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CSR and Sustainable Development in Practice – Examples from Bangladesh, Sri Lanka and South Africa

Abstract

The need to address questions of low living standards, exploitation, poverty, unemployment and how to promote human development, in general, has been almost entirely the preserve of Governments. Starting from the author's book on the CSR and International Development, the paper explores further why corporations would be interested in development through looking at examples from Bangladesh, Sri Lanka and South Africa. These studies on sustainable development were carried out by a major corporation and evaluated by the author. Using a model also developed by the author, scores are assigned to the projects cited and conclusions drawn.

1. Introduction

The author's suggests that any socio-economic development project should have at least three components – the 3M approach to development:

- A *micro* component that demonstrates the viability of the project at the ground level.
- A *meso* component that works to enhance governance such as improving the efficiency of local government institutions that will eventually bear responsibility for the micro project.
- A *macro* component that works to improve overall government or institutional policy that touches the meso and micro parts of the project.

2. The Meaning of Development

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The phrase 'sustainable development' has been used by many in the past few years to emphasise, presumably, environmental concerns. However, the term 'development' has been under scrutiny for at least half a century, if not more. Until the late nineteen sixties, development was considered by many to be the maximisation of economic growth. It was really only in 1969 that Dudley [Seers](#)² finally broke the growth fetishism of development theory. Development, he argued, was a social phenomenon that involved more than increasing per capita output. Development meant, in Seers's opinion, eliminating poverty, unemployment and inequality as well. Seers work at the University of Sussex was quickly followed by concerns with structural issues such as dualism, population growth, inequality, urbanization, agricultural transformation, education, health, unemployment, basic needs, governance, corruption etc. and these all began to be reviewed on their own merits, and not merely as appendages to an underlying growth thesis³.

Despite Seers vigorous efforts, including the setting up of the influential Institute of Development Studies at the University of Sussex in the 1960s, Governments and their international arms, the international agencies grouped under the umbrella of the United Nations (which also includes the Bretton Wood's institutions the World Bank, International Monetary Fund and their newest recruit – the World Trade Organisation) have failed in their attempts to rid the planet of under-development and poverty. After half a century and \$1 trillion (one thousand billion) in development aid, more than 2 billion people still live on less than \$2 a day. Indeed, some of the poorest economies are going backwards⁴.

3. Corporations and development

Can, therefore, corporations step in and take the development of nations further? There are certainly benefits for them to do so, such as:

1. Reputation is improved since it is built around intangibles such as trust, reliability, quality, consistency, credibility, relationships and transparency, and tangibles such as investment in people, diversity and the environment.
2. Access to finance is greatly improved as socially responsible investment (SRI) becomes more and more important. The creation of new financial indexes is also supporting these trends for example FTSE4Good and the Dow Jones Sustainability Index (DJSI) are publicly ranking the major international companies according to their environmental and social performance.

² <http://cepa.newschool.edu/het/schools/develop.htm>

³ See for instance the discussion in Michael Hopkins and Rolph Van Der Hoeven [Basic needs in Development Planning](#) (Gower, UK, 1983)

⁴ Simon Caulkin, Sunday March 13, 2005, [The Observer](#)

3. The field of CSR, of which development is a major issue⁵, is an important factor for employee motivation and attracting, motivating and retaining top quality employees.

4. Innovation, creativity, intellectual capital and learning are helped by a positive CSR strategy. Given that 80% of the value of many new economy companies is now their intellectual capital its preservation through the positive treatment of internal stakeholders is becoming more and more necessary.

5. Better risk management can be achieved by in-depth analysis of relations with external stakeholders. Factors such as new technologies, changing societal, regulatory and market expectations, drive companies to take a broader perspective when analyzing the range of risks they may encounter.

6. CSR positively helps in the building of relationships with host governments, communities and other stakeholders and can be of vital importance should the company encounter future difficulties with regard to its investment decisions. CSR gives a company a 'competitive' advantage over companies with poorer images.

7. Greater corporate social responsibility is linked to the heightened public debate on the benefits and shortcomings of globalisation and the perceived role of business in this process. Those companies perceived to be socially responsible are, more and more, those companies of consumer choice.

8. The energy, technology and management skills learned and honed in large companies are increasingly being made available for the management of poverty alleviation through such instruments as the UN's Global Compact, Business in the Community, private and public partnerships etc.

9. There is a growing consensus of a *Planetary Bargain* whereby beggar-thy-neighbour policies of companies through using the cheapest labour, the most polluting industries etc. are neither in the interests of the companies concerned nor their consumers.

Of course, there are costs and limitations of the CSR approach and the idealisms behind the approach can also hinder its spread as hard-nosed businessmen try and squeeze every ounce out of cost cutting and profit maximization. But, as the classic study *Built to Last*⁶ has shown, CSR companies perform better for shareholders in financial and market terms, carry less debt, and are long stayers.

4. What development actions can a company do?

⁵ Michael Hopkins *CSR and International Development: Is Business the Solution?* (Earthscan, London, UK, 2006)

⁶ James Collins and Jerry Porras: *Built to Last*, Century, 1994.

There are actions both inside and outside a company.

4.1 Inside the company

1. Develop a CSR strategy that includes an overall vision for the company's place in development. Decide what benefits and costs emanate from involvement in international initiatives such as the UN Global Compact, SA8000, ISO9000 etc.
2. Investigate whether the company is paying a 'living wage' within the company and that it is paying its main suppliers properly and on time. If not, why not and then ask what steps should be taken to move toward this
3. Work with trade unions to ensure proper environmental and safety regimes within the company.
4. Monitor and evaluate the company's anti-corruption policy on a regular basis.

4.2 Outside the company

5. Work with the Government in host country to see how the Government's anti-policy policy can be enhanced. Work with local UN and NGO organisations to increase efficiency of development initiatives, including ensuring its tax contributions are used wisely.
6. Be pro-active in lending in-house training skills to a wider public.
7. Assist the creation and improvement of SMEs through the setting up of an advisory office and/or joining with other private sector or NGO partners.
8. Be involved in mentoring budding entrepreneurs.
9. Invest so as to support wider development objectives of host country.
10. Ensure community or philanthropic company initiatives are sustainable in the development sense.

5. A suggested methodology to be used for sustainability analysis

To assess the sustainability of corporate development projects, a methodology is suggested with associated scores. This was then applied to a selection of corporate social investment (CSI) projects⁷ across three countries with the support of BAT (British American Tobacco).

Each project was examined according to the following list of questions, and a score given from 1 to 5 (5=very good, 1=poor).

1. Is the project sustainable? i.e. after initial investment will the project continue and even grow in the future?
2. What contribution to development does the project make? [create employment, reduce disease, create growth, empower people, enrich civic life, improve human rights?]

⁷ Projects that have a strong development focus not necessarily directly associated to a company's operations

3. Is the project consistent with feedback from the company's stakeholder consultations?
4. What positive/negative impacts does the project have on the company's bottom line?
5. Does the project create capacity at macro, meso and/or micro levels⁸?
6. Does the project have any leverage i.e. are steps being taken to replicate the project's successful outcomes?
7. Is the project Type I, II or III?
 - Type I:* Charitable or philanthropic donation to a 'good' cause in a developing country,
 - Type II:* Development as a direct by-product of company actions,
 - Type III:* Activities that promote sustainable development and anti-poverty initiatives that might also be in addition to Type II activities.
8. Are project operations transparent?
9. Do the projects pay a living wage?
10. What key indicators are used to measure project impact, if any?
11. How contribute to the company's reputation?

6. The Methodology Applied in BANGLADESH

6.1 Introduction

BATB (BAT Bangladesh) identified three major projects to visit as well as allowing the team to view documents about all their other projects. BATB arranged transport to take the team plus two CORA members from Dhaka to Kushtia, a town approximately five hours drive from the capital and located near to the project sites. The project sites are congregated around the central tobacco production and processing districts – from where the cut tobacco is transported to Dhaka by road for final production. Another major site for the BATB CSI activities is in the east of the country in the Chittagong area which the team had not enough time to visit. The work started with a solid Powerpoint presentation of BATB CSI activities as well as two videos – one on a day in the life of a leaf extension manager and one providing some background to Bangladesh.

The team were greatly impressed with the administrative arrangements made by BATB, the openness of BATB staff to discuss and lay out their thinking and future plans, and as had been seen before in Bangladesh, a very high professionalism of the CSI staff encountered.

6.2. Overview of BATB Governance and Strategy

⁸ Capacity i.e. intellectual and human capital (i.e skills and the use thereof), micro – on-the-ground project where beneficiaries are directly involved, meso – institutional link from policy to micro intervention, macro – policy level that drives the institutions

Corporate Social Investment (CSI) is very active, and prominent in the activities of BATB and the General Manager (GM) showed great enthusiasm and detailed knowledge of activities. The commitment of the BATB staff involved in the management of CSI activities was particularly impressive. In the Kushtia region, especially, their engagement with the community was described by the GM as 'wonderful'.

