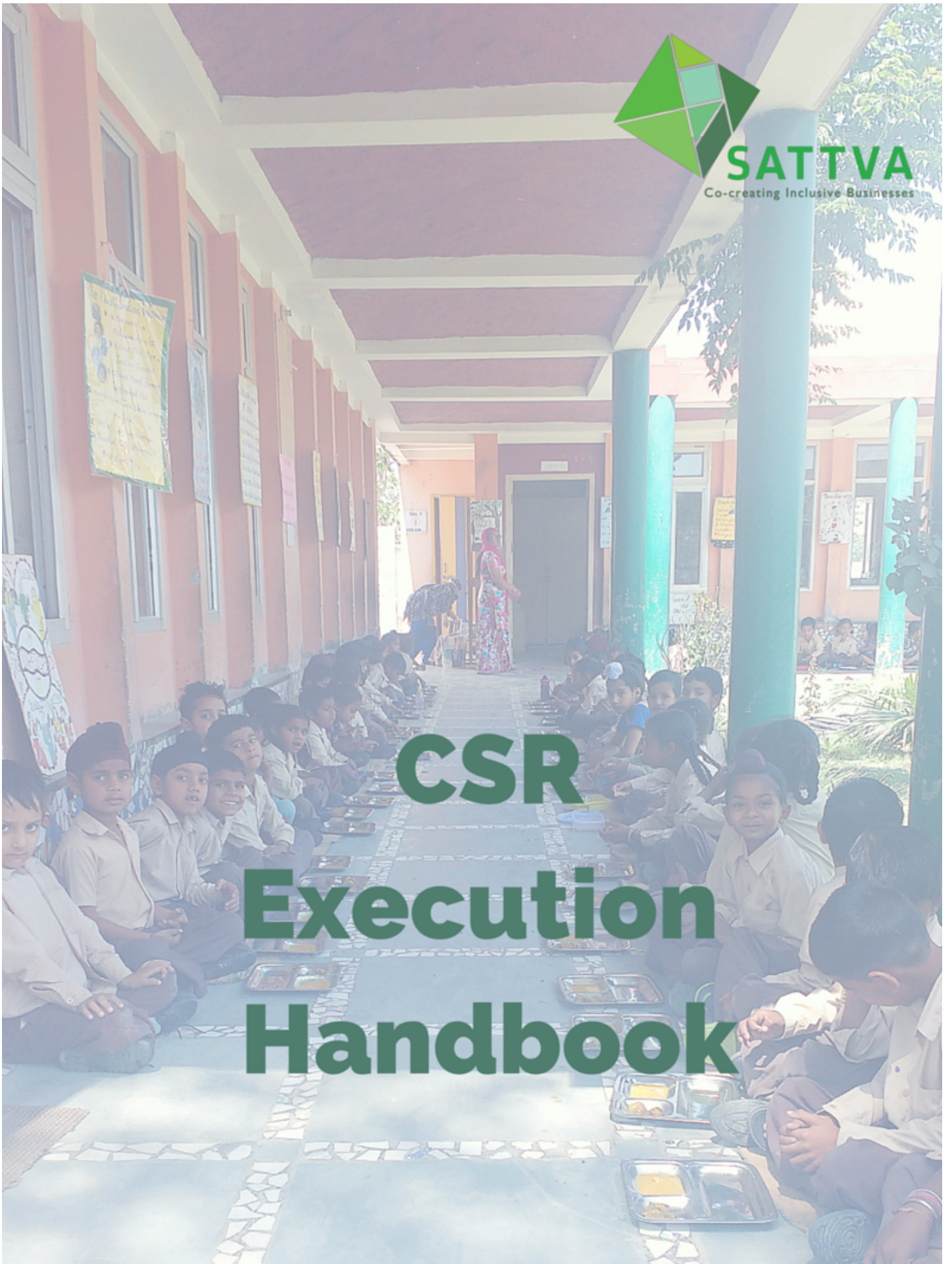




SATTVA
Co-creating Inclusive Businesses

CSR Execution Handbook



Foreword

The Section 135 of the Indian Companies Act, also popularly known as the 'CSR Act' is a progressive piece of legislation that provides corporates with a regulatory framework within which they can conduct their Corporate Social Responsibility programs and activities.

The first of its kind in the world, the Act seeks to bring together the resources and expertise of the corporate sector and the community understanding, formidable social sector experience of civil society organisations to work together to combat social challenges in India.

In our experience of working with corporates, we have seen a definite intent among many of them to go beyond just complying with the Statute of the Law, to support and create programs that can have a long-lasting positive impact on the socio-economic development of communities at the base of the pyramid.

