

CSR REVIEW

A tentative beginning gets momentum

Three years back it started as an idea, a hypothesis.

The logic behind it was that Bangladesh's corporate world was mature enough to get directly involved in poverty reduction. That it was time for the corporate bodies to set their corporate social responsibility (CSR). That CSR fund can work as a supplement to the government's development budget.

It was also thought that if lobbied properly, the government would understand that CSR is an important tool to help the government's goal of reaching the poor; that if CSR fund could be made tax-free, it would actually free the government of its own resources it puts in development work.

But for all this to happen, what was first needed is a massive awareness campaign. And so the journey began with MRDI launching its CSR project with the funding from Manusher Jonno Foundation (MJF).

The first issue that emerged was that there was no standard definition for CSR in Bangladesh. Different corporate people had different notions about it. Donating winter clothes or giving some doles to a religious institute was often equated with CSR. So the first task was to set a definition of CSR.

So MRDI started having meetings with a wide range of people including economists, journalists, government officials and business people. Finally, a common understanding on CSR was derived.

In the second level of the task, another lobbying was needed to convince the business community that they have a moral responsibility towards the society they do business with. That CSR is not just charity, it is very much an integral part of doing business. In a parallel activity, it was lobbied with the NBR that CSR will not work without giving tax breaks to corporate bodies. Business community also tried to convince

the tax authorities that giving tax break on CSR is a worldwide practice and that it will not affect the government's fiscal position. Rather it will complement the government's development efforts.

Ultimately NBR for the first time allowed a 10 percent tax break on CSR.

But now the most difficult part of the mission came – to woo the corporate entities to commit funds. It was a general finding of the MRDI project that many corporate houses want to put money in social development, but they do not know where to intervene or they do not have any mechanism to run a development project.

So as an organization working with media, MRDI picked up a few issues that were highlighted in the media. It researched on the issues and then presented them to the business world in projection meetings.

The result was amazing as business houses immediately committed funds to specific interventions.

The latest of this was the signing of two agreements with two corporate bodies – Bank Alfalah Limited and MIDAS Financing Limited. People of a remote Aila-hit village in the Sundarbans were rehabilitated. Its ponds that were unusable for saline water were revamped. To reduce the need for firewood, fuel efficient ovens were distributed. Health clinics will be set up shortly. It was a bright example of how CSR could change the fate of a whole community.

Other corporate houses are also coming with commitments to support development interventions identified by MRDI. Two or three more agreements are expected to be signed shortly.

These examples have touched upon both the government authorities and the corporate world. They are now more committed to work with MRDI on development projects and making regular enquiries about how to get involved in the change-making acts.

Corporate Social Responsibility

Bangladesh Context

Ahmed Al-Kabir Ph.D, Chairman, Rupali Bank Limited

Corporate social responsibility (CSR for short) is a form of corporate social self-regulation integrated into a business model. The CSR policy functions as a built-in, self-regulating mechanism whereby the business organization monitors and ensures its active compliance with the spirit of law, ethical standards, and international norms. Business organizations have social responsibilities and obligations beyond making profits. The goal of CSR is to embrace responsibility for the

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Expanding the frontier of CSR initiatives

As more business organisations continue to embrace Corporate Social Responsibility (CSR) as one of their operational tools to manage their activities in a responsible way, promising prospects are opening up in Bangladesh for promoting its sustainable development by ways of socially inclusive and caring growth. The Management and Resources Development Initiative (MRDI), with its pro-active stance on supportive measures for sensitising all concerned about the objectives of CSR, takes a strong positive note of this development. The involvement of the media in promoting CSR and highlighting its conceptual and contextual aspects in a proper perspective, has played a catalytical role in forging a clear understanding about the operational dimension of CSR as an important value-addition for the businesses, in terms of upholding the interests of their various stake-holders.

The MRDI has been focussed on its agenda for building a bridge between the media and the businesses in order to facilitate expanded CSR activities by the latter in support of achieving some broader social goals in a long-term win-win situation for all concerned. On their part, the country's business enterprises in an increasing number are now taking up various CSR activities as part of their operational strategy. So also the government has been supportive of CSR activities in many important areas for ensuring sustainable development. In this context, the National Board of Revenue (NBR) has redesigned its tax regime to encourage the businesses in CSR activities. The country's central bank, Bangladesh Bank, has also taken a lead role in facilitating a more focussed attention that is now being given by banks and non-banking financial institutions, to enlarge and expand their CSR programmes. The MRDI puts on record its deep appreciation of the supports that it has received from the key policy-makers within the government in support of its efforts for creating favourable conditions to encourage business organisations to embrace CSR as a strategic tool for their sustainable growth in a socially responsible manner.

Apart from its efforts for creating a greater awareness about CSR and a better appreciation of its operational dimension, for a caring society, the MRDI has done a number of field-level studies and identified some specific programmes, on the basis of a standard module for possible CSR interventions by the

businesses. Such programmes have been drawn up through interactions with relevant stake-holder groups at the field-level. A team of media personnel with training inputs for the purpose have done this job. Such programmes, after having been presented to the representatives of different business houses at a number of events organised by the MRDI in Dhaka, Chittagong and Khulna, have drawn a favourable response from different organisations. And it is, indeed, a matter of great satisfaction that some corporate houses, business organisations and professional associations have evinced their interest in initiating actions on such identified areas for interventions within the ambit of their respective CSR activities. Already, ground-level activities in support of a number of such programmes have started.