The overall approach in Bangladesh is based upon direct links with the tobacco communities and there are no restrictions on placing BAT signs prominently near to project sites.

Bangladesh is active in CSI in four main areas (environment, education, health & hygiene, socio-economy). These link into three main projects – community development of tobacco farmers, IT training (Dishari project) and Afforestation. With the exception of the Dishari IT programme and the Afforestation programme, nearly all the other activities are based around tobacco-based communities and are called 'community development initiatives'.

6.3. BATB overall approach for selection of projects in-country

BATB selects CSI projects on the basis of stakeholder concerns and country development priorities. When designing the projects good use is made of BATB's skills with particular focus on their management and technology experience. The main priority is certainly closely linked to BATB operations and, therefore, there is close involvement in CSI activities by the leaf division.

This means that the tobacco farmer communities, are well known to BATB and, as we observed, have great trust and confidence in them. It means, too, that the business case for the community work is very good as tobacco farmers are loyal to BATB and give it priority in their sales. Similarly, the tobacco farmers can benefit directly from BATB technical assistance in matters such as seed technology and organic farming (use of the naturally growing compost 'Neem' was greatly encouraged).

The selection criteria for the communities to receive community development assistance is a combination of:

- Communities that have a high density of BATB registered tobacco farmers.
- Farmers who can serve as ambassadors of these initiatives, those who will enthusiastically try them out and serve as good advocates or demonstrators of these activities, from whom other farmers will learn and follow⁹.

⁹ As BATB budget cannot cover the entire farmer community, a lot of emphasis is on selecting farmers who have the capability to motivate other farmers through demonstrating the positive sides of the activities.

- Communities that have a need for the BATB initiatives.

The exact number of farmers with whom BATB works is not easy to quantify since the different initiatives cover different number of farmers and communities, which also change over time. Among the 28,000+ BATB registered tobacco farmers and 1700+ villages in which BATB registered farmers live, approximately 90% of the farmers and 100% of the villages are covered by the Afforestation initiative, approximately 50% of the farmers are covered by the green manuring initiative and approximately 10% of the farmers are covered by the rest of the initiatives.

6.4. Community Services Project

6.4.1 Description of Project



chicken rearing



green manuring

BAT Bangladesh (BATB) considers the farmer base in Bangladesh as key to ‘any sort of sustainable development to take place’ given the predominantly agricultural base of the country¹⁰. There are also around 25,000 tobacco farmer families in Bangladesh and, therefore, BATB sees its relationship with them to be helpful in enabling BATB to be very proactive in helping them to address various economic, social, and environmental issues associated with their lives and livelihood. Hence, BATB has undertaken a Community Services program with a number of interventions to promote sustainable development within the rural village community. These consist of eight components:

i. Education Assistance

48 meritorious children from BATB’s farmer base are selected each year for financial support to enable them to complete Higher Secondary studies.

¹⁰ These notes are based upon a write-up by BATB where the importance of farmers is emphasised. The debate on rural vs urban development has occupied economists since the seminal work of Arthur Lewis who saw rural development as the key to development. More recently, it is accepted that agriculture tends to decline as a percent of overall GDP, as industrialization and services take over. Consequently, future poverty alleviation efforts in Bangladesh will look as much at urban based development as rural. This does not mean to say that BATB rural development efforts are not very helpful, simply that in the longer term development will come more from non-agricultural activities than agriculture.

ii. Primary Health Care Support

This is an initiative undertaken to complement the development effort made by the Government. The aim is to provide free health care support to the farmers' families (farmer, his wife, his children and his dependent parents) in the rural communities at three different levels (static clinic, satellite clinic, mobile paramedic). Services have been commissioned from a nationally reputed NGO health network called Smiling Sun (created jointly by the Government and USAID). This support includes free prescriptions, free medication and medical tests support round-the-year to 2500 farmer families. In addition, national immunization effort are complemented through this initiative. Special emphasis is given in complementing the government effort by assisting the expansion of the primary health-care service network into the remote and secluded rural areas of Bangladesh.

iii. Malaria Prevention

Malaria is a recurring problem, especially in the Chittagong area in the east of the country. Mosquito nets are distributed and awareness efforts are run among BATB tobacco farmers.

iv. Sanitation Support

To support the government target for universal sanitation coverage, BATB pays for the erection of latrines for farmers. These are available for sharing within the village.

v. Vegetables Growing

Seeds of different vegetables types are distributed for free while training is provided to interested farmers. This initiative serves dual purpose – meeting the nutritional requirement while creating income opportunities.

vi. Compost Pits

As a part of bio-friendly agricultural practices, know-how is provided as well as the full costs to erect compost pits in the homesteads of the targeted farmers. This contributes in significantly reducing dependence on the use of chemical fertilizers for agricultural productions while enabling to decrease the cost of production.

vii. Green Manuring

Know-how and free seeds are provided for ploughing and green manuring by the targeted farmers. It has been reported through a study undertaken by Bangladesh Agricultural University that the organic matter content of the soil is less than 1%. Hence this initiative makes positive biodiversity contribution from eco-system rehabilitation and sustainable use perspectives.

viii. Neem Decoction

The concept of integrated pest management (IPM) is taught to targeted farmers as is the setting-up of a neem decoction tool in strategic locations. Leaves from the neem tree act as a natural pesticide and are converted into a paste.

Case Study on Community services

Habibul Rahman farms in the Kushtia region of Western Bangladesh. In addition to growing tobacco and rice, Habibul grows other cash crops including jute. These days Habibul can afford to have 2 farm hands to help him. He wasn't always so fortunate.

In the words of Habibul "My family had no land and to make a living I ploughed other people's land. Then 14 years ago, I managed to start a farm of my own and began producing for BATB. With the technology and training provided by the company I began to earn more and today I have 4 acres of my own land. My children go to school and I am also improving my reading and writing. The company taught me how to cultivate good crops, how to keep poultry and bees. They helped educate my children and I have learned a lot including how to save money at the bank."

BATB also provided him with support for growing vegetables at his homestead, development of compost pits for natural fertilizers, Neem decoction machine for natural pesticide, Dhoincha seeds for Green manuring, free saplings for commercial afforestation and free health checkup.

With the vegetables, poultry, eggs and the honey to supplement the family's food, Habibul, his wife Rehana and the children are able to sustain a fulsome and healthy diet. Habibul even has a TV, which is one of the few in the village serving as a reminder of his affluence in his community. With the help of British American Tobacco Bangladesh Habibul can now look forward to perhaps one day buy a fridge or even a bigger color TV.

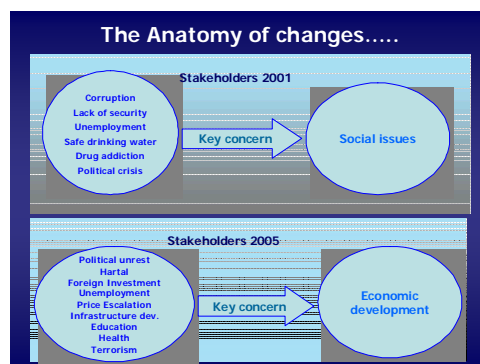
6.4.2 Commentary on project using sustainability analysis methodology

1. Is the project sustainable? i.e. after initial investment will the project continue and even grow in the future? *[Once underway, it is likely that the projects will continue without further input from BATB except, perhaps, the education and health services that are normally provided by Government but cannot be because of lack of resources. There is no leverage of the work on farms to farmers outside the direct target population. Although BATB has close links with key Government officials, especially at ground level, it would be useful to think through how the experience could be leveraged to poor farmers in Bangladesh, without BATB actually doing the work themselves (similar story as in Sri Lanka). [3]*

2. What contribution to development does the project make? [create employment, reduce disease, create growth, empower people, enrich civic life,

improve human rights?] *[interestingly the project contributes to all the development items in the list given with the exception, perhaps, of human rights.]* [5]

3. Is the project consistent with BATB feedback from its stakeholder consultations? *[A comparison of stakeholder concerns from 2003 to 2004 showed a rise in interest in corporate citizenship – 31 to 41%, and a rise in concerns with environmental management 16 – 31%. A stakeholder report by the company ‘Insight and Ideas Ltd’ in July 2005 coupled with a very well presented PowerPoint display – sample below - showed among other things that economic development was the key concern compared with social issues from 2001 to 2005. It would seem therefore that the community services project contributes well to these changing concerns. One could perhaps ask for more detailed stakeholder feedback on CSI. [3]*



4. What positive/negative impacts does the project have on BAT's bottom line? *[The community development project is carried out very closely with the Leaf Division. This means that the tobacco farmer community who produce for all companies, not necessarily BATB, are well known to BATB and, as we observed, have great trust and confidence in BTB. It means, too, that the business case for the community work is very good as tobacco farmers are loyal to BATB and give it priority in their sales. Similarly, the tobacco farmers can benefit directly from BATB technical assistance in matters such as seed technology, organic farming - use of the naturally growing compost 'Neem' was greatly encouraged].* [5]

