

Impact Assessment

CSR Fund Usage by Banks



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Foreword

Over last five years, expenditure of banks and financial institutions in CSR activities has increased manifold. Marginalized and vulnerable communities have been benefited by CSR interventions. Level of awareness on impact of CSR has increased in the corporate sector in general and in the banking sector in particular. Beneficiaries and other stakeholders have started realizing importance and potentials of CSR in poverty alleviation and social development.

Amidst all these positive signs, some limiting factors are also there which create barriers to producing expected result out of these noble efforts. With all good intentions, banks are allocating funds for interventions with hardly any methodical needs assessment and follow-up monitoring mechanism. So the issue of attaining sustainable impact through these initiatives remains unaddressed. But the banks who are investing money on CSR want to feel the changes that have taken place among the beneficiaries. They want to see the value for money. Moreover, the success of CSR has got minimum reflection over media. Greater coverage of successful CSR interventions over media is required for drawing attention of stakeholders and encouraging other business sectors to come forward with more CSR initiatives.

This situation has triggered the need for conducting an impact assessment of the usage of banks' CSR funds with some specific cases of success. As a proactive organization for CSR advocacy, MRDI has taken up the task in partnership with Bangladesh Bank.

A study team comprising researchers, media reporters and MRDI personnel was formed. Methodologies of qualitative and quantitative analyses were applied in conducting the study. A set of semi-structured questionnaire was used by the reporters for developing CSR case stories. Another set of questionnaire was filled in by the bank authorities providing information on their CSR planning, sustainability, human resource management and related issues. Data was also collected from available secondary sources. The reporters of print and TV media developed 14 CSR cases which were able to create sustainable impact.

Based on the findings of the assessment, the team has made some valuable recommendations for ensuring greater effectiveness of CSR funds of the banks. Recommendations suggest that banks should create a consolidated fund for best utilization of their CSR money addressing specific needs of the focused communities instead of operating CSR in a sporadic manner. Specific strategy for CSR operations and its proper application would help banks create greater impact on the target beneficiaries and the communities. Identifying right kind of intervention in right areas, making provision of outcome assessment of interventions and capacity building of bank executives have also been suggested.

MRDI's idea of conducting this study was readily endorsed and appreciated by Dr. Atiur Rahman, Governor of Bangladesh Bank, who has always been a driving force to our CSR advocacy programmes. Without his support and guidance it would not have been possible to conduct this special type of study. We are sincerely thankful and grateful to him for his kind guidance.

The initial idea of the project was picking 15 cases from Bangladesh Bank's CSR reports to develop news stories through a process of journalist fellowship program and publish them in a compiled volume. Deputy Governor of Bangladesh Bank Shitangshu Kumar Sur Chowdhury suggested us to go for a research to assess the impact of CSR interventions by banks instead of merely publishing media reports. This wonderful idea prompted us to conduct the impact assessment study. We extend our hearty thanks and gratitude to him.

We are thankful for the support of officials of sustainable finance department of Bangladesh Bank for providing the secondary data and coordination support to collect data from the banks.

Banks responded positively to our request for providing necessary information for the assessment. We express our thanks to the chairman, MD and the CSR desk officers of the banks for extending their cooperation to us in conducting the assessment through giving interviews and providing data for analyzing the impact of the CSR intervention.

This study report is the result of the hard work of a dedicated team. The total process of collecting data from banks, preparing the cases, generating reports for print and TV media and coming up with specific recommendations has not been an easy task. Still the team members with their commitment and sincere efforts accomplished it skillfully.

We are thankful and grateful to Dr. Shah Md. Ahsan Habib. Starting from designing the study framework, he played the pivotal role in analyzing data, working out recommendations and generating the report. We extend our sincere thanks to other team members Miraj Ahmed Chowdhury and Md. Mahbub Alam for their wonderful cooperation and contributions. They played a vital role in conducting the study. Reporters of newspapers and TV channels who developed news stories out of the successful cases of CSR deserve special thanks for their sincere efforts. Despite their professional preoccupation, they spent substantial time and energy to develop the media reports. Last but not the least, MRDI officials worked really hard to complete the study and publish the report. Their contribution must be acknowledged with thanks.

This study aims to assess the impact of the use of banks' CSR funds and recommend some measures to ensure greater effectiveness of the funds. Our efforts will be meaningful if the banks and other stakeholders find the study report, particularly the recommendations useful to mainstream CSR for sustainable development.



Introduction

Background

Social responsibility or accountability of a corporate firm is concerned with treating its stakeholders ethically or in a socially responsible manner. The Corporate Social Responsibility (CSR) practice is not just philanthropy and obeying the laws, but has many interpretations and typically has economic, social and environmental dimensions¹. As corporate bodies, banks responded relatively late to the CSR that started with environmental safety and then moved to social issues². The 2008 financial crisis reiterated the necessity of CSR by the banking and financial sector. When common taxpayers take responsibility in the bad days of the banking sector³, common people deserve due attention of banks to take responsibility for safeguarding the society.

Alongside offering substantial benefits to the society and communities, CSR can play positive role in improving competitiveness in the corporate entities as well as working environment for the work force. The corporate entities in developed and high-income countries have to be prepared to operate under various legislative, fiscal and other regulatory bindings; and there are adequate incentives in those countries to promote good corporate citizenship. In majority of the cases corporate citizens endeavour to comply with the corporate norms and social responsibility. In contrast, for various reasons, the corporate entities in the developing countries lag far behind in terms of attaining the level of compliance similar to those of the developed countries. There are several areas in developing countries where CSR interventions by the corporate entities and banks remained unexplored or outcomes are not distinct and noticeable. The emergent concerns are the impact of CSR activities on society and the needs and contributions of all stakeholders. As one of the prominent stakeholders, the role of Central Bank could prove to be crucial.

The nexus between financial services and sustainable development has become evident over the years. The financial industry plays a pivotal role by raising and allocating capital and providing risk coverage through its mainstream activities, and may have a major influence on promoting the society and environment through its CSR activities. Especially, CSR practices by banks could play significant role in developing and low-income economies in supporting communities and safeguarding environment. CSR received attention of the banks in the country mainly following the initiatives of Bangladesh Bank. Banks of the country are being called upon to undertake responsibilities for the ways their activities impact society and the nature. Especially, in recent years, BB has brought about deeper engagement of the country's financial sector with a social responsibility driven financial inclusion strategy. And by 2012, all banks have embraced CSR with decisions at the highest corporate level to the cause of charity, social welfare and other benevolent activities towards the promotion of CSR objectives mainly in response to the initiatives of the Bangladesh Bank. Banks have developed CSR funds to support various humanitarian and development activities, and the volume of CSR funds increased tremendously in recent years. Currently, banks have committed to specify percentages of their pre-tax profit/net profit each year towards CSR activities. In terms of process of CSR project implementation banks conduct direct social interventions or banks intervene using the service of a linkage entity⁴.

¹ This three-dimensional framework is often called as the triple bottom line of CSR.

² Vigano, F. Nicolai, D. (2009) 'CSR in the European Banking Sector: Evidence from a Survey', in Barth, R. Wolff, F. (ed.) Corporate Social Responsibility in Europe: Rhetoric and Realities, Edward Elgar Publishing Inc.

³ As observed in several instances in developed countries during the 2008-10 financial crisis.

⁴ MFIs or other NGOs or entities.

Scope and objective

Effective use of CSR funds and their impacts are crucial issues to address. To ensure greater effectiveness and legitimacy, Bangladesh Bank has recently asked banks to send detailed information on their CSR activities to check any misuse of funds. The Central Bank has taken an initiative to formulate a comprehensive guideline for CSR spending. Moreover, it is time to assess the impact of the use of CSR funds by banks on the ground, whether banks comply with the standards and the regulatory framework. This would provide some logical basis to undertake certain initiatives on the use of CSR funds for ensuring greater effectiveness. The study is primarily intended as an investigation into some of the existing CSR tools and approaches which are currently being used by the banks.

Study methodology

The study is based on both primary and secondary information. Primary data was collected through questionnaire based interview and field interview. Secondary data was received from review of documents. The study coverage is limited by the nature of interventions that are pursued using CSR funds of banks. Obviously, it does not include all types of CSR activities of banks and mainly include those interventions not connected with core banking business activities. These are a kind of social development interventions of banks that can remotely be linked with banking services.

- **Document review:** Published data by Bangladesh Bank were used to discuss the trend of the use and development of CSR funds of banks.
- **Interview through questionnaire:** One set of questionnaire was used for the banks' authority that included data requirements on broad range of sustainability aspects such as charitable giving, CSR and human resource management, drivers for CSR. Questionnaire sets were sent to banks, they filled those up and returned to the study team. Findings generated from data analysis.
- **Case study:** Face-to-face interviews were conducted using a semi-structured questionnaire to formulate some case studies on selected CSR interventions by banks. Media reporters visited the intervention locations with the questionnaire and collected information consulting beneficiaries and other stakeholders. To identify impacts, information were collected based on the considerations: one, all major areas/sectors of interventions should come under the study; two, all delivery channels (directly or through NGO etc.) should be covered; three, certain time-gap should be ensured to understand the impact on the target beneficiary. The cases have been placed in the study report. Cases include the perceptions of the beneficiaries and study team.

Limitations of the study

The team faced some limitations in conducting the study, such as:

- Some banks operating large volume of CSR activities did not provide data responding to our request. So a good number of CSR activities by banks remained out of coverage of this study.
- Initially we received response from 14 banks. Questionnaire sets were sent to them for collecting data. We got back filled in questionnaire from 13 banks. Some of these banks again provided incomplete data. However, we got CSR success cases from 14 banks and the reporters developed stories accordingly.
- Media house authorities appointed the reporters for the task. They allowed them to go to the field to develop CSR success stories. Reports were prepared on time. But some newspapers have not yet published the report.

Sections

The report is organized into six sections. Following an introduction in section 1, section 2 is about literature review on strategic framework of CSR intervention in banks in global perspective. Section 3 is about involvement and role of Bangladesh Bank in promoting CSR activities of banks in the country. Bank's perception on the development of CSR Strategic Framework is examined in section 4. Section 5 examines impact of selected CSR intervention of banks. Section 6 came up with some recommendations based on the observation of the study.



Strategic Framework of CSR Intervention with Special Reference to Banks - Literature Review

In the modern socio-economic setting, stakeholders expect more from a company than return on investment and maximization of profit in the name of corporate social responsibility.⁵ One of the best known and most widely accepted definitions of CSR is by Carroll in late 1970s, according to which corporate social responsibility encompasses four dimensions: economic, legal, ethical, and philanthropic expectations.⁶ During the 1980s and 1990s Carroll's CSR model was refined and 3P (Principles, Policies and Processes) model was introduced. Outcome or performance of CSR intervention received attention in 1990s when Carroll's four types of corporate responsibilities (economic, legal, ethical and philanthropic) were linked to three institutional levels: legal, organizational and individual.⁷ This helps to explain CSR more clearly, as the society's expectation of business behaviors and outcomes is more distinguished and social issues were reorganized as the outcomes or performance of CSR initiatives.⁸ To ensure quality implementation and to enhance effectiveness of the CSR initiatives, it is important to monitor and analyze the external environment (economic, technological, social, political and legal) which changes over time; and should take stakeholder's demand into consideration for proper designing of CSR initiatives.