As all concerned do now appreciate it well that CSR encompasses a comprehensive set of values and principles that are integrated in business operation through management policies and practices and decision-making processes of related organisations. From a business perspective, CSR is, however, a voluntary commitment on the part of companies or enterprises to manage their activities in a responsible manner. However, it must also be noted that there is no single, commonly accepted definition of the concept of corporate responsibility that is referred to as CSR, responsible business conduct, corporate citizenship, voluntary corporate initiatives etc. And the standards for CSR are generally voluntary in nature. Yet then, some of its principles and operational perimeters have drawn a wider attention in the past one decade or more. On the global front, the International Organization for Standardization (ISO) has developed an international standard, providing guidelines for adopting and disseminating social responsibility and encouraging voluntary commitment. The UN's Global Compact does also shed light on some norms and practices for the businesses across the globe to balance competing — and at times, conflicting — demands from communities, government, advocacy groups, and others about the role they (businesses) play in economic advancement, environmental improvement and social development. Thus, some common guidance on concepts, definition and methods of evaluation about CSR activities has evolved and is still evolving.

Social responsibility is, on the whole, an ethical ideology or theory that an entity, be an organisation or individual, has an obligation to act to benefit society at large. Businesses are no longer expected simply to make products or provide services that satisfy consumers or meet their demand in one way or other, while complying with laws and regulations. Rather, the business organisations or enterprises everywhere are now called upon, to consider the wider social and environment consequences of their actions and to make efforts to address or manage the same within their affordable means, going beyond the requirements of the legal and regulatory regimes that largely fall within the ambit of corporate governance issues and mandatory compliance matters. In this context, it is worthwhile to mention that social responsibility, on the part of organised business activities or corporate bodies, can be passive, by avoiding engaging in socially harmful acts, or active, by performing activities that directly advance social goals. For building their social values that do also reinforce their business value, businesses endeavour to take a pro-active stance on maintaining their operations, being focussed on the relationship between governance, accountability and performance while emphasising the use of performance management as a tool for enhancing accountability.

Discharging social responsibility is not an easy choice for businesses that are primarily meant, or do primarily operate, for earning profit and, thus, building business value. This is more so in a situation where many critics do still argue that CSR distracts from the fundamental economic role of businesses, consider it (CSR) as nothing more than 'superficial window-dressing' and liken it to just a public relations (PR) affair for promoting or improving their public image. And the debate still goes on, as the business struggle with determining to whom their social responsibilities extend: to investors or shareholders, employees, local communities, the environment, humanity as a whole, future generations etc.? Notwithstanding this, the fact remains now incontestable that companies or businesses in today's setting of things in every part of the world, have come to appreciate the need for, and realise more and more the importance of, being accountable, responsible and ethical while running their daily operations. There is a surging demand from consumers, civil society, governments and others for companies to conduct sustainable business practices. Rapid information sharing, pressure from non-government organisations and increased media attention have been creating a strong demand on companies to conduct suitable business practices. Sustainability is, thus, important for businesses while focussing on generating profits. Businesses do now know it will that conducting destructive and unethical practices such as polluting the environment, will only attract negative feedback from the general public; they also come to appreciate how their involvement, even on a voluntary basis, in some affirmative social actions, in areas of health and hygienic education, skill upgradation etc., targeting particularly the disadvantaged, under-privileged and deprived segments of the population in their communities and the society at large, adds to their respective social value and is simply 'good' for their concerns. Such voluntary corporate initiatives – that go beyond the primary goal of business for earning profits of an individual unit and also the mandatory compliance-matters in relation to legal and statutory requirements in areas of corporate governance, workplace issues, standard business norms and ethics, environmental safety-related policies, regular payment of compensation packages to their workers and employees etc. – do come within the ambit of CSR.

Participants in different events that the MRDI organized over the last couple of years or more focusing on CSR, have highlighted the operational aspects of social responsibility, in both conceptual and contextual terms, on the part of the corporate houses and businesses in Bangladesh. The broad consensus, emerging out of their discussions in different forms of interactions among the stakeholders, has been that CSR is essentially about how a company or a related entity, manages its business process to produce an overall positive impact on society. CSR is, indeed, an obligation on the part of a business enterprise to pursue long-term goals that are good for society; such an obligation goes beyond what is required by the law and economics to behave ethically and to contribute to socio-economic advancement of the local community and society at large. As such, it is important to draw a line of distinction between CSR and 'one-off' charity or donation. Sustainability, accountability, transparency performance evaluation or social accounting and a continuing commitment are the key features of all CSR activities.

Viewed in this contract, there is a clear need for a clearly-focused CSR strategy on the part of business entities that are involved, or would like to involve themselves, in related activities. The development of such strategies by the businesses can greatly help them to identify effective ways of building social value while operating in their core areas of activities in pursuit of their respective 'business value'-oriented goals. A CSR strategy that embraces obligations of a business organisation to all stakeholders – and not just shareholders – can, thus, lend strength to its operational activities in relevant fields of activities. This way the businesses will be better poised to respond positively to social priorities, emerging expectations, conduct operations in an ethical way and in the interests of the wider community and balance the interests of their investors or shareholders with those of the community. There is no denying that there are some overlapping features about CSR, business ethics and corporate governance issues. But such features do not provide any sound rationale for parading operational activity performance or compliance in one or two particular areas as any operational activity in of the left-out one or ones. Each area of operations has relevance to the specific purpose-oriented performance of a business enterprise, in terms of doing right, just and fair (ethical purpose), legal acquirements (corporate governance issue) and discharging responsibility to the society on a voluntary basis (social value). As such, a CSR strategy is of relevance to a business enterprise for managing its business process to ensure well-being of the wider community (broad stakeholders) and to produce an overall positive impact on society in order to be "a good corporate citizen" by contributing to the quality of life, in recognition of the fact that business relies on inputs from society and on socially created institutions and does, therefore, need to recognize that it depends on society.