5. Does the project create capacity at macro, meso and/or micro levels? *[creates capacity at micro level, could do more at meso level to convince Government to take a look] [3]*
6. Does the project have any leverage i.e. are steps being taken to replicate the project's successful outcomes? *[Non BATB farmers only peripherally involved and more could, perhaps, be done to help replicate elsewhere and provide advice] [3]*
7. Is the project Type I, II or III?
Type I: Charitable or philanthropic donation to a 'good' cause in a developing country,
Type II: Development as a direct by-product of company actions,
Type III: Activities that promote sustainable development and anti-poverty initiatives that might also be in addition to Type II activities.
[clearly a Type III activity] [5]
8. Are project operations transparent? *[yes, excellent reporting is part of the project] [5]*
9. Do the projects pay a living wage? *[BATB does not pay anyone in the communities. However, it does employ, on a piece rate basis, ancillary workers to do such things as prepare seedlings. They are paid 1-200 Taka/day. Calculations¹¹ put a living wage in Bangladesh at around 108.8 Taka per day. Thus most ancillary workers would just about gain a living wage.][4]*
10. What key indicators are used to measure project impact, if any? *[A detailed plan for the community development initiatives is available in the brochure 'Supporting the Community'. However no detailed monitoring and evaluation indicators appear to be available. Would be useful to have a project document with key steps and see progress which, based on personal observation looks impressive] [2]*
11. How contribute to BAT's reputation? *[BATB convinced that its farmers stay loyal even when the price drops of its offered tobacco price.] [5]*

Average unweighted score = 3.9

6.5 Dishari IT Project

¹¹ There are no generally agreed living wage levels despite much talk. However, calculations by Richard Anker (former ILO and given to me personally) are perhaps some of the only ones that exist worldwide. He put a living wage to be \$US0.2/hr (taka 15.22/hr), say \$US1.6/day (108.8 taka).



6.5.1 Description of Project

British American Tobacco Bangladesh established Dishari, a basic IT education centre, in support of its commitment to be a development partner of Bangladesh and to support the government's emphasis on IT. The objective of Dishari is to provide computer education, free of cost, to those who can less afford it. It works with a philosophy of providing a platform to the students, which will help them in their endeavour to grow in future.

Dishari started in Kushtia in July 2002. Since then 3 more centres of Dishari have been established, one at Moulvibazar in May 2003, the 3rd one at Manikganj in April 2004 and the 4th one at Chakaria of Cox's Bazar in April 2005.

Dishari seeks to provide quality education to the students through its facilities. The centre provides the following facilities which are:

- A full time teacher, trained not only in computer skills but also in interpersonal and communication which aids in better learning environment.
- Modern teaching styles with the support of projector
- A full time Counsellor who assists the students in their different needs.
- Access to individual PCs for each student during classes
- Facilities for practicing after the classes and during free time.

More than 800 students have so far received training from Dishari. Many students of Dishari have jobs in the areas of data entry, computer composition, Video editing, and as computer teachers in schools after successfully completion the course from Dishari Moulvibazar. Some students of Dishari have endeavoured into their own small businesses providing various computer services.

However, the introduction of the “Special Batch” which is aimed at developing the skills of existing jobholders in the community such as journalists, local government employees and others has already produced 60 trainees who have successfully completed their courses at Dishari. The endeavour was first taken in Dishari Chakaria centre in August 2005.

Case study on Dishari

Taslima Aktar, a resident of Moulvibazar is the eldest daughter of her family. All through her life she had to struggle financially as their only source of income was a small shoe store run by her father. Despite this harsh reality, she always dreamt of becoming successful in life.

In this country where students like her have little hope of a bright future, Dishari – a basic IT education centre gave her the light of hope.

Taslima commented ‘Dishari has made me more confident and has given me a skill through which I can prepare myself to face the world better.

Taslima passed from Dishari with a good result and in recognition of her effort and enthusiasm, Dishari provided her with financial support to study web designing in Aptech. Taslima, who never dreamt of touching a keyboard is now planning to specialize in Web designing and Graphics.

6.5.2 Commentary on project using sustainability analysis methodology

1. Is the project sustainable? i.e. after initial investment will the project continue and even grow in the future? *[The skills received by the students will, of course, always be with them. Costs per student are around 7000 Taka/student (\$US100) for the 2 month course. There is a need to include charges for students so as to make the process sustainable into the future. Most students, however, do not have the means to pay upfront and it would be useful to explore a loan system, since future earnings should, in principle, increase because of Dishari. For those who cannot pay the loan could be written off and/or a system of scholarships be awarded. Thus an exit strategy is needed linked into ensuring future sustainability once BATB investment is phased out. In fact CTC, Sri Lanka had a similar system that has been successfully phased out and it may be useful for BATB to find out more details.] [3]*

2. What contribution to development does the project make? *[create employment, reduce disease, create growth, empower people, enrich civic life, improve human rights?] [focusing on IT the project embodies the new Bangladesh development strategy.] [5]*

3. Is the project consistent with BATB feedback from its stakeholder consultations? *[see above Q3 on stakeholder consultation..same comment applies]. [3]*

4. What positive/negative impacts does the project have on BATB's bottom line? *[good for reputation, some of the students eventually find work with BATB] [3]*
5. Does the project create capacity at macro, meso and/or micro levels? *[creates capacity at micro level, the project has also started a programme to providing free IT education to the local Government Authorities and other important stakeholder groups through DISHARI] [4]*
6. Does the project have any leverage i.e. are steps being taken to replicate the project's successful outcomes? *[replication through BATB applying the same model around the country, and a link to other meso level players as described in 5. above] [4]*
7. Is the project Type I, II or III?
Type I: Charitable or philanthropic donation to a 'good' cause in a developing country,
Type II: Development as a direct by-product of company actions,
Type III: Activities that promote sustainable development and anti-poverty initiatives that might also be in addition to Type II activities. [clearly a Type III activity] [5]
8. Are project operations transparent? *[Yes, excellent reporting seems to be part of the project] [5]*
9. Do the projects pay a living wage? *[Yes. Teaching staff receive competitive wages]. [5]*
10. What key indicators are used to measure project impact, if any?*[A number of indicators are used to follow progress and also to monitor what happens to graduate students in terms of their future employment. For instance, it is stated that 'Evaluation of the project will be carried out by monitoring the following areas:*
- Minimum 90% students to pass out from each batch.
 - Average score of students passing out, to remain between 70% - 100%
 - Smooth, undisturbed operation of the course '
- A document called 'DISHARI Guide Line' covers the indicators required. Perhaps a little more could be done to capture student employment record one year after leaving though, for instance, organising a party or similar to which ex-students are invited. A **first** to which the Dishari team deserve special mention is the questionnaire – reproduced below – that asks visitors what they think of their visit to a facility. This is a first since I have never seen such a questionnaire in literally hundreds of projects I have visited. Congratulations to the Dishari team!!] [5]*
11. How contribute to BATB's reputation? *[BATB HQ did have a tool called a 'reputation tracker' that has since been disbanded. It would be useful to find out why since appears to be a useful idea. Dishari certainly contributes to BATB reputation]. [5]*

Average unweighted score = 4.3

6.6. Afforestation



6.6.1 Description of Project

British American Tobacco Bangladesh initiated its afforestation program in 1980, when the forest department invited the non-government sectors to provide a supporting hand in its endeavour to recover the forests. Today, after more than two decades, BATB has contributed more than 50 million saplings to the country's afforestation initiative. It is probably the largest afforestation effort by any non-governmental entity in Bangladesh. Its afforestation program is designed to address the socio-economic needs of the Bangladeshi society (e.g. income generating opportunities, energy requirement) as well as overall environmental perspectives (e.g. species diversity, ecological integrity). In 2007, BATB will distribute around 5 million free saplings countrywide with 2 million saplings in Chittagong and the Chittagong hill tracts alone.

Initially, it was a difficult task to motivate the farmers to preserve forests and plant trees. There were two factors which contributed to this fact, first the value of trees was not appreciated and second other means of fuel could not be popularised as the people were poor. Initially when BATB started distributing free saplings among its tobacco farmers, the farmers used to discard loads of these saplings after collecting them from the stock available. But BATB carried out a crucial awareness building and motivation campaign through their field force armed with a strong technical background in agronomy. Seeing that motivation was not enough, BATB started using demonstration plots to plant trees in the farmers or the government's land followed by regular maintenance to show the benefits of plantation. As the awareness level increased, BATB went for a participatory approach, where they used to give free saplings to the tobacco farmers along with maintenance expense for the first year. The benefits were shared equally among both the parties. Not surprisingly, the demand for saplings grew steadily when the farmers realised there were socio-economic benefits in afforestation. Today, BATB is flooded with requests for saplings from farmers

and others every year forcing it to expand its afforestation program. Due to the success of this motivational campaign at the grassroots level, BATB enjoys an astonishing 90% survival rate of their planted saplings. The trees have been planted alongside roadsides, railway tracks and embankments and also in farmers' landholdings.