In the 20th century, some more development of the CSR concepts took place that reduced Carroll's four categories of corporate responsibilities to three domain approach, namely economic, legal and ethical.⁹ Most recent definitions are even more simplified that incorporated interests of stakeholders. The European Commission (2011)¹⁰ simplified CSR definition as the responsibility of enterprises for their impacts on society, which indicates that enterprises should have a process in place to integrate CSR agenda into their operations and core strategies in close cooperation with stakeholders. It is the way a corporation achieves a balance among its economic, social, and environmental responsibilities in its operations so as to address shareholder and other stakeholder expectations and thus it is about taking care of the interests of all stakeholders. In the 21st century, even more focus has been given to the implementation of CSR initiatives and quantitative assessment of CSR impacts. In recent years CSR reporting has raised considerable interests in business and academic communities that

⁵ Szegedi, K. (2014): Possibilities of Corporate Social Responsibility, in Berenyi L. (Ed.), Management Challenges in the 21st Century, LAP LAMBERT Academic Publishing.

⁶ Carroll, A.B. (1979), A three-dimensional conceptual model of corporate performance, The Academy of Management Review, vol. 4, No. 4.

⁷ Carroll(1991). The pyramid of corporate social responsibility: toward the moral management of organizational stakeholders, Business Horizons, July/August.

⁸ Doh, J., and T. Duay (2006), Corporate social responsibility, public policy, and NGO activism in Europe and the United States: an institutional-stakeholder perspective, Journal of Management Studies, vol. 43.

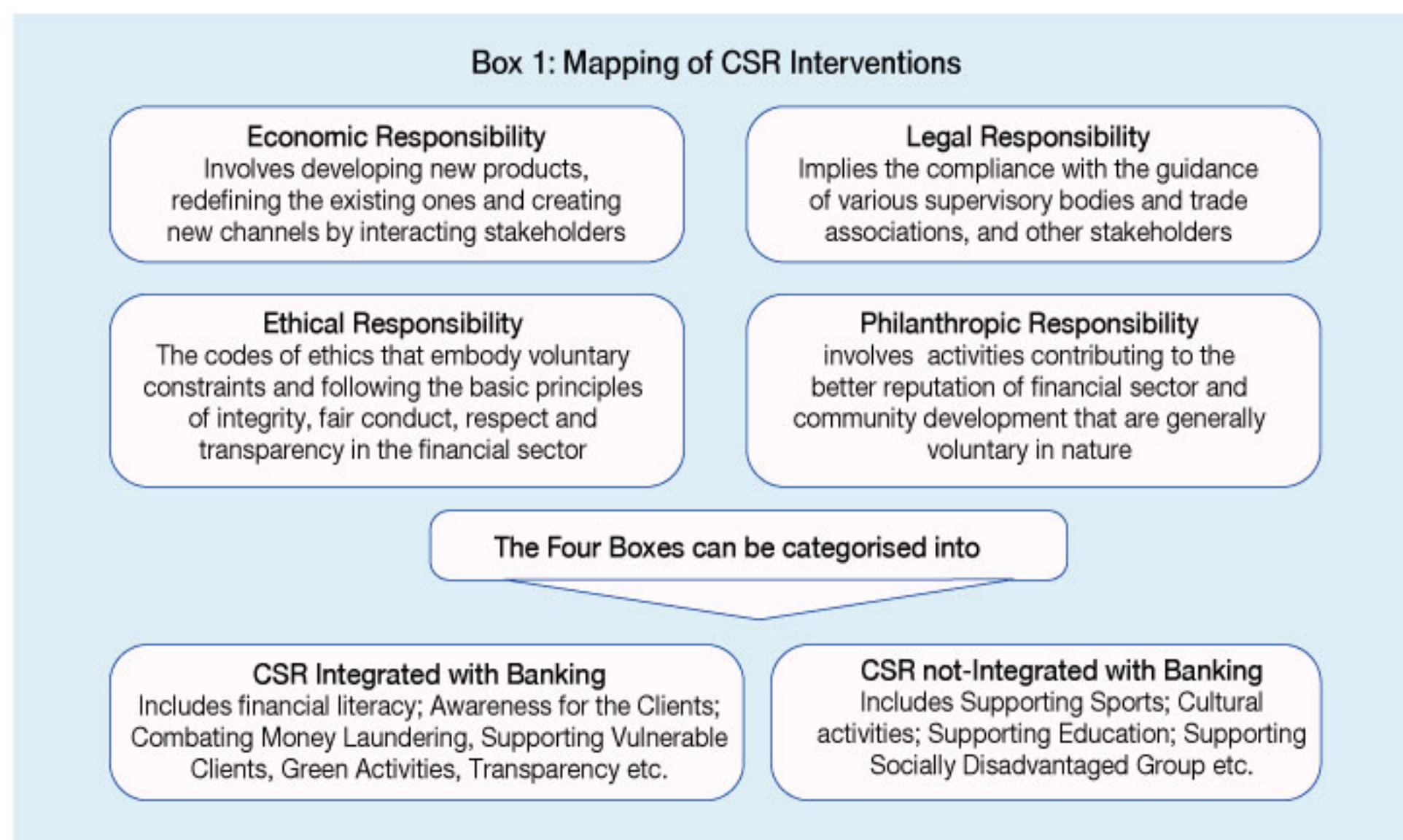
⁹ Carroll(2008), A history of corporate social responsibility: concepts and practices. In The Oxford Handbook of Corporate Social Responsibility, C. Andrew and others (eds) Oxford, Oxford University Press.

¹⁰ European Commission (2011), Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Brussels.

represent an effort to measure, monitor and evaluate a company's CSR performance. Such ventures attempt to enhance the company's accountability to its stakeholders with respect to CSR objectives and programs.¹¹

In the process of CSR interventions, banks are expected to take care of the interests of its stakeholders: shareholders, borrowers, depositors, employees and regulators. Compared to many other sectors, a key characteristic of the banking sector is that it affects a large number and a great variety of people.¹² In line with Carroll's CSR model, the banks' CSR may be categorized into four boxes: Economic Responsibility; Legal Responsibility; Ethical Responsibility; and Discretionary or Philanthropic Responsibility. Some of these CSR interventions can be linked or integrated with core banking activities, and some of these are not integrated or can only be remotely linked (box-1).

Banks are expected to engage in some types of CSR activities especially that are linked with their core functions for their own interests. There has been an apparent shift in social expectations towards the general domains of CSR in the banking sector and its preferences, and there is a need for the endorsement of social expectations in CSR that are more directly linked to the bank's business activities and clientele.¹³ CSR interventions related to social aspects are also indirectly connected with banking and financial services. From a social aspect, there has been a new development in recent years, namely helping the poor. Especially the issues of 'financial inclusion' related CSR activities are receiving new impetus to the policy makers and banks. As far as other stakeholders are concerned, the key expectations of clients include secure products and adequate information; employees want a safe workplace with fair competition and no discrimination; Government expects contribution of the banking sector to the development goals; and Central Bank wants positive role of banks in financial stability.



¹¹ United Nations Global Compact (2012): available from <http://www.unglobalcompact.org/>.

¹¹ Tzu-Kuan Chiu (2013): Putting Responsible Finance to Work for Citi Microfinance, Bus Ethics, DOI 10.

¹³ Lentner, Cs. (2011): New Dimensions of the Corporate Social Responsibility of Financial Institutions and the Role of Auditing, Accounting, Taxes, Auditing, Vol. 2011/6.

¹⁴ Lentner, Csaba, Krisztina Szegedi, and Tibor Tatay (2015) Corporate Social Responsibility in the Banking Sector, Public Finance Quarterly, 2015/1.

¹⁵ Carroll, A B (2006), Corporate social responsibility: a historical perspective. In The Accountable Corporation, vol. 3, Marc J. Epstein and Kirk O. Hanson, eds. Westport, C.T.: Pager Publisher.

In the context of some developing countries, the changed approach of the Central Banks have been contributing to their development goals directly, and through promoting CSR activities by the banking sector. Actually, the recipe of developmental central banking is dramatically different from the historically dominant theory and practice not only in the developing world, but, notably, in the developed countries themselves.¹⁶ The evolution in the role of central banks from pure monetary policy and financial stability to a greater role in propelling and sustaining inclusive economic growth is being driven by several trends. A number of Central Banks in developing economies have already pioneered the adoption of methods to support increased financial literacy and boost financial inclusion.¹⁷ In developing countries, Central Banks were much more emphatically 'agents of economic development' than in many richer countries.¹⁸

On the way to attain developmental goals, several developing countries have pioneered many of the smartest approaches. For example, the charter of the Central Bank of Argentina was changed to incorporate the new approach. In 2012, the Argentinean Parliament approved a new charter that embodies some key goals of developmental central banking according to which 'the purpose of the central bank is to promote monetary stability, financial stability, employment and economic development with social equity, within the scope of its powers and under the framework of the policies determined by the national government'.¹⁹ In line with the financial stability mandates, several Central Banks have also focused on ensuring that supply side offerings are protective to the interests of smaller and poorer customers. For instance, in the Philippines, the Central Bank helped to double the number of access points in just over 10 years. In Nigeria, a package of measures relevant to financial inclusion has led to a 7 percent reduction in the number of Nigerians excluded from the banking system in just two years, and in Malaysia, the Central Bank played an active role in promoting financial education and ensuring fair treatment of consumers.²⁰

Involvement and Role of Bangladesh Bank in Promoting CSR Activities by Banks

For mainstreaming CSR in banks and financial institutions and leading the banks and financial institutions to move in the way of equitable and sustainable development, Bangladesh Bank issued a motivational instruction in 2008 to go for voluntary CSR activities. Practically, there were no explicit policies on CSR prior to 2008. Bangladesh Bank is the only Government apparatus which has taken initiatives in respect of formalizing CSR in the banking sector of Bangladesh and issued an elaborate directive²¹ to the banks and financial institutions on June 1, 2008 that defined the strategic objective for CSR engagement, provided some priority areas with a suggestion to promote CSR in their client businesses, and suggested to design CSR program indicating some likely action plans. In 2009, Bangladesh Bank offered a direction to the CSR agenda of the banking sector by suggesting that, banks should take measures for rehabilitating agriculture, fisheries, livestock, and protecting environment. In

¹⁶ Epstein G and Grabel I (2007). A Primer on Financial Policy. Brasilia, Internal Poverty Centre.

¹⁷ Baer, Tobias, Tony Goland and Robert Schiff (2012) New credit-risk models for the unbanked, Mckancy & Company, Washington DC.

¹⁸ Krampf Arie (2012), Developmental Central Banking*, HES Annual Conference, 2012, Presented at the 39th Annual Meeting of the History of Economics Society Brock University ST. Catharines, Ontario.

¹⁹ Epstein, Gerald (2013) Developmental central banking: winning the future by updating a page from the past [<http://www.elgaronline.com/view/journals/roke/1-3/roke.2013.03.02.xml>]

²⁰ Hannig, Alfred (2013) Developing countries focused on financial inclusion are reshaping central banking, Central Banking Journal, Nov 2013.

