a set of values on which to build a more cohesive society and on which to base the transition to a sustainable economic system.

Globally, Central bank usually doesn't intervene in their CSR activities. But, Bangladesh Bank being the central bank has provided regulatory framework to banks for CSR activities. Poverty alleviation through minimizing income disparity is one of the top priorities for a country like Bangladesh. In that context, Bangladesh Bank devises supervisory structure in such a manner enabling banks not only to move forward for their own growth, but also to support the development initiatives of government.

With BB's support and guidance, banks and financial institutions in Bangladesh are playing a major role to promote CSR in the country. A steady deepening of CSR engagements of our financial sector in diverse areas including environment, governance, gender equality, ethics and much more have been seen in recent years. CSR initiatives of our banks have expanded several-fold over the past few years; as direct support for socioeconomic empowerment of the less well-off population segments with extensive schemes in the areas of health, education and emergency disaster relief, as inclusive financing of MSME output initiatives of all population segments in all economic sectors, and as green financing supporting transition from polluting energy inefficient output practices to 'green', environmentally beneficial options.

BB's facilitation and support measures have helped our financial sector in their CSR initiatives; but it is the motivational thrust of ingraining a socially responsible financing ethos that has played the key role in drawing all our banks and financial institutions into spontaneous engagements in CSR initiatives.



2013 was a watershed year for CSR engagements of our financial sector on two counts. The first was the orchestration of a massive immediate response to the tragic Rana Plaza collapse episode with more than a thousand deaths besides huge losses and damages in physical assets. The financial sector promptly came up with contribution totaling around a billion Taka to the Prime Minister's Relief Fund, besides providing fund for better equipping the country's emergency rescue services in coping with such disasters. The second watershed event was the debut of BB's direct CSR engagements with own funds in programs targeted for beneficiaries in communities beyond its own employees. In 2009, total amount put into this area by banks was BDT 553.80 Million. In 2014, the figure stood at BDT 5105.46 Million.

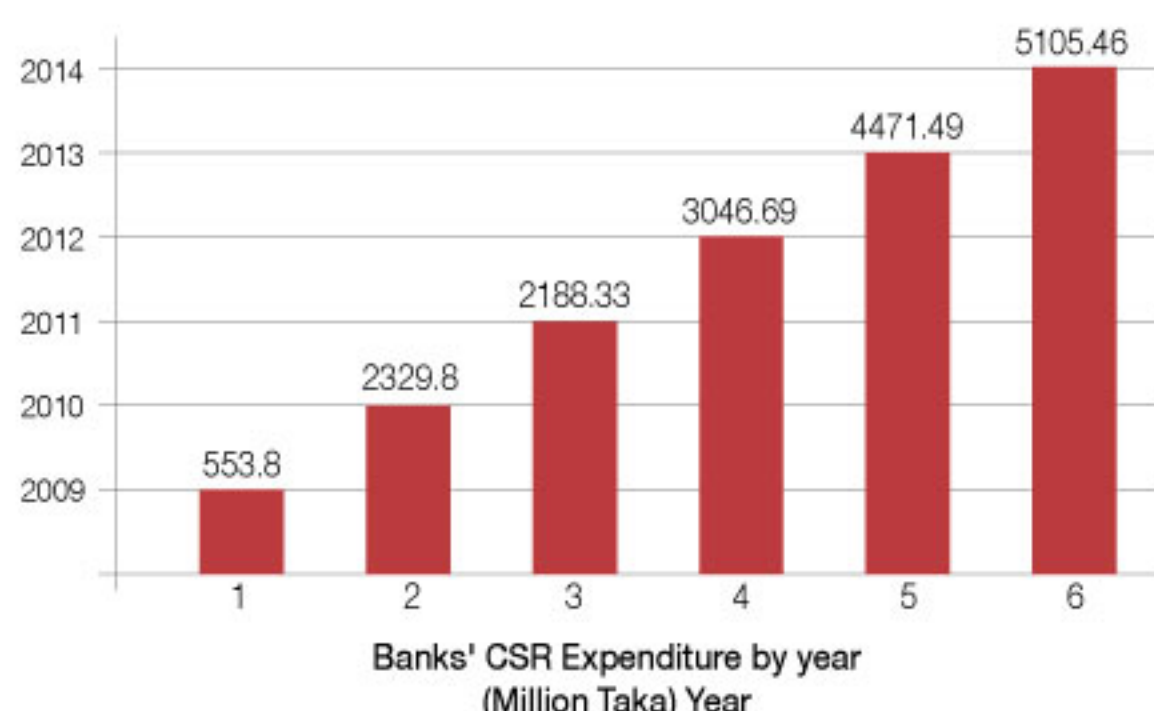
CSR considers society, nature and ethics in