These plants are located in Kushtia, Jhenaidah, Meherpur, Rangpur, Manikganj and Chittagong including the hill tracks. The afforestation program extended its realms in Dhaka city when the company started distributing saplings from the Dhaka Nursery in the year 1993, which is now being done every year.

In consultation with the Forest Department and local communities, BATB initially promoted Ipil-Ipil, due to its fast growing and commercially viable characteristics. Neem is another variety vigorously encouraged by them, mainly due to its natural pest deterrent properties. Keeping in mind the local communities' demand as well as stakeholders' feedback, BATB periodically make changes to their list of species for consideration. In fact, they are continuously working towards achieving a balance in their afforestation program, in terms of their fast-growing, fruit-bearing, timber-producing and medicinal characteristics. BATB aims to create 'non-harvestable' forest cover in strategic locations around the country, an effort that must be undertaken by other organizations as well.

On 5 June 2006, the Prime Minister Begum, Khaleda Zia, handed over the first prize of the National Award for Afforestation to BATB's Managing Director Mr. Emil Moskofian. This followed 3rd prize in 1993 and 1st prize both in 1999 and 2003 as a national recognition for tree plantation.

6.6.2 Commentary on project using sustainability analysis methodology

1. Is the project sustainable? i.e. after initial investment will the project continue and even grow in the future? *[Tree planting is very warmly received both domestically, and internationally by environmental groups. Clearly the planting and the trees themselves lead to benefits to the reduction of global warming, less erosion and flooding in Bangladesh as well as a source of firewood. BATB's farmers had been accused of using firewood to dry tobacco. In fact tobacco farmers use rice plant leftovers, as their main fuel. It can be seen that a major problem in Bangladesh is the use of firewood in the many brick-kilns dotted around the countryside. Perhaps some BATB inspired technology could also be passed on to the brick-kiln users. One issue is what would happen if BATB would withdraw their support to supplying saplings? This is another part of sustainability that, perhaps, could be studied more closely. [3]*

2. What contribution to development does the project make? *[create employment, reduce disease, create growth, empower people, enrich civic life, improve human rights?] [as a sustainable community just about all of the items listed are covered and so the project does make a very valuable contribution to*

future development. The projects is also starting to involve more ethnically diverse management and teaching staff. [5]

3. Is the project consistent with BATB feedback from its stakeholder consultations? [again see remarks on Q3 above].[3]

4. What positive/negative impacts does the project have on BATB's bottom line? [no direct benefit, so possibly still a cost rather than a benefit on its bottom line] [2]

5. Does the project create capacity at macro, meso and/or micro levels? [creates capacity at micro level, and project works with the Government Forestry Department providing feedback on the type of tree to plant.] [4]

6. Does the project have any leverage i.e. are steps being taken to replicate the project's successful outcomes? [some attempts are being made through, for instance, involving NGOs. Perhaps more could be done] [2]

7. Is the project Type I, II or III?

Type I: Charitable or philanthropic donation to a 'good' cause in a developing country,

Type II: Development as a direct by-product of company actions,

Type III: Activities that promote sustainable development and anti-poverty initiatives that might also be in addition to Type II activities. [clearly a Type III activity] [5]

8. Are project operations transparent? [yes, excellent reporting seems to be part of the project] [5]

9. Do the projects pay a living wage? [Only saplings are offered so no payments to workers]. [5]

10. What key indicators are used to measure project impact, if any? [the figure of 90% success rate of planted saplings is impressive and provides a key indicator of success. It would be interesting to know how many non-BATB recipients of saplings had followed BATB's lead. [4]

11. How contribute to BATB's reputation? [BATB involvement is widely publicised and the number of prizes won from top level in Government shows that it could not do much better to help its reputation.] [5]

Average unweighted score = 4.0

6.7 Sustainability in BATB: Synopsis of project conclusions

In summary, for each of the projects visited the following scores were recorded using the *MHCi* scoring system:

Projects Examined	Score	Type
Community Services	3.9	Micro/Meso
Dishari IT Project	4.3	Micro/Meso
Afforestation	4.0	Micro/Meso

Scale: 1=very poor, 2=poor, 3=good, 4=very good, 5=excellent

It can be seen that the scores show that all projects are largely 'very good'. The *MHCi* scoring system is based upon the author's 'impressions' on how well each the project performed.

7. The Methodology Applied in SOUTH AFRICA

7.1 BATSA overall approach for selection of projects in-country

BATSA (BAT South Africa) follows strategic guidelines given by BAT HQ, and allocates 89% of its R30mn budget (\$US4.5mn) to empowerment (60%), sustainable agriculture (15%), civic life (8%). Taking note of the serious situation of HIV/AIDS in South Africa it wisely contributes to this area as well (17%). The current aim is to consolidate the number of CSI projects from 50 to 10 over a 3 year coming period. Given the prominence of Black Economic Empowerment (BEE) as Government strategy and given that there is no required compliance, lack of involvement would certainly hurt BATSA. Therefore, again, the focus on empowerment as part of their overall strategy is very sensible.

BATSA notes that "the goal of its Broad Based Black Economic Empowerment Charter is to add impetus to the empowerment initiatives already taken by both the public and private sectors and support our company vision and culture that will proudly reflect the promise of a truly non-racial South Africa".

One comment on this approach is the relation between BATSA contribution and other development strategies that the Government follows along with development agencies such as UNDP, World Bank etc. These development strategies in South Africa certainly include black empowerment but also poverty alleviation. BATSA does recognise that Empowerment and Education are high on the agenda of The New Partnership for Africa's Development (NEPAD) strategic document designed to develop an integrated socio-economic development. HIV/AIDS, for reasons well known, has not been, unfortunately, a top priority of the Government. It might be useful for BATSA to engage in a dialogue with development agencies to ensure that there is no duplication and to ensure maximum impact.

For individual project requests, BATSA follows, fairly closely, the guidelines given in the Group Strategic Framework for CSI in the areas of selection criteria, management and evaluation. The main changes are under 'Selection' where added is a new question 'Is the project sustainable' and Q12 is replaced by three questions, namely: 'Does the project have the capacity to attract other support?', 'Does the project offer opportunities for corporate branding/namingrights/publicity?', 'Does funding the project pose any potential reputation risk to BATSA?'. Under 'Management' one question has been eliminated, namely 'Q3: Have these goals been shared?' These changes all seek to improve the original guidelines and seem reasonable enough.

Four projects were examined in South Africa:

7.2. Bergzicht Training Centre

7.1.1 Description of Project



Established in 1992, the main business of the non-profit company is to provide training for unskilled and semi-skilled unemployed people. The training courses are short-term in nature and cover catercare (food preparation and serving), educare (baby care, hiv/aids, feeding, first aid, maths etc.), frailcare (basic anatomy, caring for patients etc.). Around 150 students for the three courses with most successfully completing the course and then finding jobs with, apparently, an astounding 98% success rate. BATSA has contributed to date to general expenses to the tune of US\$140,000 (\$US1 = Rand7,15).

7.2.2 Commentary on project using sustainability analysis methodology

1. Is the project sustainable? i.e. after initial investment will the project continue and even grow in the future? [*Skill training by its nature is sustainable. It would be good to see this training centre be a 'model' within Government but the Dept of Labour appear unnecessarily unreceptive to Bergzicht. Could be useful for BATSA with its high level contacts to see how wider dissemination and Government acknowledgement could be obtained.*] [3]
2. What contribution to development does the project make? [create employment, reduce disease, create growth, empower people, enrich civic life, improve human rights?] [*impressive was the attention to supplying the labour market with its needs and paying close attention to student placement in jobs so, yes, very good contribution to development. Perhaps, in the future, more ethnically diverse management and teaching staff could provide a balance that appears to be lacking right now.*] [5]
3. Is the project consistent with BAT feedback from its stakeholder consultations? [*in the 2005 Social Report stakeholder a summary of stakeholder dialogue is given –p56-58- which is very useful and informative. There is an expectation for BATSA to 'broaden our involvement in tertiary education' but skill training of the unemployed didn't seem to come up. Worth pursuing further in future stakeholder dialogues.*] [3]
4. What positive/negative impacts does the project have on BAT's bottom line? [*good for reputation although not widely publicised, so possibly a cost rather than a benefit on its bottom line*] [2]
5. Does the project create capacity at macro, meso and/or micro levels? [*creates capacity at micro level, could do more at meso level to convince Government to take a look*] [3]
6. Does the project have any leverage i.e. are steps being taken to replicate the project's successful outcomes? [*yes, steps are being taken in the project to replicate elsewhere and provide advice*] [5]
7. Is the project Type I, II or III?
 - Type I:* Charitable or philanthropic donation to a 'good' cause in a developing country,
 - Type II:* Development as a direct by-product of company actions,
 - Type III:* Activities that promote sustainable development and anti-poverty initiatives that might also be in addition to Type II activities. [*clearly a Type III activity*] [5]
8. Are project operations transparent? [*yes, excellent reporting seems to be part of the project*] [5]
9. Do the projects pay a living wage? [*yes, and also provide a small stipend to students of 8 rand (\$US1) a day which is below most transport costs. Staff receive lower than market wages which could down the line mean that they could be lost to better paying institutions.*][4]
10. What key indicators are used to measure project impact, if any? [*BATSA impact analysis done..see main text*] [4]