The MRDI, having its positive and valued experience about dealing with issues and matters that are relevant to CSR activities in the context of the Bangladesh situation, looks forward to its future activities, as follow-up ones, in the domain of CSR-related advocacy awareness-building, strategy-formulation and other programmes. And it strongly believes that expansion of CSR activities, as voluntary business initiatives, can go a long way towards promoting inclusive growth, alleviating poverty and building a caring society which are the key goals of our national development efforts.

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Bangladesh Context

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organizations' actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. Furthermore, CSR focused businesses would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere. CSR is the deliberate inclusion of public interest into corporate decision-making and honoring of a triple bottom line: people, planet and profit.

With industrialization around the globe, the impacts of business on the society and the environment assumed an entirely new dimension. The "Corporate paternalists" of the late nineteenth and early twentieth centuries used some of their wealth to support philanthropic ventures. By the 1920s discussions about the social responsibilities of business had evolved into what we can recognize as the beginning of the "modern" CSR movement. The term CSR came into common use in the early 1970s which saw the growth of giant multinational companies. The term "stakeholder", meaning those on whom an organization's activities had impacted, was used to describe corporate owners beyond shareholders as a result of an influential book by R. Edward Freeman in 1984 called "Strategic Management : A stakeholder approach". However, the CSR approach has rooms for disagreement. The proponents argue that corporations make more long term profits by operating with a perspective, while critics argue that CSR distracts business from its economic role. Others argue that CSR is merely window-dressing or an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations.

CSR activities should be guided by ethical values as these are social responsibilities. The CSR activities are never complete if some portions of the society are doled out benefits like relief.

The nature and scale of the benefits of CSR for an organization can vary depending on the nature of the enterprise, and are difficult to quantify, though there is a large body of literature exhorting business to adopt measures beyond financial ones. However, businesses may not be looking at short-run financial returns when developing their CSR strategy. The definition of CSR used within an organization can vary from the strict "stakeholder impacts" definition used by many CSR advocates and will often include charitable efforts and volunteering. CSR may be based within the human resources, business development or public relations departments of an organisation, or may be given a separate unit reporting to the CEO or in some cases directly to the board.

The growth of corporate sector in Bangladesh is a recent phenomenon. As a result the CSR initiatives are also relatively new. However, some of the CSR activities of multinational

corporations deserve mention. Chevron funds two Clinics in Sylhet region to deliver basic health services and has constructed two new clinic buildings for use by communities living near the gas fields. British-American Tobacco Company, Bangladesh, purchases health benefit cards from selected clinics and distributes them to tobacco cultivators and their families so that they can avail basic health care services from those clinics free of cost. Standard Chartered Bank and Reckitt Benckiser have financed airtime to market maternal healthcare at NGO Clinics and male involvement in family planning. Grameen Phone's CSR program sponsors safe motherhood and infant care services in the coastal region. Such instances are many and more and more cooperate entities are getting involved in CSR programs.

CSR activities should be guided by ethical values as these are social responsibilities. The CSR activities are never complete if some portions of the society are doled out benefits like relief. A number of organizations deem that they have fulfilled their obligation by financing advertisements or sponsoring a fair. They have to ensure their participation in social development which should be planned and sustainable. The more common approach of CSR takes the form of philanthropy. The corporations are providing financial assistance to various organizations and institutions. It is they who determine to which extent the funds should go to which hospitals or school. Although these are parts of CSR, yet they lack guiding counseling nor are there structures of sustainable development. This does not ensure local capacity building. The philanthropists help in the construction of a hospital, but do nothing in creating specialized doctors, nurses, technicians or for their training. No development can take place until the beneficiaries' needs are fulfilled. Thus it is important that the business establishments under their CSR program should give more emphasis on human resource development. It is a common knowledge that our country does not have adequate number of skilled nurses, teachers, paramedics, plumber and other essential professionals. True, this kind of activities may not be undertaken by one organization alone. Here comes the need for collective planning and pooling of resources.

A corporation's purpose is to maximize returns to its shareholders. At the same time CSR can play a role in building customer loyalty based on distinctive ethical values. Critics of CSR as well as proponents debate a number of concerns related to it. These include CSR's relationship to the fundamental purpose and nature of business and questionable motives for engaging in CSR, including concerns about insincerity and hypocrisy. A corporation's purpose is to maximize returns to its shareholders, and that since only people can have social responsibilities, corporations are only responsible to their shareholders and not to society as a whole. Although they accept that corporations should obey the laws of the countries within which they work, they assert that corporations have no other obligation to society. Some people perceive CSR as incongruent with the very nature and purpose of business, and indeed a hindrance to free trade.



CSR in Bangladesh

Building Responsible Competitiveness

Syed Ishtiaque Reza, Journalist

Over the course of the past several years, Corporate Social Responsibility (CSR), in Bangladesh has been the subject of several conferences and the focus of recurring media attention. The majority of the population is still lacking an awareness of CSR. People's primary expectation is that companies should provide a salary adequate to cover costs for living, healthcare and other expenses.

When it comes to CSR, we have not seen many companies making an effort to do something extra-ordinary regarding this matter. We do hear a lot of companies giving donations and charity. Most of them have restricted themselves to philanthropic activities. In fact it was the case about a couple of decades back. Companies simply used to write pay-checks and give them as donations or charity for certain causes.