²¹ DOS Circular No. 01 Mainstreaming Corporate Social Responsibility (CSR) in banks and financial institutions in Bangladesh dated 1 June 2008

December 2011 and June 2013, BB issued directions for banks and NBFIs emphasizing gender equality and quality of CSR. In a remarkable initiative in 2010, the banks and financial institutions were asked to set up their own dedicated 'CSR Desk'.²²

Bangladesh Bank has advised all the commercial banks to include the CSR program in their mainstream banking activities instead of short-term social works like providing grants, aids and donations. The BB circulars asked the banks to formulate their own CSR policy with the annual outlay for CSR program. Referring to the GRI, BB said that the CSR annual report should include the banks' performance in economic, environment and social sectors with special focus on both qualitative and quantitative operations. Bangladesh Bank has, of course, started guiding the banking sector to become more inclusive (e.g. via enhanced agricultural and SME lending) and environmentally responsive (e.g. via refinancing new loan products on solar energy, bio-gas, effluent treatment plant etc.) issuing different circulars like Agricultural Credit Policy²³, Guidelines on Environmental Risk Management²⁴, Policy Guidelines for Green Banking²⁵. Considering the adverse effects of climate change, banks have been advised to be cautious about the adverse impact of natural calamities and encourage the farmers to cultivate salinity resistant crops in the salty areas, water resistant crops in the water logged and flood prone areas, drought resistant crops in the drought prone areas, using surface water instead of underground water for irrigation and also using organic fertilizer, insecticides by natural means instead of using chemical fertilizer and pesticides²⁶. Bangladesh Bank has also been taking initiatives for the rehabilitation of cyclone and other natural disaster affected people of the country time to time. For example, Bangladesh Bank issued a circular on Agri-loan facilities for rehabilitation of agriculture sector in areas affected by cyclone Aila in July, 2009²⁷. Moreover, banks were asked to undertake CSR activities in the areas of the affected people for their rehabilitation²⁸.

Bangladesh Bank has been monitoring CSR adoption and CSR performance of banks and financial institutions, as an additional dimension of their management performance. It issued uniform reporting formats for banks and NBFIs for monitoring the progress of their CSR activities according to which banks and NBFIs are required to report on own internal operations, market environment, financial inclusion, social projects and community investment. The report should also provide a short description of sectors, amount of investment and expenditure and number of beneficiaries²⁹. Again in December 2014, an indicative guidelines³⁰ was issued by segregating CSR expenditures into direct and indirect; specifying administrative set up, budgetary allocation process, expected range/coverage of CSR allocations and end use monitoring of CSR expenditure. Actually, the guideline was issued in the backdrop of increased level of financial involvement in CSR activities that have raised concern about ensuring allocation of the fund and its proper use and monitoring. In the indicative guideline, BB allocated highest priority to education, and preventive and curative health care support for underprivileged population comes next in priority. Around 30 percent of total CSR expenditure should be used for awarding scholarships or stipends for students from low-income family and also for support to upgrade facilities in academic and vocational training institutions, according to the guideline. Some 20 percent of CSR fund should go to health care for underprivileged population, said the guideline. Health care support to the underprivileged sector comes in the form of direct grant from financial institutions. The fund should be used for running hospitals and diagnostic centers substantially engaged in the treatment of patients from grass roots levels. The remainder of CSR fund should be allocated for areas like emergency disaster relief, promotion of environmentally sustainable output practices and lifestyles and enhancement of artistic, cultural, literary, sports and recreational facilities for underprivileged segments.

²² DOS Circular Letter No. 16' Establishing separate 'CSR desk' in banks 'dated 20 December, 2010.

²³ ACD Circular No. 14 'Agricultural / Rural Credit Policy and Programme for the fiscal Year 2010-11' dated July 21, 2010

²⁴ BRPD Circular No.01 'Guidelines on Environmental Risk Management (ERM)' dated January 30, 2011

²⁵ BRPD Circular No.02 'Policy Guidelines for Green Banking' dated February 27, 2011

²⁶ BB ACSPD Circular No-04, dated July 14, 2009.

²⁷ BB ACSPD Circular No-05, July 14, 2009.

²⁸ BB DOS Circular No-2, June 2, 2009.

²⁹ DOS Circular Letter No. 07 'Mainstreaming Corporate Social Responsibility in banks' dated 15 July 2010

³⁰ GBCSRD circular no. 07, dated December 22, 2014.

BB kicked off its own CSR activities in 2013 by creating a separate fund named 'Bangladesh Bank Disaster Management & Corporate Social Responsibility Fund' with BDT 50 million from the annual profit of BB which has now been extended to BDT 100 million in April 2015. From the funds, BDT 5.20 million was disbursed for 14 projects in FY2013-14 and BDT 5.13 million was disbursed for 30 projects in FY 2014-15. BB has coordinated the support to Nepal earthquake victims from financial sector of Bangladesh in May 2015. Almost 60,000 blankets have been handed over to Nepal Embassy in Bangladesh. BB has taken initiatives under CSR activities of Banks and FIs to support the victims and volunteers of Rana Plaza tragedy at Savar. In addition, BB medical officials rushed to the spot with medical aids. On November, 2013, Bangladesh Bank honored 135 rescuers with certificates and prize bonds of BDT 5000 to each for their heroic contribution to the rescue of 2438 workers from the debris of Rana Plaza building.³¹



Development of CSR Strategic Framework in Banks in Response to the Bangladesh Bank's Initiatives- Banks' Perception

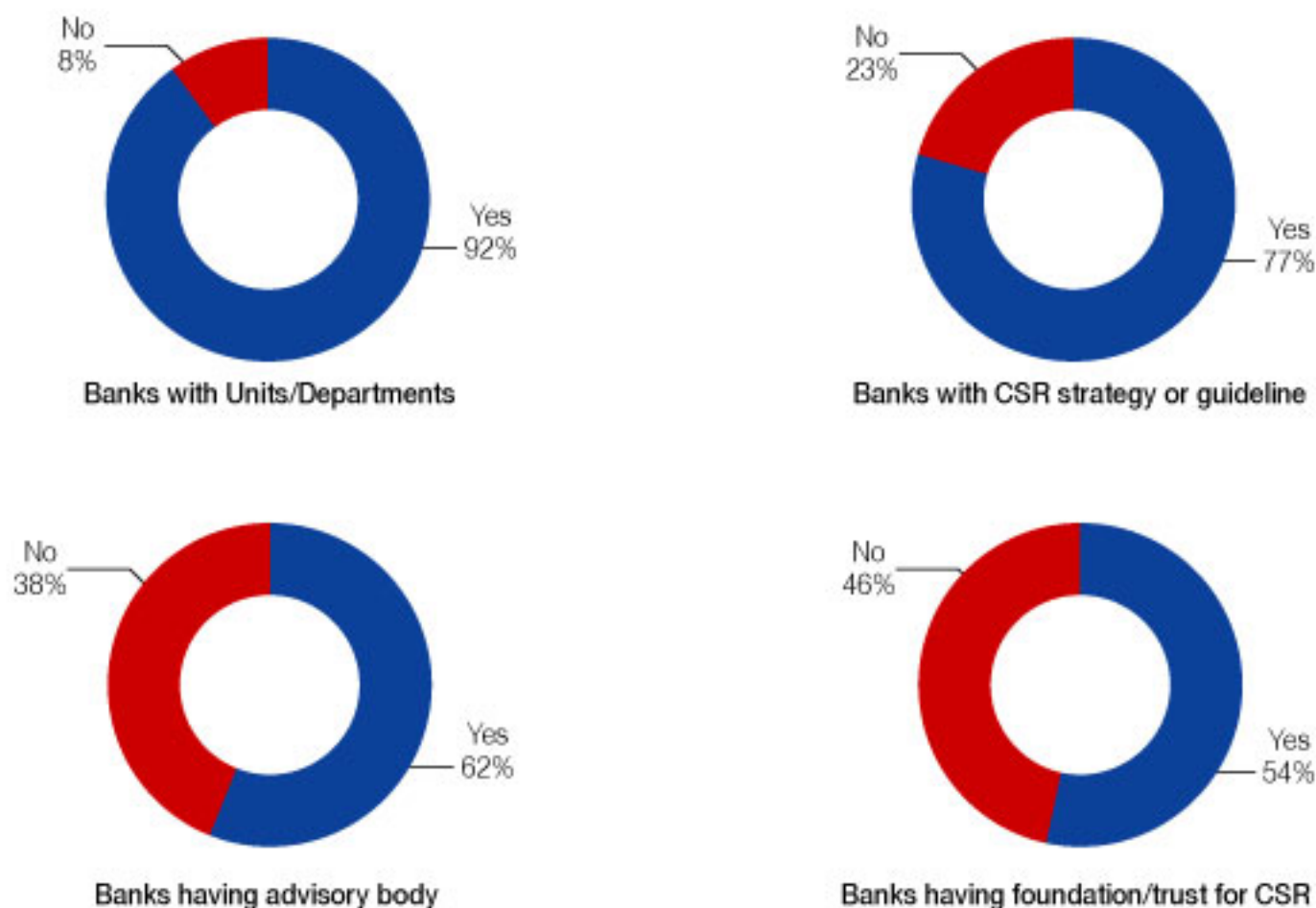
The progress in CSR intervention indicates that the circulars/guidelines and positive approach towards CSR encouraged top management and boards of banks and NBFIs to embrace CSR in their management approaches, with initiatives chosen in broad-based extensive stakeholder engagements. Banks and non-banking financial institutions responded positively to the CSR initiative by the Bangladesh Bank in varying measures. The expansion of the area of CSR interventions is encouraging. Other than supporting education, health, disaster management, sports and culture etc., business and economic activities are getting remarkable supports through CSR interventions like small and medium enterprises (SMEs), biomass processing plants (bio-gas), solar home solutions, effluent treatment plants (ETPs), credit program for agricultural produce in several areas, mobile phone-based micro-finance institution (MFI) programs, support to very small businesses (crafts, mosaic, performing arts with domestic tourism and cultural products) etc. All banks and several non-banking financial institutions now have small to moderate level of CSR programs. As a whole, notable positive changes took place in banking industry in terms of approach and CSR strategic framework.

CSR governance cannot be segregated from overall corporate governance of banks. A senior bank executive is expected to be assigned with the responsibility as in charge of CSR management/operation Cell. Alongside having cells/departments there should be customised policy, strategic guidelines and advisory body. The CSR interventions can be performed by forming a foundation or through the support of other organizations. The survey on banks reveals encouraging picture, according to which 92 percent banks claimed to have separate CSR units and 77 percent of the total have CSR strategies or guidelines. In addition, over three-fifth banks have some forms of advisory body, and over half of the banks are performing CSR funds through foundations or trusts (figure 1).

For planning and effective implementation of the CSR programs, banks are required to have systems or processes for fund allocation, CSR operational or business planning, identification of projects, baseline assessment and implementation plan. Such standard practices improve efficiency in implementation and cost effectiveness. Most importantly, outcomes or an ultimate result of a CSR intervention heavily depends upon developing such processes and practices in a bank. It is encouraging that some of these practices or processes are already in place in some banks, and other are in the process of developing. Survey responses reveal that 25 percent banks follow a process of allocating a certain portion of their profits for CSR interventions.