11. How contribute to BAT's reputation? *[not widely known BATSA involvement and could, do more, but BATSA have thought about this and don't wish to promote tobacco consumption. A difficult choice.] [2]*

Average unweighted score = 3.7

7.3. TSIBA Education College

7.3.1 Description of Project

TSIBA is a tertiary educational establishment that aims to develop young black students at bachelor degree level in business administration. A similar college, CIDA also supported by BATSA, exists in Johannesburg. TSIBA's unique mentoring system by volunteers helps to reduce, significantly, dropout rates compared with other South African Universities. It is also free of charge to students, again unlike most other public and private Universities in South Africa. Its derives its funds from donations. TSIBA started in 2005 with 80 students and has just received accreditation for its degree course. It currently has 147 students studying toward a BBA degree. The concept of a free University, which began in Johannesburg. is unique and has been successfully replicated in TSIBA. The proponents of TSIBA state that 'here is no reason why this model could not be replicated in other parts of the world' and, in fact, a similar establishment is being planned in Pakistan. BATSA supports, to date, the overall University to the tune of US\$ 350,000.

7.3.2 Commentary on project using sustainability analysis methodology

1. Is the project sustainable? i.e. after initial investment will the project continue and even grow in the future? *[The skills received by the students will, of course, always be with them. That the college depends on donations means that its sustainability will depend upon goodwill. It has hired a young 'investment banker' to think of alternative sources of funding. BATSA could usefully assist his thinking with assistance from a senior accountant or financial manager from its Stellenbosch HQ.] [3]*

2. What contribution to development does the project make? *[create employment, reduce disease, create growth, empower people, enrich civic life, improve human rights?] [focusing on black empowerment the project embodies the new South African development. Perhaps, in the future, more ethnically diverse management and teaching staff could provide a balance that appears to be lacking right now.] [4]*

3. Is the project consistent with BAT feedback from its stakeholder consultations? *[in the 2005 Social Report stakeholder-p56-58- there is an expectation for BATSA to 'broaden our involvement in tertiary education' and this project is certainly in line with that view]. [5]*

4. What positive/negative impacts does the project have on BAT's bottom line? *[good for reputation although not widely publicised, so possibly a cost rather than a benefit on its bottom line] [2]*

5. Does the project create capacity at macro, meso and/or micro levels? *[creates capacity at micro level, could do more at meso level to widen the appeal of its work] [3]*
6. Does the project have any leverage i.e. are steps being taken to replicate the project's successful outcomes? *[that it replicates a similar institution in Johannesburg, suggest that some attempts are being made] [4]*
7. Is the project Type I, II or III?
Type I: Charitable or philanthropic donation to a 'good' cause in a developing country,
Type II: Development as a direct by-product of company actions,
Type III: Activities that promote sustainable development and anti-poverty initiatives that might also be in addition to Type II activities. [clearly a Type III activity] [5]
8. Are project operations transparent? *[yes, excellent reporting seems to be part of the project] [5]*
9. Do the projects pay a living wage? *[Yes. Staff receive lower than market wages which could down the line mean that they could be lost to better paying institutions]. [4]*
10. What key indicators are used to measure project impact, if any? *[BATSA impact analysis done..see main text] [4]*
11. How contribute to BAT's reputation? *[not widely known BATSA involvement and could, do more, but BATSA have thought about this and don't wish to promote tobacco consumption. A difficult choice.] [2]*

Average unweighted score = 3.7

7.4. Sustainable Development Institute (SDI)

7.4.1 Description of Project



The SDI is a non-profit company called the Lynedoch Development Company (LDC) and is situated in six hectares between Cape Town and Stellenbosch in the heart of the wine growing area. It aims to be a socially mixed community (both in terms of race and class) organized around a child-centred learning facility. It also aims to be a financially and economically viable community that would not, eventually, require external funding to sustain itself. It started in operations in 1999 and by 2001 created a primary school for 450 children from the families of local farmworkers. It has residential and commercial suites and has started a graduate business school, now in its third year.

BATSA is providing support to the MPhil programmes in: Sustainable Development Planning and Management and Sustainable Agriculture that aim to build a new leadership of trained black farmers who have the knowledge, skills and ethos required to manage and operate medium to large scale agricultural

enterprises. The programme is heavily over-subscribed and SDI has been forced to turn away many aspiring applicants. BATSA support also extends to a 'Caregivers Learning Programme' which aims to establish care-centres to build a community amongst children. To date BATSA has contributed US\$ 320,000. BATSA notes that 'In the light of the concerns expressed around the world concerning global warming and depletion of natural resources, the concept and successful implementation of a sustainable neighbourhood could benefit many opcos¹².'

7.4.2 Commentary on project using sustainability analysis methodology

1. Is the project sustainable? i.e. after initial investment will the project continue and even grow in the future? *[The skills received by the students will, of course, always be with them. That the SDI depends on donations means that its sustainability will depend upon goodwill. The aim of the SDI is to become sustainable without outside funding through, for instance, a conference centre and selling or renting houses and commercial spaces for offices or small manufacturers and crafters. All construction is built, or being built, in an environmentally sustainable manner. The project visit did not allow us to examine the business plan and the economics of it, but the people in charge are certainly talented and, indeed, were well aware of the sorts of questions our 'mini-evaluation' posed. Therefore, high marks are given for future sustainability of the project. [5].*
2. What contribution to development does the project make? *[create employment, reduce disease, create growth, empower people, enrich civic life, improve human rights?] [as a sustainable community just about all of the items listed are covered and so the project does make a very valuable contribution to future development. The projects is also starting to involve more ethnically diverse management and teaching staff. [5]*
3. Is the project consistent with BAT feedback from its stakeholder consultations? *[in the 2005 Social Report stakeholder-p56-58- there is an expectation for BATSA to 'broaden our involvement in tertiary education' and this project is certainly in line with that view].[5]*
4. What positive/negative impacts does the project have on BAT's bottom line? *[very good for its reputation although, again, BAT involvement not widely publicised, so possibly still a cost rather than a benefit on its bottom line] [2]*
5. Does the project create capacity at macro, meso and/or micro levels? *[creates capacity at micro level, but the project management admit that they prefer working at 'ground' level rather than engage in policy advice even when they are asked to do so. Since they are well known, with links to local wineries, the University of Stellenbosch and international NGOs and institutions their message will no doubt get through simply, as they say, by setting up a viable sustainable community.] [4]*
6. Does the project have any leverage i.e. are steps being taken to replicate the project's successful outcomes? *[some attempts are being made, see previous*

¹² The operating companies of BAT in countries are known as 'opcos'

point 5, and through their work to create a sustainable neighbourhood in Phillippi a suburb of Cape Town and also supported by BAT in a project called 'The Business Place'. Undoubtedly, too, the project will attract attention as it replicates a similar institution in Johannesburg, and through its international links - see <http://www.esysfound.org/partnerreg.php?file=candidatereg>] [4]

7. Is the project Type I, II or III?

Type I: Charitable or philanthropic donation to a 'good' cause in a developing country,

Type II: Development as a direct by-product of company actions,

Type III: Activities that promote sustainable development and anti-poverty initiatives that might also be in addition to Type II activities. [clearly a Type III activity] [5]

8. Are project operations transparent? [yes, excellent reporting seems to be part of the project] [5]

9. Do the projects pay a living wage? [Yes. Staff receive lower than market wages which could down the line mean that they could be lost to better paying institutions]. [4]

10. What key indicators are used to measure project impact, if any? [not known] [3]

11. How contribute to BAT's reputation? [not widely known BATSA involvement and could, do more, but BATSA have thought about this and don't wish to promote tobacco consumption. A difficult choice.] [2]

Average unweighted score = 4.1

7.5. African Centre for HIV/AIDS Management

7.5.1 Description of Project





The Africa Centre for HIV/AIDS Management is a unit for teaching, research and community service at Stellenbosch University, under the umbrella of the Faculty of Economic and Management Sciences. www.aidscentre.sun.ac.za

The Centre aims to:

- offer postgraduate teaching programmes on the management of HIV/AIDS in the workplace
- conduct research with respect to HIV/AIDS in the workplace and publish such findings in appropriate media
- develop and implement community service projects related to the management of HIV/AIDS
- develop expertise and infrastructure to maintain the highest possible standards in teaching, research and service provision regarding HIV/AIDS in the workplace
- make available expertise in the field of HIV/AIDS in the workplace to individuals and organisations
- control and manage external funding to perform the Centre's teaching, research and community service functions

The HIV/Aids pandemic has a direct impact on the social transformation of South Africa. As such, it has been adopted as a key focus area for the company's Corporate Social Investment (CSI) programme. To date BATSA has contributed US\$ 219 000 and provides general support to the Centre. A particularly impressive activity is the use of a live musical performance that can reach illiterate as well as the literate population.