Despite the perception problem CSR is not a newer concept in the corporate sector of Bangladesh. The concept of giving back to the community is developing in Bangladesh. CSR is now moving towards Responsible Competitiveness, a precept that implies that there is a role for business in influencing policy for business success.

CSR is a dimension that should be part of the strategic orientation at the basis of enterprise and should therefore interact with all spheres of company management: with the financial aspects, with production, with marketing, with Human Resource and more generally with corporate strategies and policies.

Taking Bangladesh into the current wave of CSR means building responsible competitiveness, and to do so require a collaborative effort that supports a culture of compliance and an environment that enables responsible thinking and practices. This is only possible by underscoring CSR as a priority of national policy, followed by the development and implementation of a national CSR strategy supported by all important stakeholders. From the government's side it is seen that the National Board of Revenue (NBR) offered tax benefits for CSR activities of companies in certain areas. Bangladesh Bank is active to bring the financial institutions into the field.

But it is not only a matter of government's policy support or the companies' desire, CSR has its roots in consumer consciousness. In the developed countries CSR is a reality

not only because of incentives and regulations from the government, but also due to a strong consumer demand.

So, multiple variables like stakeholder and consumer awareness, government initiatives, globalization and localization patterns, and the highly volatile business scenario, all have had a role to play in determining the centrality of CSR in today's business environment. CSR is a vision based on particular sets of values that business leaders often aspire to. It is more of an ever-changing philosophy, quite open to interpretation and re-thinking of business strategy based on decisions related to ethical values, legal compliance, fulfilling the demand of stakeholders, and supporting communities or nurturing environment.

CSR is a comprehensive set of policies and programs enriched with the urge for developing a better society. CSR is achieving commercial success in ways that honour ethical values and respect people, communities, and the natural environment. It addresses the legal, ethical, commercial and other expectations society has for business, and making decisions that fairly balance the claims of all key stakeholders.

It has to be made clear that CSR extends beyond the random act of generosity to include such commonplace values as paying taxes, open disclosure, labour standards and customer sensitivity.

The overall CSR movement is improving steadily. More and more Bangladesh enterprises are issuing CSR reports. And it proves that the CSR movement here is moving forward. We cannot however deny that many enterprises are not investing much in CSR.

Responsible competitiveness means that enterprises help solve some social problems by using their professional advantages and finally increase their competitiveness. Enterprises need to integrate CSR into their strategy. With a comprehensive CSR roadmap, the enterprises are to present their CSR concept in a systematic way and guarantee the capacity of CSR implementation. The development of the concept makes more enterprises integrate CSR into their daily operations — which responsibilities should be implemented and how to implement them are all clarified and updated accordingly. When talk about responsible competitiveness we need think about CSR information disclosure.



Recent progress in CSR in the banking sector

Shitangshu Kumar Sur Chowdhury, Executive Director, Bangladesh Bank

Conceptual change

The term CSR has not yet been strongly defined in our mainstream corporate sector. Though the concept of CSR is comparatively new in our country, the banking sector has long been playing remarkable role in social development. The activities that should be considered as compliance of social responsibility have not so far been defined specifically. Bangladesh Bank, for the first time, issued an institutional guideline on corporate social responsibility for the banks and financial institutes. The guiding points include:

- Develop CSR plan in accordance with the decisions of the boards of respective banks and financial institutes and views of stakeholders.
- Involve loan recipients in environment protection and social activities by creating awareness among them.
- Take steps to extend financial and banking services to the disadvantaged segment of the people.
- Collective investment for the development of disadvantaged people through own programmes and donations to other organizations.
- Prioritize financing the projects related to self employment, poverty alleviation, environment friendly fuel production, waste treatment, crop diversification, ensuring easy flow of remittance to remote areas, creating employment through enhancing local tourism facilities etc.
- Protection and rehabilitation of farming, fisheries, livestock and environment for the welfare of the people affected by natural disaster.

Though CSR is a voluntary affair, Bangladesh Bank monitors it as an activity of different dimension of the banks and

financial institutes. Banks themselves decide on the extent of their CSR activities and the central bank has no instruction on them. But they are advised to incorporate CSR in their regular banking activities and set their own policy and yearly budget in this regard. They have also been requested to include their CSR activities in their annual financial report. An increasing trend in areas and number of CSR activities is visible in the banking sector. Our corporate sector has started realizing that well chosen and well performed CSR activities can play a positive role in consolidating business competence, ensuring environmental security, increasing allegiance of workers and clients to the organization, attaining market goodwill and expanding client base in the long run.

Changes at the policy level

Awareness on CSR has also increased among the policy makers. For example, government has offered 10% tax rebate on investment by a corporate organization in CSR activities upon compliance of

scholarship and interest free loan to poor meritorious students including children of freedom fighters for technical education, secondary and higher education in order to expand education in underdeveloped and remote areas.

Global climate change is a much discussed issue these days. Bangladesh Bank has taken a two billion Taka re-financing scheme to promote use of solar power and alternative fuel under its green banking programme. Re-finance facilities have also been introduced for the banks in reducing carbon emission. Bangladesh Bank itself has already started producing and using solar power.

Qualitative change in CSR of banking sector

Bangladesh Bank has published a report on major CSR activities of the banking sector in 2008 and 2009. The report says, 17 out of 47 banks are operating CSR programmes through their own trust or foundation. Number of such institutes will increase in future. During this period,

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some conditions. Broad-based financial inclusion is mandatory for the banking sector without which a total and sustainable development cannot take place. Out of this realization the central bank has advised the commercial banks to extend banking service to the disadvantaged people and steps taken in this regard have been considered as CSR.