One of the key elements of building effective CSR programs and practices is to have a comprehensive blueprint for execution that you can build on top of. This Handbook, compiled with inputs from Partners, Senior Consultants and Researchers in the Sattva team, is one such effort. It brings together our thinking around impactful CSR and our combined experience of implementing, co-creating and sustaining CSR programs along with corporates from diverse sectors, manufacturing to retail and IT, in over 10 States in India, in varying focus areas that span sanitation to health, education and livelihoods.

We hope you find our Handbook useful. We would love to hear suggestions and experiences from you that would help enrich our eBook that reaches many others in the sector. Do write to us at Aarti@sattva.co.in.

Happy Reading!

Warm Regards,

Aarti Mohan

Co-founder and Principal, Knowledge
Sattva

Table of Contents

- I. Key Principles 4
- II. Building the Implementation Model 5
 - 1. Need assessment 6
 - 2. Solution Design 8
 - 3. Partner Selection 10
 - Credibility 10
 - Expertise 10
 - Relevance..... 11
 - 4. Monitoring & Evaluation 11
 - 5. Impact Assessment..... 12
- About Sattva 12

A Guide to CSR Implementation

With effect from April 1, 2014, every company, private limited or public limited, which either has a net worth of INR 500 crore or a turnover of INR 1,000 crore or net profit of INR 5 crore, needs to spend at least 2% of its average net profit over the immediately preceding three financial years, on corporate social responsibility activities. According to the IICA, this brings 16237 Indian companies under the purview of CSR.

The CSR Act, the first of its kind in the world, has caused a perceptible shift in the thinking among companies around the long-term value CSR can create both for the society and organisation. Aligning existing CSR initiatives as well as setting up an effective CSR approach within the organisation requires companies to focus on two key aspects:

1. **Clarity of vision:** It is critical for the organisation to have a clear and well-defined strategy for its CSR initiatives that is aligned at all levels in the organisation.
2. **Rigour of implementation:** It is important to build the systems internally to be able to execute on the vision and achieve the intended outcomes.

This handbook **focuses on CSR execution**. It provides information useful to think through and define key systems and frameworks that have to be in place to ensure successful implementation of the CSR strategy. The various sections describe the key activities that have to be carried out as part of an integrated lifecycle and outlines good practices that the CSR team on the ground can adopt during implementation.

I. Key Principles

The following key principles underscore the implementation approach we recommend throughout the eBook.

An Outcome-based view

One of the key paradigm shifts in designing and executing Corporate Social Responsibility in recent times has been to move from an activity-based execution to a **strong focus on outcome-based execution model**. Hence, it is critical for organisations to start with the key needs of the community to define specific outcomes that they envision to achieve through their CSR activities.

The envisioned outcomes should determine the design, implementation and the monitoring approach of the project, with strong alignment from the partner organisations to the CSR committee, both on the nature and scale of outcomes to be achieved.

Symbiotic partnerships with civil society organisations

One of the aims of the CSR law has been to forge new partnerships between corporates and social organisations in a way that can bring together the expertise and resources of both in order to achieve the desired outcomes. For effective execution of programs on the ground, bringing on-board relevant social partners who have the credibility and expertise to address the needs of the community is highly recommended.

It is also important to ensure that the relationship moves beyond a transactional engagement towards a symbiotic relationship. The social organisations provide companies with an opportunity to build empathy and a strong understanding of the social needs, besides establishing a strong and deep connect with the local community to ensure successful execution of programs. Similarly, the social organisations benefit from the systems building expertise, focus on quantifiable measurement, process rigour and the strong outcome-based working methods that corporations bring to execution.

Rigour of monitoring

There should be a structured approach to measure the immediate, short-term and long-term indicators for a project. It is critical to ensure alignment across all these indicators so that impact on the immediate indicators will reflect on the short-term and long-term indicators. These indicators should become the objective measure of the progress of the project and the impact on the ground.

The organisation should be able to create a consistent data collection approach to collect quantitative and qualitative data based on the monitoring framework – with both objectives measures and data on the ground.

Long-term view of the project

While there are many immediate solutions to address a particular problem, the focus should be to institutionalise an approach that can create impact even after the company has exited from the community or ceased to implement its CSR initiatives. This will require an organisation to take a holistic view of the problem, bring together practitioners with specific expertise and most importantly, integrate the solution with existing government community and private initiatives to ensure synergies and long-term sustainability.

II. Building the Implementation Model

The **process of solution building** starts with an exhaustive assessment of the needs of the community and their wants following by designing of specific projects along with goals and targets, on-boarding relevant partners and establishing a framework for monitoring and evaluation.