7.5.2 Commentary on project using sustainability analysis methodology

1. Is the project sustainable? i.e. after initial investment will the project continue and even grow in the future? *[The skills received by participants of the programme, including audiences of its live show, will be significantly helped as*

the incidence of HIV/AIDS and knowledge of how to deal with it become wider known. The South African Government, as is well-known, has inexplicably acted very much like an ostrich in dealing with HIV/AIDS which, very unfortunately has led to one of the widest incidences of HIV/AIDS in the world. Thus this project is an example, because of surrounding circumstances, where sustainability is not particularly possible unless the Government changes its mind as, inevitably, it will. Thus the centre deserves continuing support until its research and advice can take-off to the whole of South Africa, and even to Africa itself.] [3]

2. What contribution to development does the project make? [create employment, reduce disease, create growth, empower people, enrich civic life, improve human rights?] *[major impact on reducing disease.] [4]*

3. Is the project consistent with BAT feedback from its stakeholder consultations? *[it is] 5]*

4. What positive/negative impacts does the project have on BAT's bottom line? *[good for reputation although, again, BATSA name does not appear in the project's literature, so possibly a cost rather than a benefit on its bottom line] [2]*

5. Does the project create capacity at macro, meso and/or micro levels? *[creates capacity at all three levels, and will hopefully be able to do more at the macro level as the Government understands better how to cope with HIV/AIDS] [4]*

6. Does the project have any leverage i.e. are steps being taken to replicate the project's successful outcomes? *[no apparent attempts being made] [3]*

7. Is the project Type I, II or III?

Type I: Charitable or philanthropic donation to a 'good' cause in a developing country,

Type II: Development as a direct by-product of company actions,

Type III: Activities that promote sustainable development and anti-poverty initiatives that might also be in addition to Type II activities. [clearly a Type III activity] [5]

8. Are project operations transparent? *[yes, excellent reporting seems to be part of the project] [5]*

9. Do the projects pay a living wage? *[Yes. Staff receive lower than market wages which could down the line mean that they could be lost to better paying institutions]. [4]*

10. What key indicators are used to measure project impact, if any? *[BATSA impact analysis not done, no apparent indicators] [2]*

11. How contribute to BAT's reputation? *[not widely known BATSA involvement and could, do more, but BATSA have thought about this and don't wish to promote tobacco consumption. A difficult choice.] [2]*

Average unweighted score = 3.5

7.5.3 Summary of analysis and conclusions across all projects

In summary, for each of the projects visited the following scores were recorded using the *MHCi scoring system*:

<i>Projects Examined</i>	<i>Score</i>	<i>Type</i>
Bergzight Training Institute	3.7	Micro/Meso
TSIBA Free University	3.7	Micro/Meso
Sustainability Institute	4.1	Micro/Meso
HIV/AIDS Africa Centre	3.5	Meso/Macro

Scale: 1=very poor, 2=poor, 3=good, 4=very good, 5=excellent

It can be seen that the scores show that all projects verge on the very good. Since this is the first time this *MHCi* scoring system has been used in BAT, comparison with other opcos for benchmarking purposes should be used with caution until the other projects have been examined. Thus, it could be that the scores in the above table may be changed, slightly, as other projects are reviewed.

8. The Methodology Applied in SRI LANKA

8.1 Introduction

In Sri Lanka, BAT operates under the name of CTC – Ceylon Tobacco Company which is the only tobacco company allowed to operate in the country. The company’s Corporate Social Investment activities have been developed in consultation with its key stakeholders who are engaged in dialogue through its social reporting process which is conducted according to the AA 1000 standards.

Corporate Social investments are defined as “any voluntary activity-in-cash, or in kind, beyond CTC’s commercial & legal obligations that contribute to the economic, social & environmental sustainability of the community within which it operates”.

CTC’s Corporate Social Investment projects are based, according to CTC, on the following priorities:

- Sustainable Agriculture - CTC will continue its best practices in agriculture and promote them to other farming communities through sharing knowledge and initiating projects to improve biodiversity.
- Sustainable Development – CTC will strive to improve the rural economy by creating employment, direct investments, and sharing of knowledge to improve the incomes and livelihoods of rural communities.
- Empowerment – CTC will address the key issue of poverty alleviation through its SADP project.
- Duty of Care – CTC will continue to support projects that arise due to natural disasters and similar calamities that affect the country.

Over 2004 to 2005, CTC had 13 different projects:

DENDRO (power generation)
IT Centres
Agro Best Practices Programmes
Sustainable Agricultural Villages
Tsunami Housing
Tank Restoration
Sanitary needs for neighbours
Road maintenance
Building a house for a blind farmer
Cleaning of Canals
Tree planting campaigns
Bio diversity project
Skills development-University students

Although the visiting team did not analyse any of the above, it can be seen that the project distribution was wide and CTC believed that rationalisation was required to reduce time of CSI staff, use CTC competencies more and to fit more clearly into BAT Globe House CSI guidelines. On the other hand, many of the projects used the comparative advantage of CTC – namely close knowledge of rural communities and strong management skills.

The thought process that CTC went through in selecting projects was ably presented in a Powerpoint presentation given to the visiting team. The process the CTC CORA team went through is presented next.

When thinking about 'why change?' the CTC team asked themselves four questions:

1. Are we doing the right things?
2. Aren't we doing enough?
3. What can we do different?
4. Can we do things better?

They then examined a number of key drivers behind social policy in Sri Lanka. These drivers were based on an analysis of political manifestos, speeches of prominent persons and a discussion with key experts on their views. This resulted in Exhibit A:

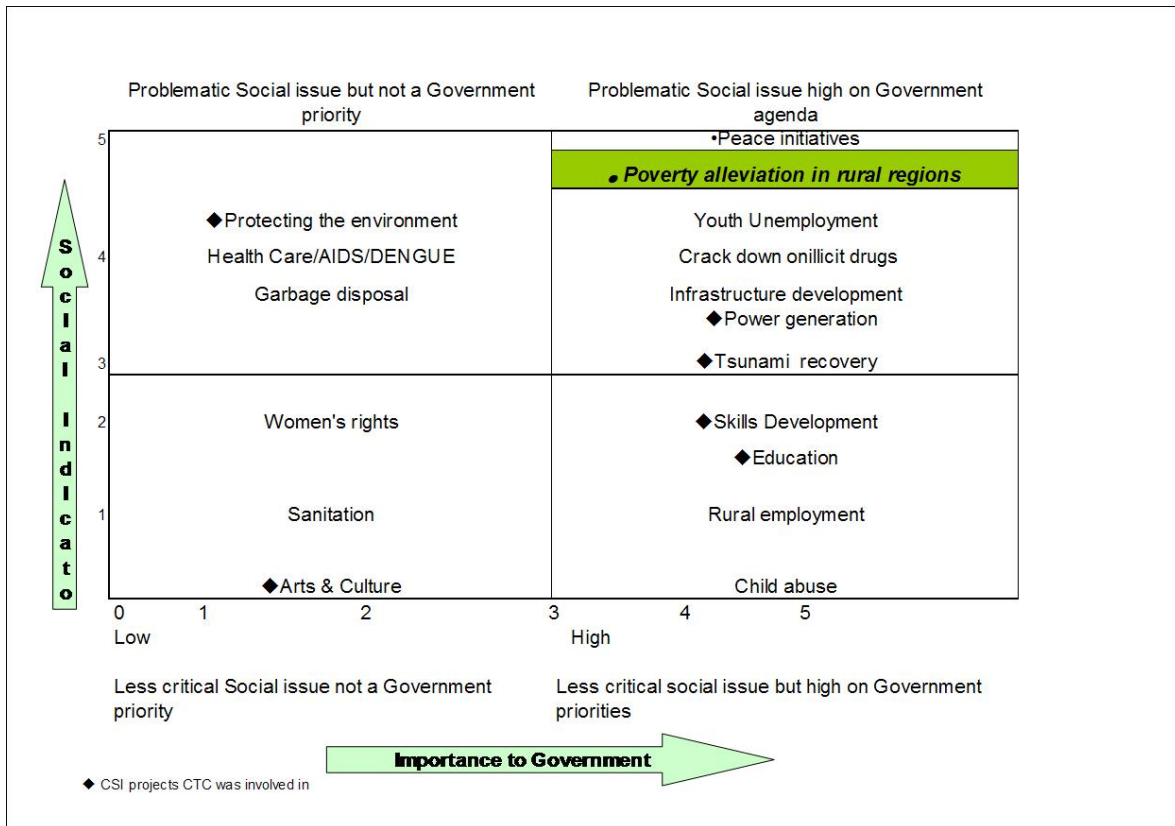


Exhibit A: Sri Lanka-Key drivers for Social Policy

Exhibit A has a left scale (Y-scale) that, roughly, covers what objectively would have the most impact on key social indicators in terms of key issues. While the bottom scale (X-scale) has an assessment of what are the critical social issues that have appeared in Government statements and political manifestos. For instance, 'arts and culture' as an issue appears low on impact on social indicators (such as life expectancy for instance), and also low in terms of critical social issues and importance to Government.