In August 2010, Bangladesh Bank issued a circular requesting the banks to provide

banks have taken part in collective investment through other organizations. Forty three banks took part in CSR through this approach which is 90% of total number of banks. This collective investment is an appropriate approach in the backdrop of our socio-economic structure, because it facilitates implementing large scale development work and helps avoid unnecessary overlap.

Fields of CSR mentioned in the report are mostly traditional which include:

- Cash donations to charitable organizations and individuals for health and nutrition, education, poverty alleviation, relief, sports and cultural development.
- Collective investment through donations to CSOs and NGOs for the improvement of nutrition, health, education and culture of the disadvantaged segments of population.
- Create awareness on health, environment and other social issues through campaigns, rally, day observance and organizing seminars and meetings.

Awareness on role of CSR in socio-economic development

The central bank maintains a very positive attitude to broad-based financial inclusion. Efforts for increasing credit flow in agriculture, SME and eco-friendly projects aim at fostering socio-economic development. Collective investment of the banks in large scale development projects is one of our desired strategies. Integrating CSR activities with national development targets is very important. Social organizations can increase awareness in this regard among policy makers and participants through research, studies and awareness programmes.

Sustaining the progress of CSR

There are some preconditions of making the business community interested in practicing CSR. These include, firstly, the commercial aspects such as goodwill of the firm, influence of social organizations and media, government regulations, clients' legal issues etc.

Secondly, human and organizational strength of the firms need to be enhanced so that they can operate CSR activities from their own position.

Third precondition is enactment and implementation of enabling administrative regulations and code of conduct. A favourable environment has to be created to develop a habit of practicing CSR through incentives and counseling.

Lastly, striking balance between the roles of different stakeholders and taking efforts to ensure best utilize the initiatives for sustainable social development. Public administration has an important role to play in this regard. Administrative interference, control and guidance will be required in areas where public interest is ignored by the corporate sector.

CSR Corporate-CSO Partnership

Dr. Ananya Raihan
Executive Director, D.Net



Engagement with Stakeholders : Corporate Social Responsibility (CSR) can be a strategic tool to facilitate sustainable growth of organizations through direct engagement in activities that augment stakeholders' interests. It creates new business opportunities, builds synergies and creates partnerships with stakeholders including the community at large. CSR is an emerging concept in Bangladesh and its limited familiarity is perhaps the greatest impediment to its wider adoption. Although practitioners commonly equate CSR with philanthropy, a fully integrated CSR strategy can add greater value to their efforts, and go a long way towards brand enhancement, reputation and returns on the CSR investment. CSR is particularly important for the development of the competitiveness of business sector including SMEs, adding to their product quality and profits. CSR presents a unique opportunity to business while, at the same time, correcting many of the market failures due to externalities.

Private Sector-CSO Partnership : While the government is encouraging CSR practice through tax incentives, the private sector is also developing strategy for embracing more CSR activities both within and outside the institutional boundaries. Many private sector companies are now operating day care centre for mothers with small children in collaboration with NGOs. In ensuring greater outreach and quality of delivery of corporate philanthropy promises, private entities are working together with not-for-profit sector. As the fund flow to the not-for-profit sector is getting scarce and the sector is moving towards the direction of social entrepreneurship, for many not-for-profit institutions the partnership with private sector emerged as an alternative source of funding. This is a win-win collaboration.

A number of private sector entities opened foundations as their social responsibility arm. These foundations are collaborating both with other private sector entities, NGOs and volunteer groups. This is a new trend in Bangladesh.

Way Forward : One way to understand the importance of stakeholder engagement is to look at what can happen when it is not done: customers see the firm as unresponsive to their needs; employees feel unappreciated; suppliers trust the firm less; communities dig in their heels; and investors get nervous. Three key reasons for stakeholder engagement are building social capital, reducing risk and fuelling innovation. Private sector-CSO partnership is helpful for all the three mentioned reasons.

In today's business environment, social capital is at least as important as fixed assets. Social capital refers to features of social organization, such as networks, norms and social trust, that facilitate coordination and co-operation for mutual advantage. Social capital is the foundation on which a firm renews its "license to operate." It is the basis for employees' willingness to give their best. It is essential to brand value. Social capital means strong, trusting relationships. It is forged slowly over time through positive interactions with stakeholders, but may be quickly lost when trust is broken. Benefits of building social capital include improved access to information, enhanced influence, increased adherence to group norms, and being given the benefit of doubt should an unexpected problem arise.

Partnership with the NGOs and volunteer groups probably is the best way to reduce risk and fuelling innovation in making social change. Social trust is an important issue in reaching the targeted stakeholders. For example, Mobiles for Health Initiative, being a private sector-driven initiative, is collaborating with institutions like BRAC, Save the Children for greater outreach to the target audience. Pregnant women, health workers under their network are the most trusted agent at the bottom of the pyramid. Such partnership with private sector entity like Smiling Sun Franchise Program of USAID is also win-win for both parties.

D.Net in scaling up its Info-lady initiative is collaborating with local NGOs and entrepreneurs rather than creating its own network as the local entities built their trusted pathways to the grassroots communities.

MRDI Marches Forward

Efforts of MRDI are to establish the concept of using CSR money as an alternative fund for development. Besides lobby meetings, roundtables, newsletter publications and TV talkshow production, the effort has now stepped into the phase of bringing visible change in the community through implementation of necessary interventions.