making strategy that can improve the competitive position of a company. CSR takes care of the interest of all stakeholders rather than that of the stockholders only. Since banks are spending substantial amount of money in CSR, they need to make the expenditure in a need based and planned manner. As a result banks may avail the following benefits: improved financial performance, reduced risk exposure, identification of new products and markets, enhanced brand image, increased customer loyalty, improved recruitment and retention performance, motivated employees, improved trust, community development, enhanced corporate reputations, improved government relations, tax waiver on socially and environmentally responsible business lines, reduced regulatory intervention, reduced costs through environmental best practice leading to sustainable profitability. Besides fulfilling the ethical obligations, the banks can be immensely benefited from the new client bases created as a result of CSR activities. Moreover, banks that mainly do businesses with the depositors' money cannot avoid responsibility to the society.

CSR engagements have helped our financial sector itself in good shape during the global financial crisis and in the subsequent period. Besides keeping our financial sector free of speculation driven toxic assets, the inclusive, output supportive orientation of financing has helped it both in supporting output growth and in upholding domestic demand in our economy, hastening decline of poverty and deprivation. Recent developments in CSR activities have shown that the concept and the practice are developing and that organizations are beginning to align their CSR with international norms. In this context, the public policy support, in areas of fiscal and other relevant matters, merits a priority attention particularly in countries like ours.

The related policies have to be flexible enough too. Besides, banks themselves need to take a pro-active action to explore new areas of CSR and to develop basic CSR guidelines and strategy on encouraging and supporting their businesses to pursue CSR in well purported ways.

CSR programs of banks can go a long way in reducing deprivation and widening the access of rural and urban poor to basic social and financial services necessary for healthy, enlightened and productive life. CSR programs should initiate steps for measuring and tracking the ecological footprints of the business activities, aiming over the medium term at what has come to be known as carbon neutrality. For all these steps to become true, banks must strengthen the capacity of their CSR Desk. BB has already instructed to establish a separate 'CSR desk' in the bank as a focal/contact point for the purpose of furnishing up-to-date information to Bangladesh Bank on CSR initiatives/activities as well as maintaining proper communication and liaison with all concerned. In addition, banks should take necessary action to enhance the competencies of concerned persons to monitor and supervise their CSR activities by examining the necessary systems and structures, performance reviews and communication required.







BB is firmly committed to maintaining a stable macroeconomic environment fostering inclusive economic and social growth at a sustained and steadily growing pace. For this, BB has adopted several remedial and promotional measures to bridge the gaps in financial inclusion. BB's financial inclusion drive has substituted directed lending with CSR driven financing of productive undertakings of the underserved population segments, supporting inclusive socioeconomic growth equitably opening up advancement opportunities for all. Back in June 2008 BB issued a guidance circular urging and encouraging all banks to embrace and mainstream CSR obligations in their corporate goals, objectives and ethos; inter alia making financial inclusion their consciously and spontaneously adopted approach of socially and environmentally responsible lending. Experience with this approach thus far has been encouraging, with all banks enthusiastically taking up multifaceted initiatives widening and deepening financial inclusion; such as extending branch and ATM networks into rural areas, mass scale opening of no-frills bank accounts with nominal deposits for poorer people, adopting new cost saving

remote delivery modes for financial services like mobile phone/smart card based banking, financing schemes for renewable energy generation projects and so forth. The domino-effect of all these drives are a boost in agricultural and SME production and foreign remittance and reserve, which in turn contributed to the long term financial stability in the financial sector of the country.

We need to keep in our mind that while promoting financial inclusion with appropriately designed initiatives, the banks, supervision authorities and the CSR experts will of course need to be careful to protect financial stability by preserving the desired standards of their CSR strategies and activities. Banks and experts doing research & development on CSR should work in collaboration; and exchange their views and experiences to enhance their capacity and the image of our financial sector as humane and socially responsible and to inflict better and broader positive impact on the sustainable banking activities.

## No man's joy and sorrow ...

*Md. Shahid Hossain, Adviser, Planning and Development, MRDI*

Md. Khalil (70) has been living in the former Bhitorkuthi Chhitmohol (enclave), not very far from the Lalmonirhat town, throughout his life. The only identity he has been bearing since his birth is that of a chhit resident -- neither Bangladeshi, nor Indian. He has never received any assistance or service from any quarters in his life. He has never seen any of his neighbours receiving any such services. Now he knows that the chhit has been merged with mainland Bangladesh and he is now a citizen of Bangladesh.