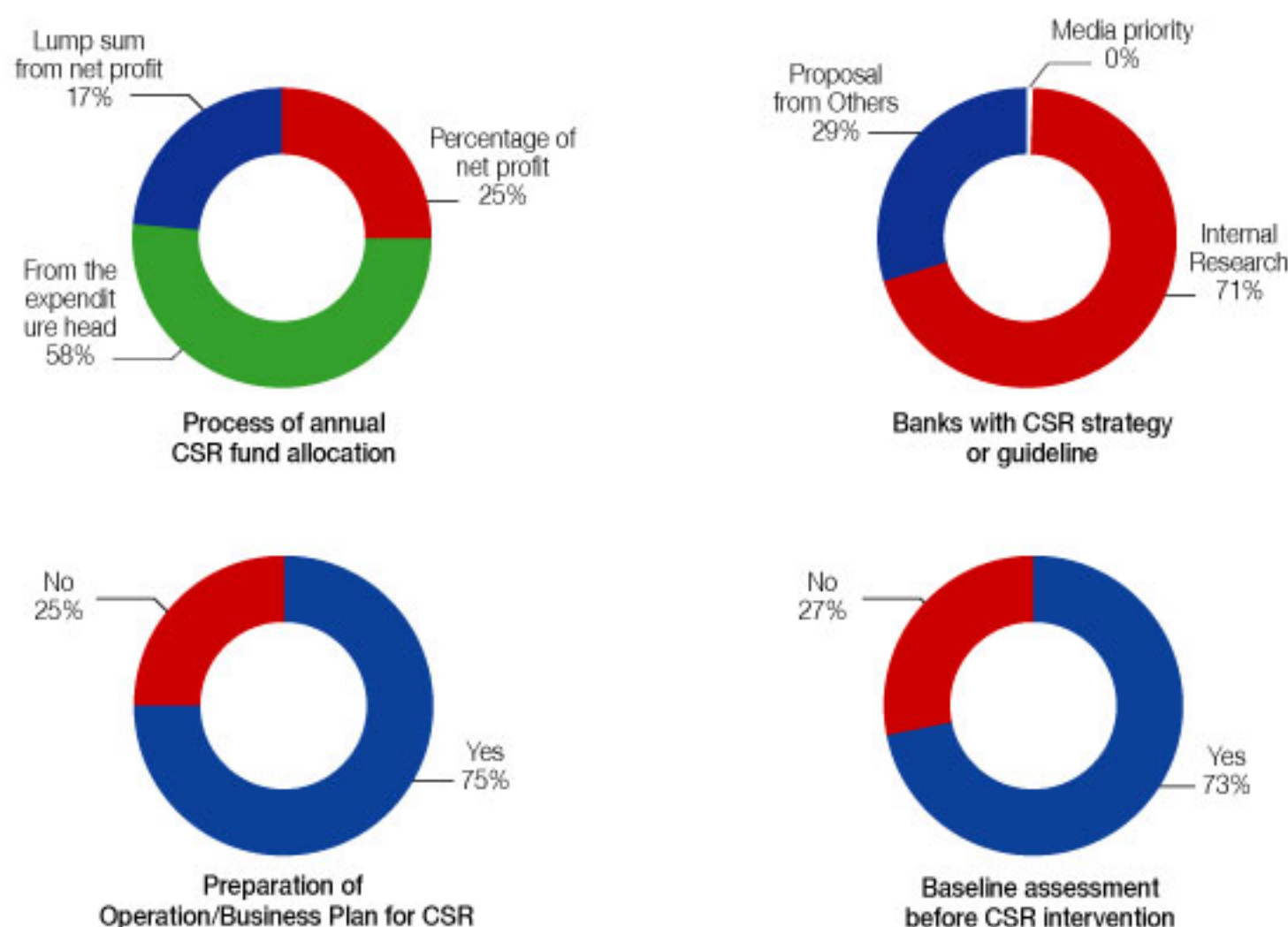
³¹ Habib, Shah Md Ahsan, Morshed Millat, Md. Shahidullah, Tahmina, Antara and Rahat (2015), Promoting Green Economy through Green Banking : Bangladesh Perspective, A Seminar Paper, BIBM, Dhaka.

Figure 1: Banks having CSR Guidelines, Units, Advisory Body and Foundation



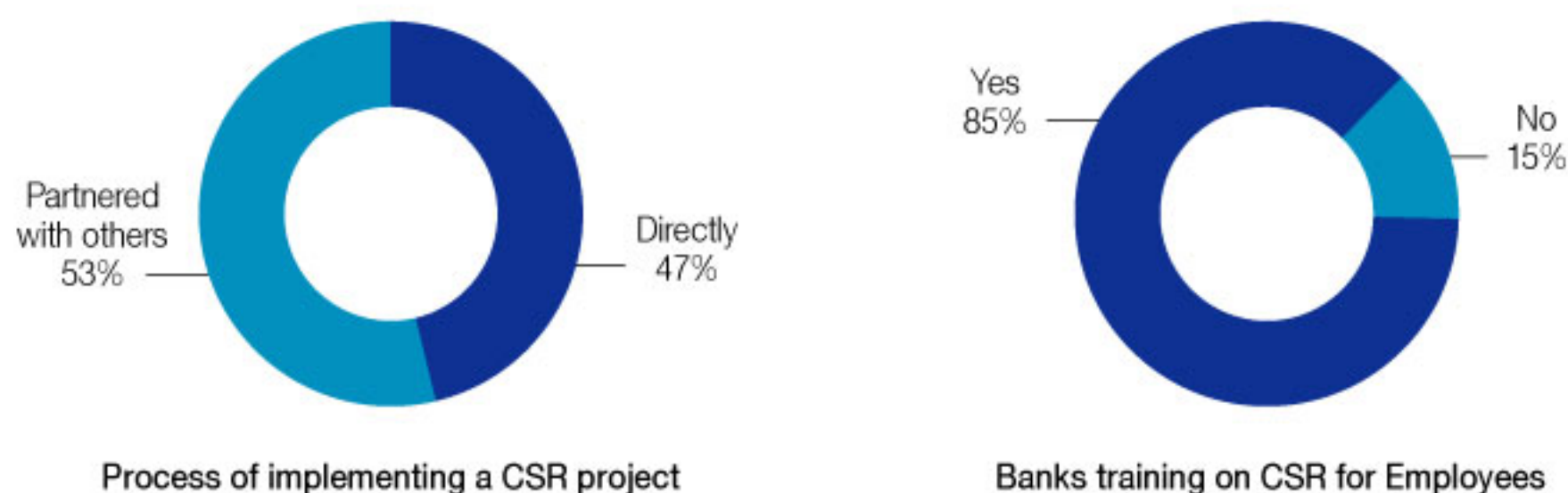
For effectiveness of any CSR program, operational or business plan is the key. Such plan is expected to identify implementation stages, milestones, expected outcome, appropriate group to be targeted, possible challenges etc. Experts, individuals or organizations can also be consulted for that. The survey data indicate that 75 percent banks prepared operational/business plan for their CSR programs (figure 2), whereas 50 percent banks have consulted some organizations in forming their CSR planning or operational plan of a particular project.

Figure 2: Banks Developed Strategic Process for CSR Intervention



CSR intervention should be in the areas that offer optimum outcome and should be in line with the objectives and expectations of the funding organization or bank. Banks are yet to develop its own set up to identify CSR project. At this moment banks heavily depends upon proposals from other entities. The survey data (figure 2) indicates that about three-fourths of CSR projects funded by banks were identified based on the proposals of other entities. Nothing wrong in it, however, there must be an arrangement for reality check or validation of information provided by the entity. Moreover, base line assessments before CSR interventions are crucial to obtain better outcome of any CSR interventions. According to the survey information, 73 percent banks claimed to have some forms of base line survey before implementing any CSR program (figure 2).

Figure 3: CSR Project Implementation and Capacity Development

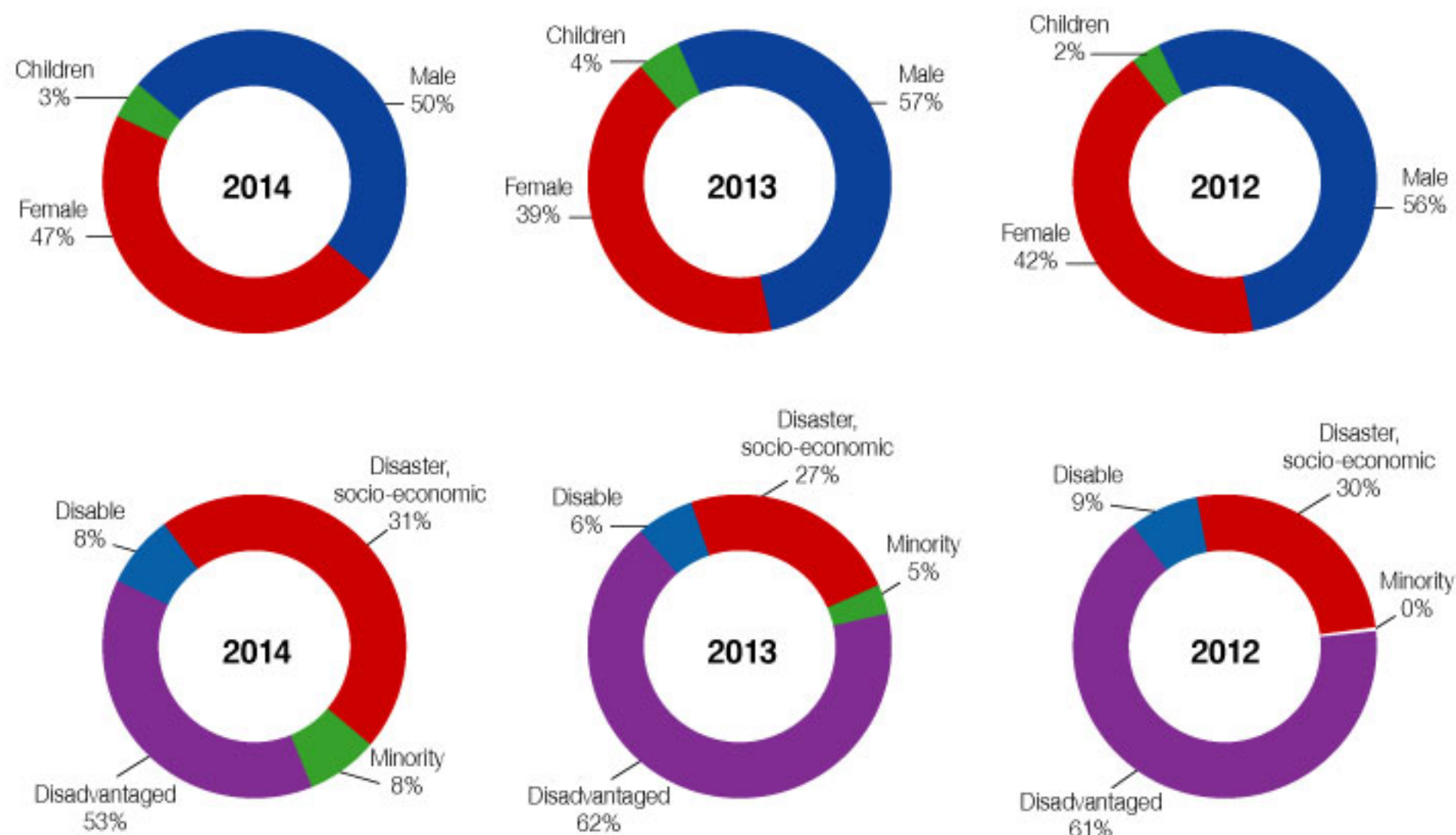


Motivation and capacity development is a crucial component for effective CSR intervention. CSR planning and strategies cannot be effectively enforced if employees are not trained, well-informed and motivated. It is also connected with the safety and security of the staff and right kind of incentives for the employees. According to the survey information, 85 percent banks have arranged or sponsored CSR related training for their selected employees during last two years (figure 3).