WIDENING THE RADIUS

CSR presentations in Chittagong and Khulna

After organizing several interactive meetings and presentations in Dhaka, MRDI organized two CSR presentation meetings in the port city of Chittagong and industrial city of Khulna. Government high officials and representatives of business community took part in the discussions of the meetings.

Presentations were made on six potential CSR interventions identified by MRDI team and documentaries were exhibited. Some corporate representatives showed interest and committed to provide support in implementing the interventions.



Chittagong

The Chittagong meeting took place on 23 October 2010 at a local hotel. Speakers at the meeting pointed out that businesspersons should widen the periphery of activities under corporate social responsibilities to support education, protect environment from pollution and alleviate poverty.

Former Adviser to the caretaker government Rokia Afzal Rahman who is also the President of Bangladesh Employers' Federation and Adviser of MRDI, attended the meeting as the chief guest.

Rokia Rahman said businesspersons have responsibilities towards the society since they earn profit by doing business in the society. She urged them to adopt CSR, as it would help build image of the company, consequently increasing profit. She stressed the need for more interventions of the corporate houses and sought policy support from the government in this regard.

Jahan Ara Siddiqui, Member, National Board of Revenue (NBR) and Mohammad Naushad Ali Chowdhury, General Manager of Bangladesh Bank, Chittagong branch attended as the special guests. Moazzem Hossain, Editor, The Financial Express moderated the program.

MRDI Executive Director Hasibur Rahman made the welcome address at the meeting attended by local businessmen, officials of income tax department and media persons.





Khulna

The CSR presentation meeting at Khulna was organized on 19 December 2010. This programme also had Rokia Afzal Rahman as the chief guest. Member of NBR Syed Aminul Karim was the special guest.

Speakers at the meeting emphasized the role of CSR in achieving good business practices and effective leadership. They suggested institutionalizing CSR interventions to deal with malnutrition, education, health, unemployment and poverty.

Speaking on the occasion Rokia Rahman said CSR is coming out of the purview of "doing social good" and is fast becoming "business necessity". She expressed the hope that business houses would voluntarily adopt good governance and CSR practices rather than being legally compelled to do that.

Syed Aminul Karim referred to the government's revised statutory regulatory order on CSR and expressed the hope that it would facilitate and encourage the business community to carry out more CSR activities.

MRDI Executive Director Hasibur Rahman said if CSR funds could be used for poverty alleviation in an effective manner, dependence on development funds to this end would reduce to a large extent.

Corporate representatives present in the meeting sought support from the government in the forms of incentives and procedures to help them implement CSR programs.

Moderated by Syed Ishtiaque Reza, Board Member of MRDI, the program was also addressed by Deputy Commissioner of Khulna M. Jamsheer Ahmed Khandker.





ONE LEAP **FORWARD**

Advocacy initiative of MRDI to popularize CSR has stepped into yet another phase. Across the fringe of discussions, CSR has now taken an operational shape to create a good example by addressing crisis of the marginalized people of a remote village. Bank Alfalah Limited and MIDAS Financing Limited have come up with CSR funds to operate two interventions for resolving the long standing problems of 2000 people of 355 families of a village beside the Sundarbans. Both the organizations signed separate agreements with MRDI for investing their funds to address a strongly felt need of a deprived community.

Safe water for Sundarbans villagers

A tripartite agreement was signed among MRDI, Bank Alfalah Limited and Green World Communication Limited to resolve the scarcity of drinking water for 2000 people of Bon Laudob village beside the Sundarbans.

S.A.A. Masrur, country head of Bank Alfalah Limited; Hasibur Rahman, executive director of MRDI, and Hedaitul Islam Helal, chairman of Green World signed the agreement on behalf of their organizations. Former Adviser to the caretaker government and Adviser of MRDI Rokia Afzal Rahman was present at the agreement signing ceremony.

S.A.A. Masrur said, Bank Alfalah is committed to conserve the Bengal tigers by protecting the people and the environment of the world's largest mangrove forest the Sundarbans. This initiative is part of the bank's plan in this regard.

Referring to the objective of MRDI's initiative to utilize CSR funds to address poverty, Hasibur Rahman said, the agreement would pave the way for CSR complementing the government's social development efforts. MRDI is implementing this initiative in partnership with Manusher Jonno Foundation.

Rokia Afzal Rahman termed the agreement as an important step toward building partnership between corporate and civil society for optimum utilization of CSR funds in development.

Re-excavation work of four ponds is now in full progress which will hopefully ensure safe water for 355 families living in the village. Green World is implementing the project and MRDI will monitor the progress of work.

Save fuel, save environment

Women of Bon Laudob find it difficult to finish their domestic works on time. Fetching water from a far off pond and collecting fire wood from the forest for cooking kill most of their working hours. Getting into the forest also involves risk of being attacked by tiger. These women hardly find any time for resting and doing other productive works.

After starting the pond digging work, MRDI initiated to provide eco-friendly, cost effective oven to the families. This time MIDAS Financing Limited came forward with their CSR funds and ovens were distributed among women of 355 families of the village. Rokia Afzal Rahman, who is also the Chairman of MIDAS handed over the ovens to the women on 19 February 2011 at a simple function organized in the village. Like the pond digging programme, Green World coordinated the procurement and distribution of the ovens.

The ovens will improve the environment by reducing carbon emission and use of trees as fuel. Moreover, the initiative will save time and labour of the women, reducing physical injury and death in the forest by natural means and wildlife. If used properly, the ovens will save 50 to 70 percent fuel consumption.