How happy do you feel?

Khalil looks confused and remains silent for some moments before responding to the question. Giving a blank look he says, "I have heard that it will do good to us, the chhit dwellers. I have suffered a lot throughout my life. I hope my life will be easier at this old age."

Eyes of Mizanur Rahman (38) of the former Dashiarchara Chhitmohol, Kurigram have a different look. Asked about his feelings Mizanur enthusiastically says, "I am happy. My joy knows no bound. My happiness at this long desired freedom is greater than that of the Eid festival."

Why so much happy?

Mizanur and others around him unequivocally say, "Happy because we will get a national ID card. We will enjoy the facilities and benefits that the people of our neighbouring villages do. We will no more be ignored and neglected as chhit dwellers."

Ayesha Siddika, living with her parents at Dashiarchhara, is a student of tenth grade. She has her own feeling about the end of the humiliating chhit era.

"I could not use my parents' name in the school register. My friends and teachers often insulted me as a chhit girl", an angry and happy Ayesha utters. Angry, because she recalls the intimidation and happy, because she can see ahead a bright sunny morning across the dark night.

"Now we can claim our rights. We don't want to remain unemployed any more after completing our education", say Ayesha and her friends around.

These stories focus a partial thought profile of the people who had been confined for 68 years in some territories that belonged to nobody. Not to Bangladesh because officially these are Indian territories; and not to India because these are located within Bangladesh territory.

These respondents of three generations, out of many to whom we talked during our recent visit to the Chhitmohol areas, have their own feelings about and reactions to what they called liberty from confinement. Yet one thing in common is that all of them are aspiring for a better life - a life with solvency and dignity. They are set to step forward leaving behind all deprivations and discriminations.

But how to fulfill the aspirations? People living a vulnerable life, isolated from administrative support, public services and private charity for decades, need assistance and opportunities to be a part of the mainstream population. They need new infrastructure, service facilities, education, skills, job opportunities, social safety and security. Who will provide them support and assistance? Who will create opportunities for them?

Nothing to worry much. People will get administrative support and social security from the government as a consequence of their new identity. The government has allocated Tk 200 crore for development of enclaves. The Prime Minister herself visited the area and committed lots of development interventions for this deprived section of the population. NGOs and development partners are coming forward to do something for these people. People are eagerly waiting to see changes to fulfill their desire.

Concerns still remain. The procedure of project planning, resource allocation, approval, release of funds, vendor selection and implementation in phases may take quite a long time both from the government and NGOs/donors end. Urgency of the need may be affected thus. The volume of enthusiasm that has been developed to help our new citizens may fade out.

The other concern is constraint of resources. Funds committed so far for development are not



sufficient at all for meeting the huge needs. Flow of further funds is not unlikely, but still uncertain.

So, make hay while the sun shines. Some immediate actions are needed. And that again should cope with the priorities of the community. A non-government organization has recently conducted a primary assessment through field survey in the enclave areas. Some priority needs have surfaced from the study. This may help plan interventions to be taken immediately.

The situation in the former enclaves is rather an opportunity for the business and corporate communities to demonstrate their commitment to corporate social responsibility (CSR). They have the advantage of taking prompt actions compared to formal development projects funded by the government and donors.

Business community has been playing a significant role in reducing poverty and addressing the needs of the vulnerable segments of the population in recent times. Sustainable CSR interventions have brought about visible changes in the life and livelihood of marginalized communities living in remote villages. It is now well accepted by all quarters that government's lone effort cannot meet huge needs of deprived communities. So it is high time for the businesses to come up with development interventions for the rehabilitation and settlement of a deprived section of people at this point of global transition from MDG to SDG.



## CSR Catalogue

Like previous thirteen issues of CSR Review, a catalogue of business houses practicing CSR prepared through random monitoring of reports published or telecast by the national media over a certain period is being placed on this page of the current issue of the newsletter. This time the monitoring period was July to November 2015. We would highly appreciate if the corporate houses send information on their CSR initiatives to [csr@mrdbd.org](mailto:csr@mrdbd.org). Since MRDI works with media and journalists, the news about such initiatives will certainly reach a large audience through them.

### Contribution in PM's Relief Fund



### Education



### Support for Former Enclave People



### Health



### Awareness Building



### Livelihood Support



### Environment



### Facilitating Vulnerable Groups



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