In many instances, direct intervention by banks may not be effective or may not bring expected outcome. It is true that direct intervention minimizes transaction costs however, such direct involvement of bank employees does not seem feasible in some instances. In some cases, using intermediary and partnering organizations could offer better outcome. In such areas/sectors, expertise of local level NGOs or any expert organizations could play remarkable roles. Currently, 53 percent banks have partnership with other organizations/entities to implement their CSR interventions (figure 3). Banks are expected to have some policies or criteria to identify such partners or other stakeholders to have any kind of partnership arrangement or CSR interventions. According to the survey data on banks, over 60 percent banks follow or use some criteria to select their partnering organizations and/or stakeholders. Moreover, over 90 percent banks' respondents claimed that they have internal control system and practices for CSR fund management.

Beneficiaries of the banks' CSR interventions or usage of CSR funds can be placed in different categories and under multiple dimensions. Beneficiaries can be categorised into male, female, and children. They may also be segregated into disabled, disaster or socio-economic victims, minority, and other disadvantaged people. Till date, most of the beneficiaries of the CSR interventions of banks were male, and most are in the category of other disadvantaged group (figure 4).

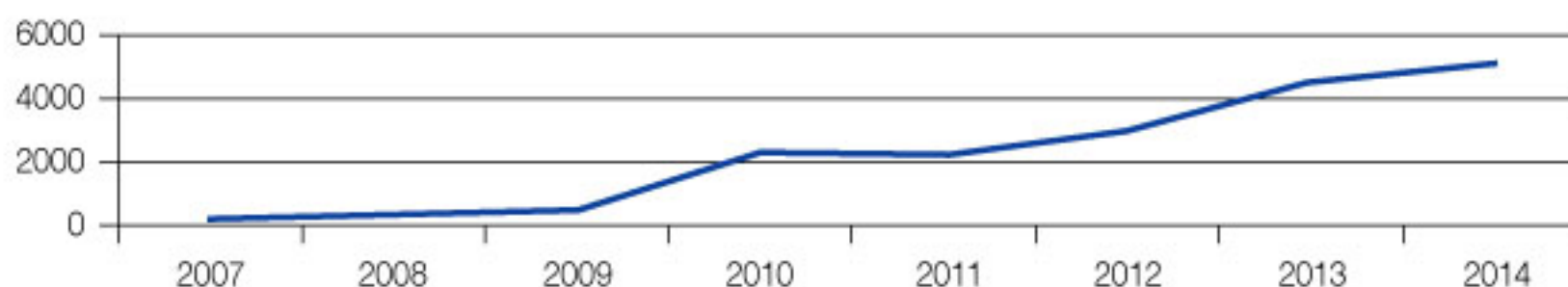
Figure 4 : Beneficiaries of CSR Interventions by Banks



Assessing the Impact of the Usage of CSR Funds by Banks - A Third Party Perception

In response to the Bangladesh Bank's initiative, the expenditure of CSR activities by banks increased over time. It is encouraging that overall CSR expenditures of banks increased significantly from BDT 226 million in 2007 to BDT 5105 million in 2014 (figure 5). Common areas of CSR intervention by banks include education, health, disaster relief, sports, art and culture etc. Banks and NBFIs have created climate risk funds from their CSR funds and have been contributing in the areas of green banking.

Figure-5 : Progress in CSR Funds in million BDT



As desired by the Central Bank, most of the CSR funds of banks are currently spent in the education and health sectors (figure-6). In 2014, education, health and disaster management accounted for 76 percent of the total expenditures met by the banks using CSR funds. In terms of growth, education sector received tremendous impetus. CSR expenditure on education increased from BDT 14 million in 2007 to over BDT1508 million in 2014 i.e. increased by over 100 times. Of the others, expenditures on health increased from BDT 68 million in 2007 to over BDT 1380 million in 2014 which means an increase by over 35 times.

Figure 6: Intervention Area wise Distribution of the Usage of CSR Funds [2014]

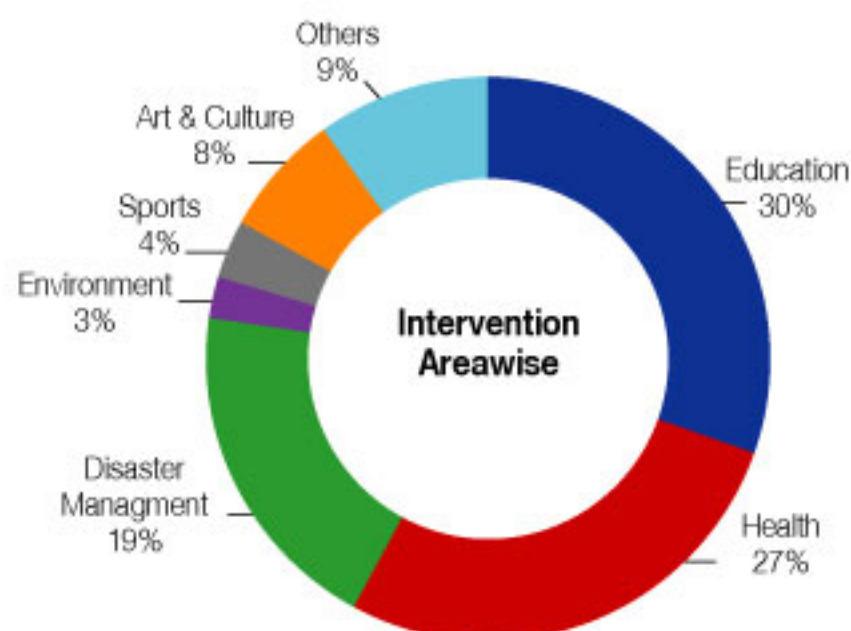
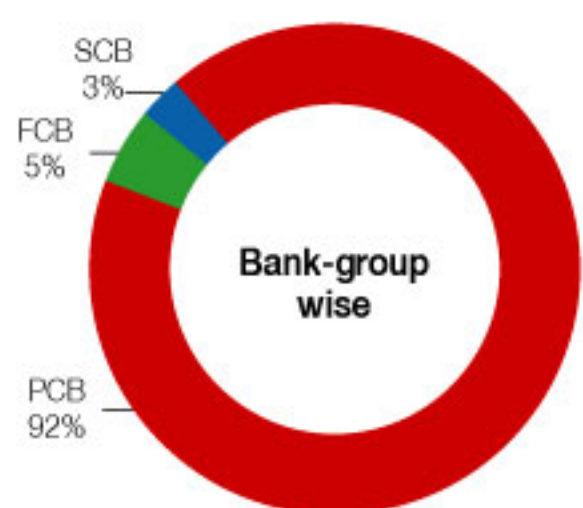


Figure 7: Bank-Group Wise Distribution of CSR Funds [2014]



Of the total expenditure 92 percent are being met by the private commercial banks (PCBs). Though, the market share of the SCBs (in terms of assets and advances) is significant, only 3 percent of the total CSR funds came from the state-controlled banks in 2014 (figure-7) According to the BB data, over 85 percent banks had CSR interventions in disaster management in 2014 while 81 percent had in education and 71 percent in health.

In regard to the impact assessment of CSR intervention, the comparison of pre intervention situation and post intervention situation is crucial. It helps indicating the changes that have taken place following interventions. As shown in figure-8, the study team found that 64 percent of the selected project areas were pre-assessed, and of the total 43 percent project target groups were in bad shape (much below national average).

Figure 8: Pre-Interventions for CSR Interventions

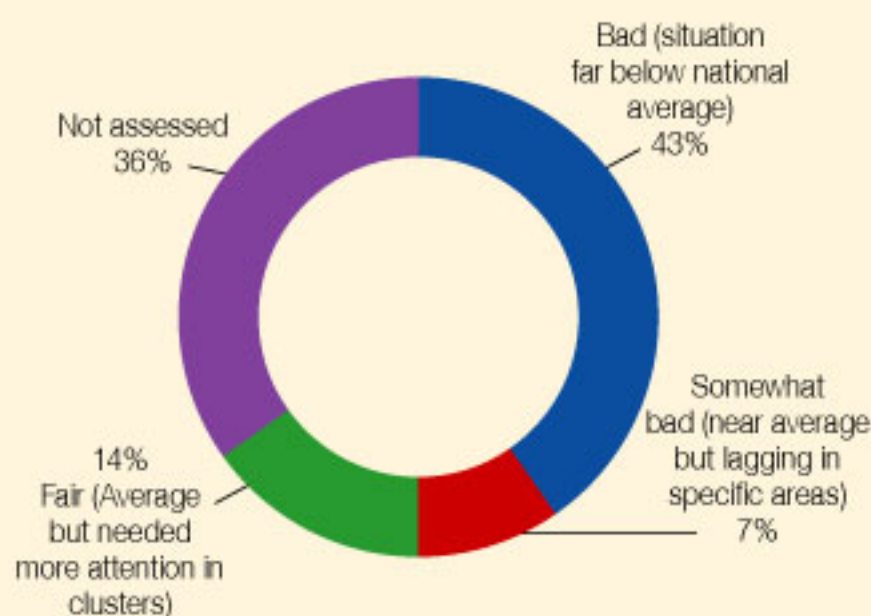
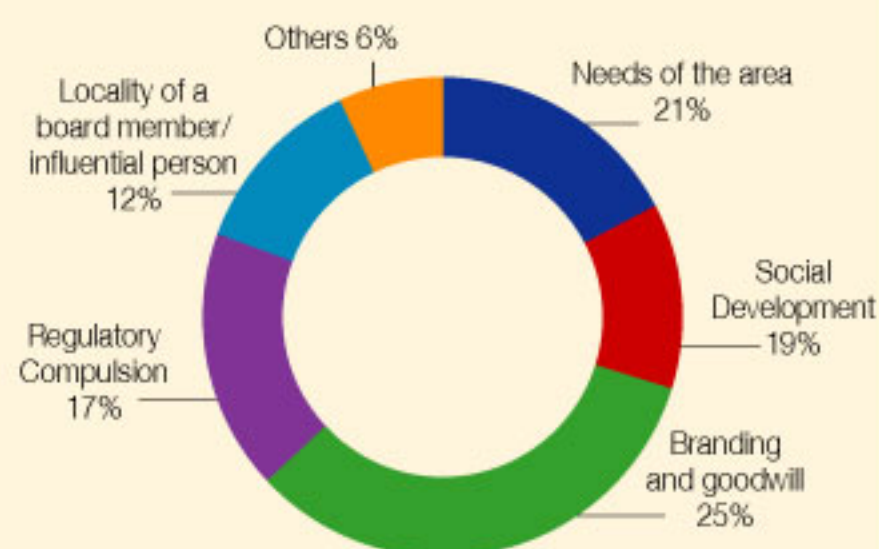


Figure-9: Drivers motivate to undertake CSR Interventions by Banks



Several factors contribute to motivate banks to undertake CSR interventions that include attaining social development agenda of banks, branding and goodwill of banks, need of the area, locality of the board member or other influential persons, regulatory compulsion etc. It is encouraging that 60 percent projects were undertaken to address banks' goodwill or to address the need of the area or to attain the social development goals of the banks (figure-9). Banks are showing increasing priority in addressing social development agenda through CSR interventions (table-1). The survey observation indicates towards positive motivation level or approach of bank management towards CSR interventions.