Two questions follow on from this useful matrix. First, is the matrix robust and second could the matrix be useful for other opcos?

First, one can quibble with the left scale since the term 'social indicator' covers a wide variety of indicators - from infant mortality to maternal care to pension rights to educational achievement to poverty levels etc. It is also unclear from the matrix how 'problematic' and 'less problematic' social issues are decided upon and whether it is an internal or external assessment. This discussion could be short-circuited by simply including 'life expectancy at birth' as the ultimate development indicator¹³. Of course, Government priorities may be different to

¹³ Without labouring this point, Prof. Dudley Seers of IDS Sussex who did a lot of his early research in Sri Lanka, regarded life expectancy at birth as the ultimate development indicator and wrote a number of learned articles on the subject – something that the development community

this and, if this is the case, the term 'social indicator' should be made more explicit.

The next problem is that when one uses a quantitative indicator then a number of the issues in the table can be 'scientifically' examined as to their influence on the dependent variable life expectancy through the statistical technique known as regression analysis. Of course, some issues are more easily quantified than others e.g. education level can be measured while 'tsunami recovery' for instance might be more difficult.

All this sounds very academic but there is much evidence, for instance, that shows that skills development (in the right-hand lower quadrant) is a very powerful correlate of most social indicators, especially life expectancy. Thus I would put skills development quite high on the X-scale and in the right hand top quadrant i.e. I would put skills development as a 'problematic social issue high on the Govt. agenda' rather than a 'less critical issue, but high on Govt. Agenda'.

The bottom scale is measurable, as the developer of the matrix has clearly accomplished through doing a quantitative content analysis of Government priorities. Another quibble could be that the 'biggest political voice' might draw an issue into contention that may not be the most pressing issue although the developer of the matrix may have adjusted for that. One might also note that gender specialists (a growing number at international level) would be unhappy with the position of 'women's rights'.

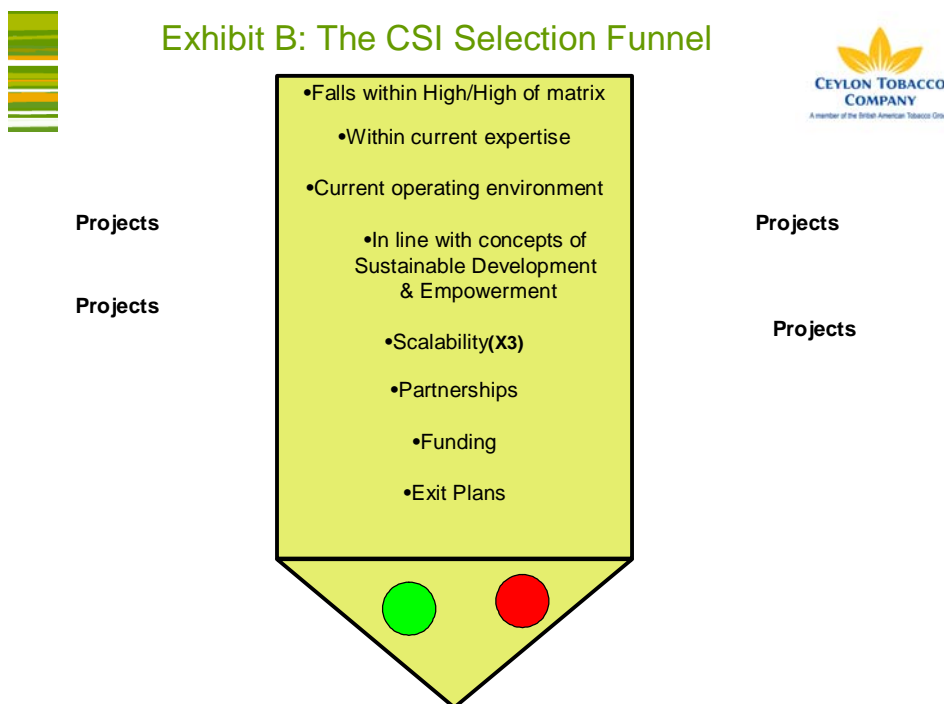
Returning to the second question, could the matrix be useful for other opcos? The answer is probably 'yes' but with the proviso (as well as the caveats mentioned above), that the two dimensions might not be sufficient. A key dimension for BAT is the impact on the bottom line (the business case). In Sri Lanka, because of the strong Government anti-tobacco stance, the business case is played down. However in other opcos, the business case is important. Thus another axis should include the business case. Of course, two dimensional graphs don't make this easy to present but it is just possible to add a third dimension through astute drafting (or even through repeating the same graph 3 or 4 times along the new dimension). Nor is the business case easy to quantify. For CTC, there is a business case because the SADP project certainly covers – 'a Problematic social issue high on the Govt. Agenda'. It would be useful for CTC to refer back to this more frequently and demonstrate that they have aligned the SADP project to either complement or replicate Govt. initiatives.

has not often cited despite the fact that the UNDP Human Development Index includes life expectancy at birth as one of its three key development indicators – the others are average years of education and real income per capita. Seers, if he had been alive, would have noticed that the two other indicators are closely correlated with life expectancy. Thus the HDI index is not really akin to adding apples to pears and lemons, but to adding three apples and dividing by three!

Regarding the three foci suggested by BAT Globe House – sustainable agriculture, civic life and empowerment – none directly occurs in the matrix (Exhibit A), although it would be straightforward to include each as an issue in the quadrants. In a sense ‘peace initiatives’ are part of ‘civic life’, and sustainable agriculture is handled in the response to both ‘poverty alleviation’ and ‘rural employment’. While ‘empowerment’ in the complex political and civil unrest Sri Lankan society is, probably, wisely left alone right now. Of importance to note, however, is that the matrix methodology does allow BAT Globe House CSI concerns to be portrayed in the overall country context.

The conclusion of the matrix shows the importance of poverty alleviation in the rural regions (and also a number of other issues that BAT could not easily deal with – although I would add ‘youth unemployment’ and ‘skills development’ to issues that BAT could cope with through its superb management and in-house training capacity).

The next step of CTC project selection is presented in Exhibit B.



There we see the logical steps the CTC team took to decide on project selection. Certainly in line with our own concerns with sustainability included as is the need for a clear exit strategy. The imaginative addition is the ‘high/high’ part of the matrix.

In conclusion, the ‘matrix methodology’ does provide a useful basis for presenting, analysing and deciding upon priorities. With the caveats mentioned in the text above, the ‘matrix methodology’ could be helpful for other BAT opcos.

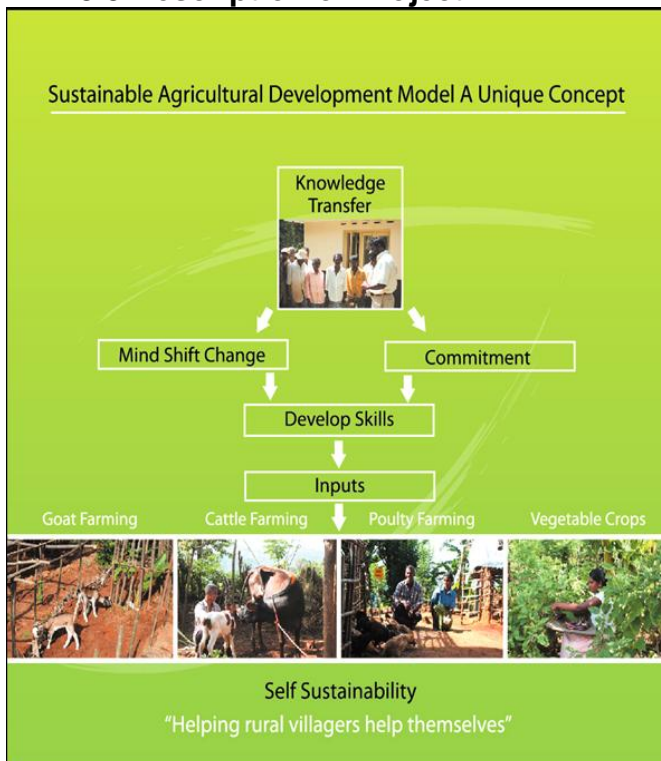
8.2 CTC overall approach for selection of projects in-country

CTC decided to focus on one main project, the SADP project after reviewing its existing CSI activities and going through the steps discussed above.

The SADP project (described in detail below) begins by selecting rural families living below the poverty line (using World Bank data to find the poor villages, then asking the local village head to identify the poor) and teaching them basic techniques such as reducing their cost of fertiliser by using compost pits, sharing knowledge on how to maximise resources (vegetable and fruit cultivation) from their own garden, soil and water conservation methods. The focus of the project is to ensure the beneficiaries meet their basic nutritional needs, with any surplus sold on for commercial gain. The introduction of specific inputs such as pepper, vegetable seeds and poultry are provided to the families if their interests and initiatives are demonstrated. A major novelty of the approach is that the assistance goes on for 2 to 2.5 years and is gradually introduced as the farmers gain both in confidence and experience.