Speaking at the distribution function, Rokia Afzal Rahman called upon the women to make the best use of the ovens and water to keep themselves, particularly their children, safe from health hazards and environmental pollution.

Addressing the villagers Hasibur Rahman said the initiative aims at securing life and health of village people in terms of preventive and curative aspects. These small initiatives will benefit the society at large and take CSR programmes forward to build a caring society, he added.

Shafique-ul-Azam, Managing Director of MIDAS expressed his satisfaction on this project serving the people of a remote village.

Hedaitul Islam Helal, Chairman of Green World hoped to provide all possible support to the people of this village of the Sundarbans.



BANKERS' COMMITMENT

Corporate social responsibility (CSR) could be a way to help the country achieve inclusive growth, reduce poverty, bridge market failure and lift the deprived and underdeveloped segment of the country. The government will play the role of a coordinator, as it strives to make banks more humane.

Bangladesh Bank Governor Dr. Atiur Rahman said this at the 'CSR presentation meeting' organized by MRDI in partnership with Association of Bankers, Bangladesh Limited (ABBL) in Dhaka on 8 December 2010.

He called upon the bankers not to wait for tax rebate for the CSR activities. "You have to continue your work for development of the society even if you do not receive any returns. Because such activities bring many other benefits apart from tax rebate," he said.

Addressing the meeting Chairman of ABBL K. Mahmood Sattar said, "We are spending money for society's welfare and the amount spent is increasing every year. But we need to spend in a constructive and focused way to make the contribution effective."

Md. Aminur Rahman, Member of National Board of Revenue (NBR) said, CSR is never a one way issue. By spending on the welfare of the society, the banks and other corporate houses are helping to build a society and develop skilled manpower that will in turn help them in the long run. "Not a single bank has so far applied to get the tax rebate for CSR activities," he added.

Executive Director of Bangladesh Bank Shitangshu Kumar Sur Chowdhury also spoke on the occasion.

During the open discussion the bank executives gave importance to providing more tax benefits on CSR activities and proposed to create a pool under the Bangladesh Bank or the Prime Minister's office to work in coordination for the society.

MRDI's Executive Director made presentations on six potential areas where CSR interventions could be enforced.

Moazzem Hossain, Editor of The Financial Express moderated the meeting.



BB Governor calls upon banks to set up CSR desks

The contemporary corporate social responsibility (CSR) agenda is founded in a recognition that businesses are part of the society, and they have the potential to make a positive contribution to societal goals and aspirations. I must thank the banking sector of Bangladesh that they have amply responded to our call to bring the CSR agenda within the mainstream banking business aiming at reducing poverty, injustice & inequalities amongst the mass and reducing the multifaceted impact of business processes on the environment, climate and the society. I am particularly happy to see that banks are gradually increasing the scale and scope of their CSR initiatives each year.

We know that, and if I may reiterate, a properly designed and executed CSR initiative augments the competitiveness of a business, conserves the ecological balance of the environment, increases the commitment and loyalty of the workforce, reduce enterprise risks such as reputation or litigation risk, increase market share through creating a positive image and widening the clientele base. CSR can thus also be seen as a new 'Branding Technique'.

In my view, the concept of CSR is yet to be interwoven into the psyche of local mainstream corporate culture. However, without a 'governance framework', businesses may face substantial difficulties in finding and maintaining appropriate boundaries for their CSR interventions, and they may find themselves driven into activities that are beyond their core competence and represent a financial drain on business rather than a sensible CSR investment.





As far as I know, Bangladesh Bank's Guidelines on CSR for banks and financial institutions is the very first of its kind in the country. Bangladesh Bank already published a report on the CSR activities of banks in 2008 and 2009 which was generously appreciated at home and abroad. We have also asked the banks to publish their CSR initiatives in their annual reports; this in turn would prompt media exposure to the practices of individual banks or the sector as a whole. Although engagement in CSR is voluntary by definition, Bangladesh Bank has started monitoring CSR performance of banks as an additional dimension of bank performance with a view to provide an effective driver for CSR. I would request all the commercial banks to set up separate CSR desks to update Bangladesh Bank on the bank's CSR activities.

You may have noticed the recent steps taken by Bangladesh Bank for sustainable and inclusive development. We have undertaken multi-dimensional measures to increase credit flow to Agriculture, SME and environment-friendly projects with a view to bringing the majority people within the fold of financial services or to speed up financial inclusion. We are promoting E-Commerce E-Banking, E-Tendering, etc. and have established or in the process of establishing Automated Clearing House and Online CIB. And, we are not giving directions only to you; we have set up a solar panel on the roof of Bangladesh Bank as a primary initiative to make Bangladesh Bank more environment-friendly.

To redress the acute electricity and gas deficiency through using environment-friendly and cleaner alternative energy, a refinance scheme worth Taka 2000 million has been introduced to finance Solar Power, Bio-Gas and ETP at a lower interest rate under the newly introduced 'Renewable Energy' funding program. Non-Bank Financial Institutions (NBFIs) also have access to this refinance facility. The entrepreneurs should now come forward to undertake cost effective schemes for the rural people to meet their energy needs by using sustainable

and inexhaustible environment friendly renewable energy sources. At this juncture, I would request the Chairman of National Board of Revenue to exempt or decrease Duties, VAT etc. on various machinery parts of solar power plant (such as charge controller, inverter, solar pump etc.) so that the respective entrepreneurs can provide solar power plant to the consumer at a lower cost.