Table-1: Priorities of the Determinants of the CSR Interventions by Banks

	Priority-1	Priority-2	Priority-3	Priority-4	Priority-5
Social development	11	2	0	0	0
Needs of the area	1	4	1	1	
Branding & goodwill	2	1	2	1	1
Regulatory compulsion	0	2	3	0	
Location of a board member/ influential person	0	0	0	1	1

Several benefits were observed in different forms: more income, better services, better environment, creation of new jobs, and establishment of new enterprises. The study team found that 60 percent CSR interventions results more income or improved service quality. In 20 percent cases environment changes in positive direction and in 10 percent cases more jobs were created (figure-10).

Figure 10: Nature of Impacts of the CSR Interventions

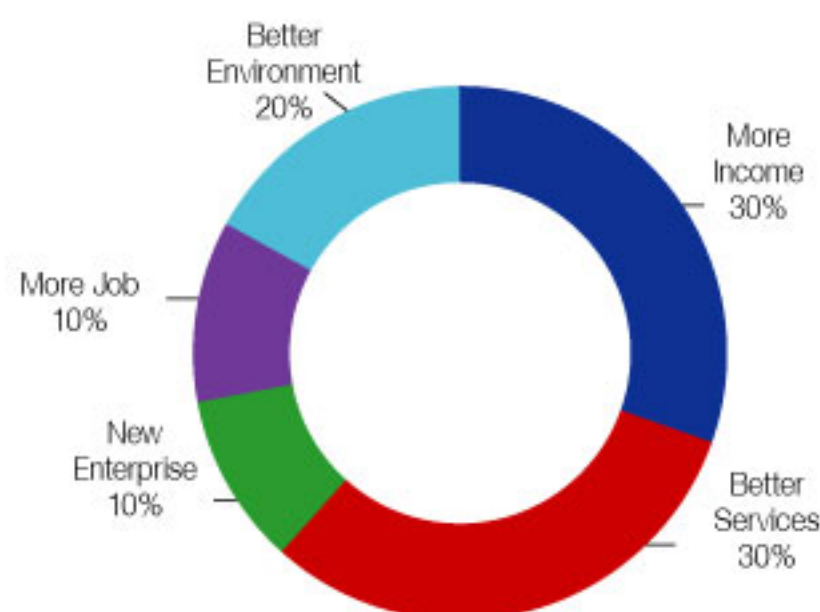
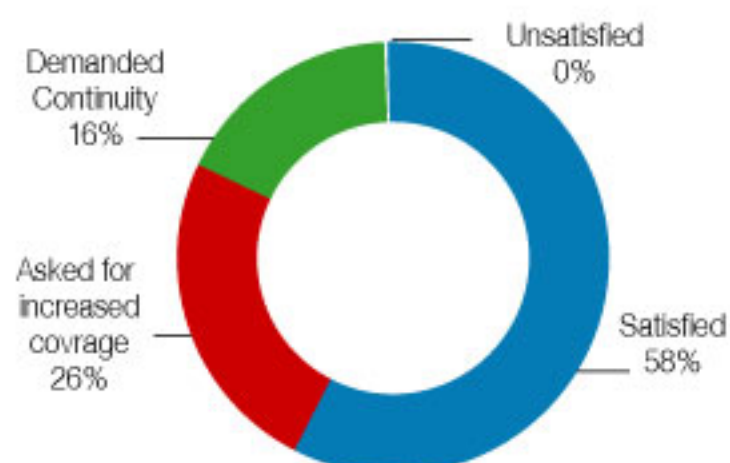


Figure 11: Satisfaction on the Part of Beneficiary as Observed by the Study Team



Most of the beneficiaries were found to be satisfied with the current nature of CSR interventions by banks. Of the beneficiaries, 58 percent clearly expressed their satisfaction out of the interventions. The remaining 42 percent did not show any dissatisfaction, however, were in favour of increased coverage and continuity of the project (figure-11).



CASES

Following cases reveal benefits and success of some CSR interventions by banks. In most cases beneficiaries voiced their satisfaction and demanded continuation of these kinds of interventions. A considerable number of women, children, and vulnerable people received immense benefits out of these CSR interventions.



CSR for saving life

Md. Enamul Haque (37), once a graphic designer in Dubai, is currently jobless with a damaged kidney for last several years. He has returned to Bangladesh and he can hardly bear the high cost of treatment.

'That's why I am here as the treatment cost in this hospital is almost half compared to others,' he says lying on a bed in Al-Arafah Islami Bank Foundation Kidney Dialysis Center in Chittagong.

Enamul has so far taken 140 dialysis in this center which has saved him nearly Taka four lac. The Al-Arafah Islami Bank authority has also done 15 dialysis for him for free.

The Al-Arafah Islami Bank has established two kidney dialysis centres in Dhaka and Chittagong with a cost of Tk 2.56 crore as a part of their corporate social responsibility.

The bank bears the operational expenses of Tk 1.60 lac per month for the two centers. 'The bank chose health sector as the priority of its CSR activity to meet the need of the people. We try to provide health service for free or with minimum cost,' head of CSR department of the bank Md. Mohiuddin Bhuyian said. 'The bank has also bought a piece of land to establish a hospital in Chittagong,' he added.



Life's victory against autism



About 60 autistic children study at the Autism Welfare Foundation's school at Adabor in Dhaka's Mohammadpur. AB Bank's CSR funds are spent on buying educational materials for the children who come from both well-off and low-income families. The CSR money also is spent to run free Friday services to identify new autistic children and provide advices to their guardians. About 100 autistic children get services here besides having facilities to learn suitable skills. At least 23 autistic children from here have been able to enroll in mainstream schools. The guardians are happy.

"Our children are doing well here. Since coming to this foundation the children are showing much improvement in speech and communication. They show better restraint in their temper. They are doing better in studies and exams," says one guardian.

"We and our challenged children are immensely benefited by AB Bank's CSR support. We strongly feel that other banks and businesses should come forward to help these children with special needs", Dr. Rawnak Hafiz Chairman of the foundation says.

This is a remarkable intervention in terms of benefits accrued to a special group of beneficiaries. Such intervention should receive more attention of banks and replicated in other areas.



Urge for education triumphs over poverty: CSR helps



In only just two years Masud Rana will graduate in Medicine from Rajshahi Medical College. Sharmin Akter, a student of Animal Husbandry and Veterinary Science department of Rajshahi University, wants to go abroad for higher studies after her graduation. They are brilliant, but their families are too poor to afford continuation of their education. Poverty, however, does not prevent them from taking higher studies and pursue their dreams.

A trust fund launched by BRAC bank with its CSR funds in collaboration with the daily Prothom Alo has come as a blessing for the two students. The trust supports higher education of the brilliant students of poor families. So far 576 students have received stipends from the CSR fund. Each year 50 such students are being added to the list of the beneficiaries.

Initially BRAC Bank started providing support to poor students for education from its CSR fund in 2007. In 2010, the bank felt the need for giving the program an institutional shape and formed a trust with the Prothom Alo for the poor talents who decline to give up hopes due to poverty. The trust provides stipend to students who performed excellent results at the secondary and higher secondary exams for higher education.

Poverty must not be a barrier to higher education, says the former Managing Director of the bank. BRAC Bank will always remain with them.

This noble initiative is keeping the dreams of the poor but talented students alive. The students and their teachers feel education should get top priority in CSR investment. Other banks and business entities should come up with such initiative.

Bringing back eyesight



When Sajjad, then a school student at Cox's Bazar, was losing her eyesight his family panicked. Will he ever be able to see her parents and the loved ones? Can he continue his studies? The answer came from Bank Asia which has launched a nationwide CSR program to help perform free cataract operations on children from the poor and destitute families. About 150 such operations have so far been done restoring eyesight to the children.

Branches of Bank Asia with help of local NGOs in places like Chapai Nawabganj, Gazipur and Cox's Bazar identify the children with cataract problem and then send them to Bangladesh Eye Hospital in Dhaka for operation, which provides the services free of cost.

Sajjad, who got his cataract operated on at the hospital, is now preparing to take admission in a college. Other families are happy that the project is helping their children get education and job skills. "After the operation our children are becoming our asset," says one guardian. "We no longer consider them as a burden."

The intervention has brought notable positive changes in the lives of the children and their families. It is a successful intervention of Bank Asia. Role of local NGOs is remarkable and critical for the success of the project activities. The project is replicable.

One step ahead



Under its CSR program, Citi Bank NA finances a UCEP-run technical education project for underprivileged men and women at Salna in Gazipur district. The center imparts 12-month training to 120 men and women, their ages ranging from 12 to 35, on technical skills required to work at readymade garments factories. The project also arranges jobs for the successful trainees.

Shamsunnahar Sharmin, who was trained at the center, now works at a factory called Four Brothers earning a monthly wage of BDT 12,000, which is 50 percent higher than the wage of an untrained worker. With the noteworthy changes, a happy woman Sharmin says, the current trainees can accrue same benefits/paybacks to many others once they complete their training.

This is what she has to say. "I'm very happy. When I started working as an operator I found many co-workers who could not put the thread through the needle. They could not even operate the machine, they made too many mistakes." "But I made no mistake, the job seemed easy to me and I was never chided (by superiors)." She attributes her success to the training at UCEP.

It is a successful project in terms of benefits accrued to a group of beneficiaries and sustainability of the beneficiaries. It may be replicated to other areas and more beneficiaries should be targeted by such CSR interventions. A major portion of the technical education fund in the national budget is spent for running the existing institutions. Banks are giving emphasis upon education sector in planning and operating their CSR programs. Yet more focus has to be given on technical education targeting unskilled youth in the industrial urban and sub-urban areas.

► CSR paves the way of life



Knowing all the risks and amidst all uncertainties, Chumki, a destitute woman of Basatpur got prepared for traveling to Mumbai for a job. Basatpur is a small village adjacent to the international border of Jessore, a part of which was earlier known as 'Mumbai colony'. Many of the women in that area became victims of human trafficking. Chumki has not left her village. She now earns Tk 15,000 per month with stitching skill which she attained from the training centre of Basatpur women and children development organization (society). Thanks to The City Bank Limited who provided support to establish the centre at Basatpur through a well thought out sustainable CSR intervention. The centre has been built on a piece of land donated by the local mosque committee to the society.

As many as 127 women have received training and many of them are earning Taka 10,000 to 15,000 per month using the stitching skill. Their products are now available at the Gulshan outlet of country's leading hyper market UNIMART. MRDI, with the support of Manusher Jonno Foundation and a local daily of Jessore Gramer Kagoj implemented this intervention.

"We are observing an unbelievable change. Initiatives of the City Bank changed our lives. Now some 46 women, who were living hand-to-mouth, have their own deposit accounts with Sonali Bank" says Rokiya Khatun, chairman of the Society.