CTC follows only one of the categories – sustainable agriculture - given in the guidelines by BAT Globe House in its Group Strategic Framework for CSI in the areas of selection criteria, management and evaluation.

8.3 Description of Project¹⁴



¹⁴ Based upon description in CTC Annual Report 2006 and mission observations.

Tobacco was introduced as a commercial crop in the early 1950s from which point CTC has had close contact with rural farming communities. The background to SADP to non-tobacco farmers started with work on a project such as Sloping Agricultural Land Technology (SALT project) and the sharing of agricultural best practices with non tobacco farmers.

SADP was developed by CTC and is based upon the philosophy 'we help those who are willing to help themselves'. The target population is the poor, and these are targeted using first, world bank survey data to identify the poorest areas in the country (presumably excluding the civil war areas in about one third of the country) based upon a poverty line; second,

Built on precepts that differentiate the model from other poverty alleviation efforts, the SADP concept is based on knowledge transfer, creating a paradigm shift in attitude and a policy of no direct financial assistance. Its focus is on assistance through agricultural seeds, animal husbandry and skills instead, creates a scenario of self-sustainable livelihood. Self-sustainability, in essence is a phase where farmers are levered out of poverty by meeting their nutritional requirements through the produce grown in their own land, with their own effort on an uninterrupted basis.

This project is implemented by selecting rural families living below the poverty line who are primarily introduced to basic farming techniques aimed at reducing cost of fertilizers, maximize existing resources and conservation methods. At the first phase of the project inputs such as pepper, vegetable seeds and poultry are provisioned to the farmers. The second phase introduces the villagers to apiculture, animal husbandry and mushroom cultivation.

The SADP model is based upon five key elements that differentiate it compared with other poverty alleviation models used in Sri Lanka. These are:

1. The concept is introduced to rural villages who show an interest to help themselves
2. The progress of the project is based upon knowledge transfer and creating a paradigm shift in the attitudes of the villages
3. No direct assistance is given to participants
4. Inputs such as seeds and animal husbandry are provided only if participation is observed by the villages
5. poverty reduction has to be sustainable

After the first introductory phase of one year, phase two of the project introduces the villagers to apiculture, animal husbandry, mushroom cultivation, exotic flowers etc. Once the villages reach the end of phase two, roughly after 2 to 2.5

years the company gradually withdraws its inputs with expert staff only acting as knowledge providers for a short term.

SADP was tested in three rural villages, encompassing eight hundred families in Meegahakiwula in Badulla district, Kalalgamuwa in the Kandy district and Ruwanwelle in the Kegalle districts, where the poverty level (as a percentage of the population) are ranked amongst the highest in Sri Lanka, ranging between 46% to 32% living below the poverty line. Monitored by its SADP team, the villagers have successfully yielded phenomenal results with the targeted families reaching self sustenance within a period of two years with minimal financial resources and no change in their infrastructure facilities.

As a consequence of the SADP, CTC has have noted beneficial results directly yielded to the community. Most importantly the economic benefit of meeting the required nutritional needs through self sufficiency coupled with greater disposable income as a result of trading excess produce during the second phase of the project. Improvements to the environment through better conservation of soil; prevention of erosion and improvements to soil content arise from better farming practice. Many of the initiatives have been driven by the females in the household. This has resulted in female empowerment with knowledge and skill transfer to other females evident and a decreased dependency on the male heads of the families for income.

CTC's objective, as identified during the year in review, is to play a lead role in poverty alleviation by sharing the proven concept with like minded partners, acting as the catalyst to engage the Government, NGO, private sector and funding Agencies to initiate a joint program to accelerate the alleviation of poverty on a sizeable scale.

CTC's commitment to the SADP initiatives is evident by the resources that back it. A dedicated team of seven resource personnel drive the project, initiating contact, monitoring and controlling to ensure the operations of the project are on schedule.

8.4 Commentary

1. Is the project sustainable? i.e. after initial investment will the project continue and even grow in the future? *[There is no doubt that the project is sustainable for the poor farmers. The skills they learn will be with them for generations and will also be passed on to other farmers, not directly targeted by the project, simply because unsuccessful farmers will copy the successful ones. Certainly SADP looks as though it will be successful and its quantitative results based upon its surveys of 'before' and 'after' (see Exhibit D above) attests to this. However, the provisos made in the main text of this report about 'markets' may cause some hiccups. My main concern is that 'sustainability' also occurs through meso and macro developments. In particular, if the SADP project stopped tomorrow, the*

farmers who have already benefited will continue to thrive but no clear institutional capacity will have been created for future application]. [3]

2. What contribution to development does the project make? *[create employment, reduce disease, create growth, empower people, enrich civic life, improve human rights?] [the project contributes, significantly, to improving the livelihoods of the poor farmers that are reached by the project. The wealth created allows these farmers to better access local educational and health services and, therefore, will increase their life expectancy] [5]*

3. Is the project consistent with BAT feedback from its stakeholder consultations? *[p27 of the CTC 2005/2006 Social Report identifies only one CSI activity, namely, 'positively look at the proposed initiatives by the Ministry of Environment and carry out an annual tree planting campaign, biodiversity projects, sharing of environmentally friendly agricultural practices and other environmental projects'. Certainly the SADP project is consistent with these, although not a 1 to 1 match. On the other hand, the conclusion drawn from the stakeholder analysis on CSI does look somewhat limited – I would have thought that there would have been more interest in other CSI activities especially SADP. Perhaps space limitations did not allow all stakeholder views to be presented?]. [3]*

4. What positive/negative impacts does the project have on BAT's bottom line? *[good for reputation although not widely publicised, so possibly a cost rather than a benefit on its bottom line. However, in the complex environment that is Sri Lanka today, there is not much CTC can do to improve its bottom line except, perhaps, to continue to keep a low profile and help discretely the overall society. It should not, and therefore does not, receive a low score because it is well aware of what it is doing] [5]*

5. Does the project create capacity at macro, meso and/or micro levels? *[creates capacity at micro level, could do more at meso level to see how Government or a Sustainable Institute for Agriculture, could eventually take over the 'technology' of the project. Suggestions are made in the main text] [3]*

6. Does the project have any leverage i.e. are steps being taken to replicate the project's successful outcomes? *[few steps, it seems, are being taken in the project to replicate elsewhere and provide advice] [2]*

7. Is the project Type I, II or III?

Type I: Charitable or philanthropic donation to a 'good' cause in a developing country,

Type II: Development as a direct by-product of company actions,

Type III: Activities that promote sustainable development and anti-poverty initiatives that might also be in addition to Type II activities. [clearly a Type III activity] [5]

8. Are project operations transparent? *[yes, excellent reporting is part of the project] [5]*

9. Do the projects pay a living wage? *[not applicable since the project does not pay its farmers, although it does pay its local administrators and these are, relatively, well paid]. [5]*

10. What key indicators are used to measure project impact, if any? *[CTC impact analysis are done] [5]*

11. How contribute to BAT's reputation? *[not widely known CTC involvement and could, do more, but CTC have thought about this and do not wish to promote tobacco consumption. A difficult choice.] [4]*

In summary, SADP received an average of 4.1 using the *MHCi* scoring system:

Project Examined	Score	Type
SADP Sustainable Ag Development	4.1	Micro/Meso

Scale: 1=very poor, 2=poor, 3=good, 4=very good, 5=excellent

Consequently, the SADP project received a high score and compares very well with other projects that have been scored using the *MHCi* scoring system.

9. Summary and concluding remarks

Overall the scoring system adopted gave the results below.

- | Projects Examined | Score | Type |
|--|--------------|-------------------|
| • Community Services | 3.9 | Micro/Meso |
| • Dishari IT Project | 4.3 | Micro/Meso |
| • Afforestation
<i>[Bangladesh]</i> | 4.0 | Micro/Meso |
| • TSIBA Free University | 3.7 | Micro/Meso |
| • Sustainability Institute | 4.1 | Micro/Meso |
| • HIV/AIDS Africa Centre
<i>[South Africa]</i> | 3.5 | Meso/Macro |
| • SADP Sust. Ag Develop.
<i>[Sri Lanka]</i> | 4.1 | Micro/Meso |
- *Scale: 1=very poor, 2=poor, 3=good, 4=very good, 5=excellent*

The analysis found, overall, that:

- It was very encouraging to see a large multi-national corporation taking great pains to involve itself in sustainable development
- There is a tendency to work at the micro level which is much more visible than either the meso or macro levels.
- On the 3-M approach, rule of thumb could be 50% spending at micro level, 40% at meso and 10% at macro.
- There is no detailed knowledge about other companies CSI activities. There is a need to pull this information together so that both duplication is prevented and private sector contributions to development are maximised.
- No project document, nor budget exit strategy existed in any of the projects

- No monitoring and evaluation indicators were embedded to assess impact of the projects on development