Climate change will have significant impacts on development, poverty alleviation, and the achievement of the Millennium Development Goals (MDGs). Hard-fought progress made in achieving these goals may be slowed or even reversed by climate change as new threats emerge to water and food security, agricultural production, nutrition, and public health. The people of Bangladesh, who have contributed the least to greenhouse gas emissions, will suffer the worst impacts of climate change and have the least capacity to adapt. And, adaptation is not simply a matter of designing projects or putting together lists of measures to reduce the impacts of climate change. We will need to frame a national policy response that should be anticipatory, not reactive, and should be anchored in our framework for economic growth and sustainable development, and integrated with our poverty reduction strategies. Bangladesh Bank is currently working on this issue.

MRDI's initiative aiming at proper utilization of CSR funds by means of seeking commitment from the leaders of trade and industry to undertake target-oriented actions for sustainable social development is appreciable. MRDI has rightly pointed out that as an alternative development fund, CSR can contribute to poverty reduction and supplement government's efforts towards achieving the millennium development goals.

In a developing country like ours with modest resources, it is important that we deploy our resources most usefully, and hence, we should make an effort to have an overall 'national policy on CSR' that starts from building understanding of CSR incentives and pressure points and improving strategic interactions and alignment between public policy goals and the CSR-related activities of businesses.

Thank you.

*Written speech of the Governor of Bangladesh Bank
Dr. Atiur Rahman at the CSR presentation meeting*

MRDI Talkshows

CSR is a win-win affair

MRDI completed production and airing of the third phase of its TV talkshow CSR. Discussions on different aspects of CSR including progress in recent years, enabling environment, potentials and challenges of CSR took place in the show. Issues of partnership with civil society, involving SMEs and developing human resources through CSR initiatives were also discussed. They observed, CSR benefits all – individual beneficiary, the society and the corporate itself.

Over the past few years, the CSR issue has been much discussed and debated among business leaders, policy planners, academics and other stakeholders. Through interactions at different levels MRDI has opened up a dimension of connecting CSR with social development agenda. Discussants of the talkshow put their views on issues related to CSR.

Discussants focused on different dimensions of corporate responsibilities. In addition to social responsibilities, they observed, corporate sector need to comply with other cross cutting responsibilities like economic, humanistic and environmental responsibilities.

Discussants referred to the need for operate CSR in a structured form. A recent instruction of the Bangladesh Bank to set up a CSR desk in each bank was mentioned in this regard. Appointment of a full time CSR desk-in-charge will facilitate formulating a CSR policy and earmarking a budget for the purpose.

Regarding the progress of CSR concept and practice in recent years the discussants said, progress has definitely taken place particularly in the conceptual aspect. The issue is now being discussed at length. Awareness has been created. But still we have a long way to go. What we can infer is, it is a journey and we are on the right track.

Two views came up regarding policy incentives to CSR. Firstly, it was observed that tax waiver on CSR activities would encourage and enhance CSR activities. Government will not lose anything, because corporate sector will be supplementing government's development efforts through CSR activities.

... government has very little to do about promoting CSR because it is a voluntary affair. Government high ups can at best encourage and motivate the corporate houses to go for CSR programmes





Developing skilled human resources will benefit both the job seekers and the job providers, thus creating a win-win situation for all stakeholders, the society and the country as a whole.

The other view was that government has very little to do about promoting CSR because it is a voluntary affair. Government high ups can at best encourage and motivate the corporate houses to go for CSR programmes. Private institutes, particularly educational institutes can play an important role in this regard. Universities can incorporate CSR in the curriculum of economics and business administration.

Side by side with conceptual clarity of CSR, another issue that surfaced from discussions is management and utilization of CSR funds in a transparent and efficient way. Discussants observed that linkage between corporate house and community organization and mutual confidence between them are equally important to properly utilize CSR money for addressing felt needs of the society. Establishing this relation of trust and confidence is a challenge.

Another challenge the discussants found was mainstreaming and upholding the awareness on CSR by formulating and practicing a good strategy. Some big companies have formed foundations of their own to operate CSR activities. There are smaller business units who lack in capacity to do CSR, though they have all good intentions to do so. These units can be facilitated by forming a pool through networking.

Discussants of the show put much emphasis on investing CSR money in human resource development. We have a huge number of unemployed young people in our country. Simultaneously we have tremendous shortage of skilled workers required in and outside the country, they observed. Developing skilled human resources will benefit both the job seekers and the job providers, thus creating a win-win situation for all stakeholders, the society and the country as a whole. Skilled migrant workers earn three times compared to the unskilled ones, they added.

Optimistic views were expressed mentioning that the target of becoming a country of medium income level by the year 2021 could even be achieved within 2016 if skilled human resources can be developed. Because, higher skill means higher wage. Higher wage means higher national income. And that will make us a prosperous nation.



CSR Catalogue

Like previous four 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 November 2010 to February 2011. We would highly appreciate if the corporate houses send information on their CSR initiatives to csr@mrdbd.org. Since MRDI works with media and journalists, the news about such initiatives will certainly reach a large audience through them.

Health



Facilitating Marginalized/ Vulnerable groups



Education



Social Awareness Building



Environment



Livelihood Support



TEAM

Project Adviser
Rokia Afzal Rahman, Former Adviser to the
Caretaker Government

Project Anchor
Moazzem Hossain, Editor, The Financial Express

Team Leader
Inam Ahmed, Deputy Editor, The Daily Star

Programme Coordinator
Hasibur Rahman, Executive Director, MRDI

Programme Manager
Md. Shahid Hossain, Advisor, Planning and
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