To ensure a better life for the families of these women and prepare the next generation, City Bank took yet another initiative of supporting children's education. With the education stipend from the City Bank, dropout of children from schools reduced remarkably. They are now also getting support to have private tuition. Some 102 children of society members are now getting stipends.

The overall project helped to form social capital in this area. City Bank's CSR intervention has helped rural women to help themselves. The project is a model that can be replicated in other vulnerable communities.

► CSR conquers impairment



Tania (14) is 2nd Grade student in the Child Welfare Government Primary School. Daughter of poor parents, Tania got paralyzed when she was just one-year old as a consequence of severe diarrhea. Doctors advised physiotherapy, but the parents Akbar Mridha and Nasima Akhter could hardly afford her treatment. Uncared Tania gradually became impaired physically, and also intellectually.

Thanks to Dhaka Bank Limited and Seed Trust. It was in the year 2009, when charity organization Seed Trust came forward to help Tania. She was taken to the centre for rehabilitation of impaired children run by the trust. Under the intensive care of physiotherapist, teacher and others she returned to her normal life. In five years, she could walk and got admission in a normal school. Firoz, Mehdi Hasan and other children like Tania are getting good services from the trust that gets funds from CSR programme of Dhaka Bank. The CSR of the bank is helping the vulnerable children to make their lives meaningful. This brings smiles to their parents too.

► Higher education: CSR keeps the dream alive



Anik Saha has completed graduation in Electrical and Electronic Engineering from Bangladesh University of Engineering and Technology (BUET) this year. His father, a low paid government official finds it difficult to bear expenses of his education. Exim Bank has come to his aid. This brilliant boy has been receiving stipend from Exim Bank since he was a student of ninth grade.

Thousands of students of poor families like Anik are getting financial support from Exim Bank to continue their higher studies. Many of them have started their career. This year, the stipend programme has covered 3,250 students of 376 schools, colleges and universities. In the year 2014, the bank has spent Taka 32 crore on CSR. 14% of the expenditure has been incurred in education. The bank authority plans to allocate 30% of their CSR fund for the education sector this year.

CSR for health and hygiene



Rina Akter, a ninth-grade student at a rural school in Rangpur, used to skip classes for three to four days a month due to menstruation. The fact that the school lacked proper facilities was not the only reason she missed school; ignorance and the attitude of society and family came as a big barrier to accepting this normal biological process.

"Like other menstruating adolescent girls in our area I used to feel ashamed and embarrassed. My mother forced me to stay at home at that time," said Rina.

Gone are those days for Rina and her friends at Ghatabil Shahid Smriti Girls High School in Badarganj, an upazila in the northern district of Rangpur. They are not shy anymore as they have shifted from using unhygienic cloth to hygienic sanitary napkins during menstruation.

A five-year programme sponsored by HSBC has changed the lives of hundreds of girl students. Under its corporate social responsibility, HSBC is spending a total of \$3.12 million (Tk 24.6 crore) to help the rural people in Bangladesh get safe drinking water and sanitation services.

The bank initially provided the napkins to spread awareness on their use and disposal. In addition, mothers of adolescent girls were educated on menstrual hygiene.

Water Aid, with its partner NGO Mahideb Jubo Somaj Kallayan Somity (MJSKS), is implementing the programme of safe drinking water and sanitation facilities in 35 unions in six districts: Kurigram, Lalmonirhat, Rangpur, Rajshahi, Munshiganj and Sylhet.

The overall programme aims to reach 231,375 people with safe drinking water and 404,662 people with improved toilets in the five-year effort that will end next year. To sustain the programme after withdrawal of funding, community-based organisation (CBO) has been formed in each ward of a union comprising 9 to 11 members, both male and female. Management and ownership of the intervention will be handed over to the CBOs at the end of the project period.

This is a glowing example of a sustainable CSR intervention.

Opening the door to higher education



Md. Zafar Dewan and Suranjana Shaha, both students of Nuclear Engineering at Dhaka University have received IFIC Trust Fund scholarship for their research works.

"I received the IFIC Trust Fund scholarship during my M.Sc thesis which helped me a great deal. The thesis and publication is a costly process which often become troublesome for students. The IFIC initiative was a good one to meet that need," said Md. Zafar Dewan a student of Nuclear Engineering at Dhaka University.

Appreciating the support they say setting up a laboratory in the department with research facilities would be much more helpful to the students. Supporting this view, teacher of the department Md. Fazlul Haque says such scholarships are helpful but the banks should also invest in infrastructure for education.

Asked about the issue, he says, "This is true that we need more laboratories. We need at least 12 labs in the department, whereas we have only five."

The IFIC Bank runs a trust fund worth Tk 30 lac for Dhaka University students. The fund has awarded scholarships to 18 students of the Nuclear Engineering department last year.

Contribution of banks' CSR fund to education shows a substantial rising trend according to a recent data of the Bangladesh Bank. Banks spent Taka 150 crore for educational support in 2014 which was Taka 129 crore in the previous year. The trend is expected to continue as the commercial banks put priority on education in operating their CSR programs.

► CSR ignites the candle of education



The project center is a school in Charfasson, Bhola (Sharifpara primary school), which also serves as a local health center targeting especially pregnant women, newly born babies and the old people in the locality.

"The school has been a great blessing for us," says father of a school student. "Our children are now getting primary education."

"When Mutual Trust Bank (MTB) started bringing in MBBS doctors here, there was only one pharmacist named Sanaullah, who treated patients. When I come here I spend the day seeing patients. Most suffer from water-borne diseases. We provide some medicines free asking the patients to buy some from the shop. But few can afford to buy medicines," says Dr. Mahbub, Assistant Surgeon at Charfasson Upazila, Bhola.

When the school, the first such institution in the area, was established at Char Patila Island in 2000, its headmaster Abul Kashem was in trouble. No benches for students to sit on, no money to be given to teachers. High tide from River Meghna would swamp the school. The headmaster's trouble deepened when an NGO suddenly stopped providing its support to the school. In 2012 the headmaster through a local NGO, Unnayan Dhara Trust, got introduced to MRDI which in turn brought in Mutual Trust Bank to help the school under the bank's CSR programme. During its two-year involvement MTB financed the construction of a new building (this stands above the flood level) and procurement of new chairs, tables and benches. Hygienic sanitation system was put in place besides installation of a tube well and construction of a Shaheed Minar.

Having ensured primary schooling for the children of the remote island, MTB turned to providing healthcare to the 6000 residents of Char Patila. A qualified doctor from Charfasson Upazila visits the island twice a month. Ten local women have also been trained as midwives who take care of the needs of pregnant women. This has helped cut down maternal mortality rates in the island.

We are thinking how the school can be upgraded to the secondary level to facilitate the children continue their studies, says Sami Al Hafiz, Vice President, MTB Communications department.

It is a successful CSR intervention of MTB. People of remote offshore areas need such support for education of their children and sound health of the family members. This can be taken by others as a good example to follow.

► CSR: Building skills and confidence



A six-month-long sewing training has changed the life of Poornima Mardi, an 18-year-old Santal woman from Paba Upazila in Rajshahi district. She has acquired enough skill to work at a readymade garment factory where she can earn at least 8,000 taka month, a handsome amount for her poor family. Instead she has aimed to become an entrepreneur. She plans to buy a sewing machine to make readymade garments and sell the products in the market.

Says she: "The training has taught me how to make pants, shirts and salwar-kameez and many such products. I've now earned enough self-confidence and I'm confident that I can do something. I will buy fabrics and make garments at home and sell those in the market. I can also take orders from others to make their garments. I will stand on my own feet. Day will come when my family will no longer face financial troubles."

This is good news for Poornima's family. His father is too old to work and support the five-member family that depends on his irregular income of 150 to 300 taka.

"I will not let my poor father to work. That's my promise," says Poornima, who was among the 43 mostly poor Santal women who took the 6-month training on sewing in the first batch conducted by UCEP with financial assistance from National Bank under its CSR programme. Twenty-three of them have already got jobs at different garment factories at Gazipur and Narayangangj each with a monthly salary of 8,000 taka. UCEP also arranges job for the trained women.

The life of the project is only one year and by the time it started benefiting the participants of the training program. It may be replicated to other areas and more beneficiaries should be targeted by such a CSR intervention. More funds should be allocated in such programs targeting unskilled youth.

Let there be sight



Not far from the capital city of Dhaka, the village Uttar Pelayet of Gazipur district is lagging far behind in health care facilities, particularly in eye treatment. Poor people of the village are least aware about ophthalmic diseases, though many of them, particularly the old ones suffer from acute problem of eyesight. Ainuddin (72), Abdul Baset (75) and Mariam (65) are living for years with very poor eyesight. They have never visited a doctor for treatment of their eyes. Some of them even did not know that they had problems in their eyes. Those who knew, could not avail treatment due to financial problem and unavailability of service facilities.

For the first time in their life, they have come to consult the eye specialist at the Prime Bank Eye Hospital which provides free treatment of eye diseases to the villagers. Prime Bank Foundation has established the hospital as a part of the bank's CSR. This noble effort is playing a vital role in meeting the needs of people.

This is a very good example of CSR, which will supplement the national budget. Such investments will reduce pressure on the government's development programs, say Bangladesh Bank expert and an economist.

Banks' CSR expenditure in health sector has a trend of tremendous growth in last couple of years. An amount of Taka 138 crore was spent by the banks in the health sector in 2014 compared to Taka 43 crore in 2012. The amount is 27% of the whole of CSR expenditure by banks. Prime Bank has a substantial stake in the effort.

Bringing light to visually impaired



Md. Sanwar Hossain and Selina Begum can't be happier as parents. After remaining visually impaired for eight years, their eldest daughter Mithila Akhter is fully cured now, thanks to a surgery at Ispahani Islamia Eye Institute and Hospital. Impressed with Mithila's recovery, they brought their second daughter Tanzilla Akhter to the hospital as well for a cataract operation last month.

"We are really happy. Mithila can now read and attend school regularly," says Hossain, sitting next to Tanzilla at the children's ward of the hospital after the surgery.

The family is thankful to Standard Chartered Bank (SCB) that has helped develop the ward under its largest corporate social responsibility (CSR) initiative -- Seeing is Believing -- which began here at the Islamia Eye Hospital and is now being replicated in 71 countries with the aim of giving back eyesight to the visually impaired.

SCB partnered with Ispahani in 2003 and supported the hospital to improve and expand its operation theatre. The bank also provides its maintenance costs, according to SCB.

SCB encourages its employees to help their local communities to develop, as part of its overall sustainability strategy. Under the scheme, it gives permanent employees three days a year in addition to their annual leave to volunteer in the community.

The bank took up the CSR initiative with an objective to improve its brand image and to deliver for the community where it operates, says Bitopi Das Chowdhury, head of corporate affairs of SCB in Bangladesh.

The bank aims to raise \$100 million for the "Seeing is Believing" project between 2003 and 2020.



Observations, Recommendations and Concluding Remarks

The progress in CSR intervention indicates that the Bangladesh Bank's CSR interventions encouraged banks to embrace CSR in their management approaches as a vehicle for socio-economic and business development. Banks and non-bank financial institutions responded positively to the CSR initiative by the Bangladesh Bank in varying measures, and other than education, health, disaster management, sports and culture etc., business and economic activities are getting remarkable supports through CSR interventions. All banks and several non-banking financial institutions now have some forms of CSR interventions. The available evidences indicate that notable positive changes took place in banking industry in terms of approach and CSR strategic development.

Banks reacted tremendously in response to the Bangladesh Bank's initiatives. Data shows that majority of the banks of the country are now having CSR cells or departments and have formulated CSR policies and guidelines. But reflection of having such guidelines is not seen in CSR planning at the desired level. Specific CSR strategy in a written form and its proper application is vital for creating a sustainable impact in the target community. It is encouraging that some banks have already developed systems or processes for fund allocation, CSR operational or business planning, identification of projects, baseline assessment and implementation plan. Such standard practices improve efficiency in implementation and cost effectiveness. CSR intervention should be in the areas that offer optimum outcome identifying right kind of intervention areas. Currently, banks heavily depend upon proposals from other entities to identify projects. For optimum outcome, other than having an arrangement for base line survey or reality check for identification, there should be a system for outcome assessment.

Currently, most of the interventions are pursued by a partnering organization or NGOs. It is true that using intermediaries or partnering organizations leads to an increase in transaction costs. However, this could offer better outcome where expertise of local level NGOs could play remarkable roles. One issue of concern is optimum use of CSR funds and ensuring value for money. Banks and financial institutes are not supposed to have expertise in addressing problems and development needs of the community. Banks can consider creating a consolidated fund for best utilization of their CSR money. For better enforcement of CSR interventions, motivations and capacity of the employees are the key factors. Though most banks have some initiatives of training and capacity building for their employees, there should have been extensive arrangement of capacity building, motivational and awareness programs for obtaining better outcome of the CSR intervention.

It is evident in the study that in response to the Bangladesh Bank's initiative, the expenditure of CSR activities by banks increased over time and disadvantaged male, female and children are the main beneficiaries of these CSR interventions. Especially, considerable volumes of funds are spent in the areas of technical education and capacity building of underprivileged youth and women, improving health services of the poor and helping disaster affected people. Project specific case studies and survey data have identified notable impact of the CSR interventions in the forms of increased income, improved services, healthier environment, creation of new jobs and establishment of new enterprises. Beneficiaries in general are found to be satisfied with the kind of interventions and demanded continuity of such activities by the banks. Some of these are replicable ventures for wider benefits.

Bangladesh has achieved commendable success in some economic and social indicators in recent time. Now the development challenge is to maintain the pace and sustaining the achievements. In this way of advancements, alongside a number of government and private agencies, financial sector market players played a commendable role through their sustainable services and other development interventions. It is a sustainable financial system that can offer due support to the country to attain its sustainable development agenda and CSR intervention is a key element of such support activities. CSR interventions by banks can be connected with rural development, better livelihood, and poverty reduction of the country. Moreover, in the changing business environment, the trend of having CSR practices is also unavoidable. Because, modern banking and businesses are running in an information-driven economy and practices are becoming increasingly transparent and all stakeholders have kept eyes on what they are doing. Today, banking and business activities are under increasing pressure from various stakeholders that they have to demonstrate actions for sustainable development.



Annex 1

Links of Media Reports

As a part of the study, the journalists produced reports on cases of CSR fund usage by banks which were printed and televised in their respective media. Reports are available in the following links —

Print and Online Media Reports:

- <http://bangla.samakal.net/2015/10/04/165330>
- <http://www.thedailystar.net/business/hsbc-programme-improves-lives-rural-adolescent-girls-169933>
- <http://www.thedailystar.net/business/bringing-light-visually-impaired-162832>
- <http://www.thefinancialexpress-bd.com/2015/09/08/106978>
- <http://bangla.bdnews24.com/economy/article1033496.bdnews>

TV media Reports

- <https://www.youtube.com/watch?v=MlyTXJdLgFg&feature=youtu.be>
- <https://www.youtube.com/watch?v=dRuEy4tdhWU&feature=youtu.be>
- https://www.youtube.com/watch?v=jBo5LCQ_aKg&feature=youtu.be
- https://www.youtube.com/watch?v=_CJoFbyGeLI&feature=youtu.be
- <https://www.youtube.com/watch?v=UMCeMaGpi54>
- <https://www.youtube.com/watch?v=2iquK-AGzqA&feature=youtu.be>
- <https://www.youtube.com/watch?v=3PKp3QxcSCI&feature=youtu.be>



Annex 2



Socio-economic Investigation on CSR Intervention

Conducted by : Management and Resources Development Initiative (MRDI)

Supported by : Bangladesh Bank

Questionnaire for the Bank Authority

Name : _____
Designation : _____
Name of Bank : _____
Address detail : _____
Date : _____

A. Organizational Practice

1. Do you have separate units or department for CSR activities?

☐ A. Yes ☐ B. No

2. Do you have any CSR strategy or guideline?

☐ A. Yes ☐ B. No

3. Does Bank comply with Bangladesh Bank CSR strategy or guideline?

☐ A. Yes ☐ B. No

4. Is your bank a member of any international CSR alliance or network?

☐ A. Yes ☐ B. No

5. Do you have any advisory body on CSR?

☐ A. Yes ☐ B. No

6. Do you have a foundation/trust for CSR activities?

☐ A. Yes ☐ B. No

7. Last year Banks turnover and budget for CSR activity

8. Does the bank conduct any training on CSR in last two years for CSR desk officer?

☐ A. Yes ☐ B. No

9. Do you consult any other organizations about CSR planning?

☐ A. Yes ☐ B. No

B. Implementation :

10. Have you Prepared a CSR business plan for a particular project?

A. Yes	B. No
--------	-------

11. Allocation according to sector in amount and % in last 2 years

	2014		2013	
Sector	amount	in %	amount	in %
A. Education				
B. Environment				
C. Livelihood support				
D. Art & Culture Sports				
E. Health				
F. Social Security				
G. Facilitating Marginalized group				
H. Humanitarian & disaster relief				
I. Agriculture				
J. Other specify				

12. How does the bank determine annual CSR fund allocation?

A. Lump sum from net profit	B. Percentage of net profit	C. From the expenditure head
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13. Forms of Financial Disbursement

A. Donation	B. Grant	C. Interest free Loan
.....%	%	%

14. Categorical allocation of CSR disbursement

A. Product	B. Service	C. Infrastructural development	Unspecified
.....%	%	%	

15. How does the Bank identify a CSR Project?

A. Internal Research	B. Proposal from Others	C. Media Priority
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16. How does the bank implement the project?

A. Directly	B. Partnered with others
-------------	--------------------------

17. Do you conduct any baseline assessment (Reality check) before intervention?

A. Yes	B. No
--------	-------

18. Do you follow International Standards of Accounting and Reporting (ISAR) for CSR?

A. Yes	B. No
--------	-------

19. Do you inform NBR before starting a CSR project?

A. Yes	B. No
--------	-------

20. Do you have any internal control system or effective self-regulatory practices for CSR Fund Management?

A. Yes	B. No
--------	-------

21. Do you involve any of your customers in your CSR activities?

A. Yes	B. No
--------	-------

22. Do you have any beneficiary/ stakeholders selection criteria?

A. Yes	B. No
--------	-------

22.1 If yes, please describe:

C. Impact:

23. Number of CSR activities that your organization undertakes

2014	
2013	
2012	

24. What is the total Number of Beneficiary and changes ratio?

	2014	2013	2012
A. Male			
B. Female			
C. Children			

25. Number of Beneficiary of the following criteria

	2014	2013	2012
A. Disable			
B. Vulnerable (disaster, socio-economic victim)			
C. Minority			

26. Does your CSR intervention focus on any of the following criteria

A. Capacity Development	B. Knowledge Transfer	C. Communication
D. Access to finance	E. Access to market	F. Risk Prevention
G. Conservation	H. Voluntarism	I. human capital formation

27. Do you set measurable targets and identify performance measures?

A. Yes	B. No
--------	-------

28. Is there any feedback from the beneficiary?

A. Yes	B. No
--------	-------

29. What is the timeframe of a particular CSR intervention?

A. At once	B. Upto 2 years	C. More than two years
------------	-----------------	------------------------

30. Do you support any ongoing local community projects?

A. Yes	B. No
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31. Which would you say was your most successful CSR activity, and which is the least successful. List down from most to least?

Sl	Name	Location	Budget



Annex 3



Socio-economic Investigation on CSR Intervention
Conducted by : Management and Resources Development Initiative(MRDI)
Supported by : Bangladesh Bank

Questionnaire for the Reporter

Name of Bank : _____

Name of the Project : _____

Project Location : _____

Name of the Focal Point : _____

Date : _____

1. What was pre situation?

A. Bad (situation far below national average)	B. Somewhat bad (Near average but lagging in specific areas)	C. Fair (Average but needed more attention in clusters)	D. Not assessed
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2. What was determiner on selecting CSR intervention priority? Area coverage?

A. Prior assessment	B. Board Decision	C. Influence	D. Don't Know
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3. What is the internal and external drivers motivating the firm to undertake this CSR approach? Prioritize.

Needs of the area	
Social development	
Branding and goodwill	
Regulatory compulsion	
Locality of a board member/influential person	
Specify if more.....	

4. Does the bank follow integrated strategic approach with social, economic and environmental issues in their CSR intervention?

A. Yes	B. No
--------	-------

5. Is the particular project has possible overlap, duplication, or redundancy chances with any other CSR intervention of the same area or beneficiary group?

A. Yes	B. No
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6. What were the factors both internal and external, if the intervention didn't come out with expected results? How does the bank address these challenges for their next course of action?

7. Why and how the bank is considering the particular case as a success? What is the bank planning to continue and replicate this model?

8. Has the bank established any existing self-assessment tools for monitoring and evaluation?

A. Yes	B. No
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If yes how does the bank measure performance indicators, and Evaluate impacts?

9. Does the bank follow any specific standard on CSR fund management (ISO 26000, GRI, AA1000)?

A. Yes	B. No
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10. What is the involvement of total cost and transaction cost - percentage of fund reached to the ultimate beneficiary?

11. Is there any stimulus on 'social capital creation' through this CSR fund allocation?

A. Yes	B. No
--------	-------

12. Does the bank have any provision on joint programming and co-funding framework and concern about what others do?

A. Yes	B. No
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13. Does the bank follow 'one-size-fits-all approach' on their CSR intervention? if not what is the indicators in the policy level?

14. What is the methodology for beneficiary selection? Is there any engagement process of beneficiary/stakeholders?

15. Who are the key stakeholders already engaged, if not who need to be engaged, and what are their concerns?

16. What are the main challenges and opportunities the bank is facing?

A. Sustainability	B. Sector development	C. Beneficiary concern	D. Fund management
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17. What is the number of beneficiary for a particular project in a year?

A. 1-100	B. 101-300	C. 301-500	D. 501-1000
If more please specify the number:			

18. What is specific impact in their livelihood changes?

A. More Income	B. Better Services	C. New Enterprise	D. More Job	E. Better Environment
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If other please specify.....

19. What is the beneficiary feedback and opinion of that CSR project?

A. Satisfied	B. Asked for increased coverage	C. Demanded continuity	D. Unsatisfied
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20. Has the bank conducted any mid-term / post assessment?

A. Yes	B. No
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if yes what are the findings?

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