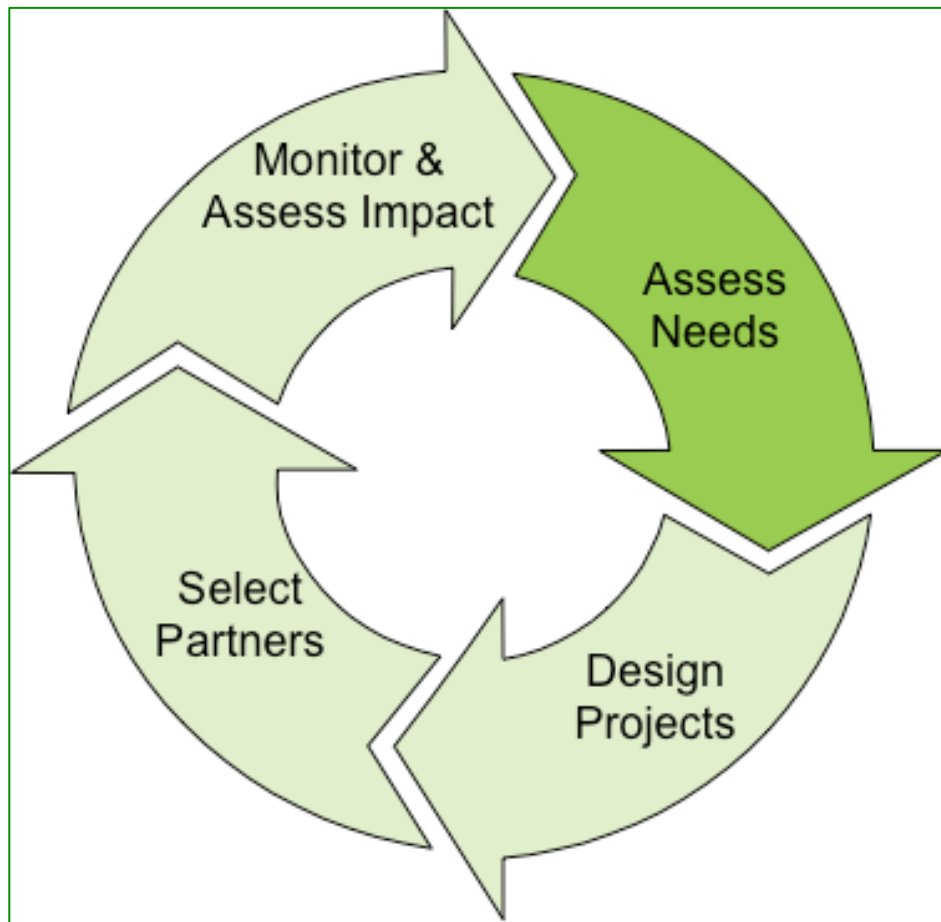


Exhibit 1: Building an implementation model for CSR

1. Need assessment

Need assessment is a structured and exhaustive approach to understanding the needs of a community, in alignment with the guidelines and scope outlines by Section 135 of the Indian Companies Act. Need assessment can provide a holistic and rounded view of the community in order to ensure valuable and rigorous contributions from CSR. Need assessment also ensures that the community is involved in CSR right from the planning stages. This engagement forms the underpinning for the success and enduring value of the CSR programs. Most needs assessments measure specific social indicators in the areas such as: livelihoods, health, water sanitation, microfinance, or others. To carry out an effective need assessment, it would be useful to look at the following:

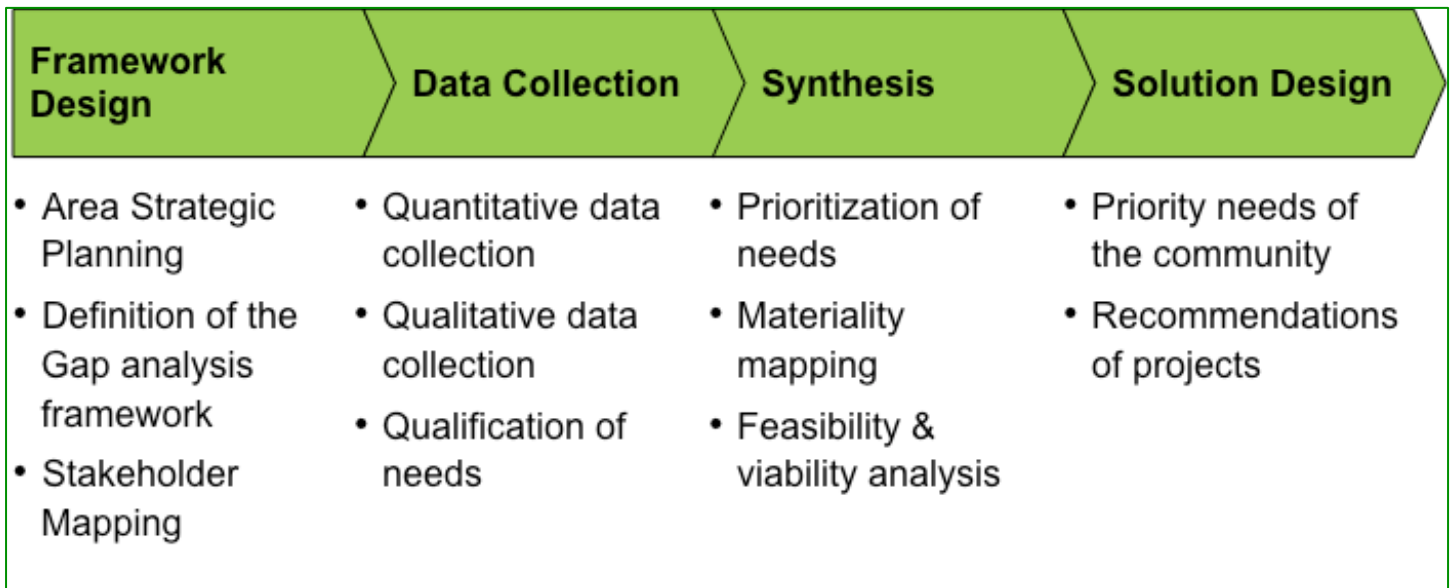


Exhibit 2: The need assessment framework

1. Definition of need assessment framework

The need assessment framework is the backbone of the project implementation. A clear, well-structured framework makes evident the gaps and necessary areas to understand the situation in each community.

Need assessment frameworks can be customised, especially when considering the local priorities, as each community is different. The strategic vision of the organisation or company arranging the needs assessment is often reflected. For example, a pharmaceutical company may want to conduct a needs assessment in a community around one of its branches, which assesses the health and hygiene of the community. The need assessment framework, while assessing all the issues of the community, will be a way to identify which areas show the biggest gaps, and therefore point to the greatest needs - for instance, high maternal mortality rates in that very community - even while measuring all other areas.

2. Data collection

Data collection should occur at all levels to ensure that there is data that is relevant to the area, with both primary and secondary research. The first step in the process is strategic mapping, which more clearly defines the areas that are most relevant to the need assessment. It also clearly identifies the beneficiaries of the CSR engagement.

A standard baseline of the community uses indicators of education, health, skill development, and environment to peg the issues. As part of this engagement, four types of stakeholders can be engaged to delve into the needs of the community:

Stakeholder	Description
Local Administration	District, block and village level administration officials and elected representatives such as the district collector, Village Panchayat or block level officers
Experts	Sector or issue level experts who can provide insights of the area and its needs. These include key NGO leaders, academia, sector professionals.
Last Mile Community Workforce	The workforce on the ground to address the essential needs of the community such as government schoolteachers, Anganwadi workers, ASHA workers.
Community	Representatives from the community across age, gender and key social indicators.

Exhibit 3: Need assessment process stakeholder mapping

Data can be collected through door-to-door surveys, focus group discussions and one-on-one interviews with the respondents and through field observations.

3. Synthesis

The synthesis component of CSR execution involves consolidating and collating all of the inputs and quantitative data that have been collected from the various stakeholders. The needs can be then sorted into exhaustive categories aligned to the company's core vision.

Qualifying the need into categories like Access/Affordability/Quality etc allows a clear focus area for the corporations, and a root cause is identified to ensure maximum impact with the intervention.

Category	Description
Awareness	Is the need towards raising awareness about a particular issue or a solution across the wider community
Accessibility	Is the need towards making services and solutions to a particular problem accessible to the local community
Affordability	Is the need towards providing financial assistance or economical alternatives to existing solutions to increase adoption
Quality	Is the need towards improving the quality of or substituting the existing solution with a higher quality solution

Exhibit 4: Qualifying needs

2. Solution Design

Once the need assessment is done, the team identifies potential partners from the social impact ecosystem who will be able to effectively address the need in the community. The team should also consider alternate sources of addressing the needs that are already present in the community such as other CSR programs and government initiatives.

Subsequently, the possible solutions and partnerships are mapped into the Feasibility – Viability Matrix. The feasibility – Viability matrix maps potential solutions to address the needs based on

- Whether proposed solutions are feasible given local conditions
- Whether proposed solutions are viable considering CSR budget

The final list of solutions that are both feasible and viable are selected to be part of the CSR Portfolio.

For project design, the Logical Framework Analysis (LFA) is one of the foremost guiding methodologies to understand the impact of social programs. The framework enables separation of the activities, which are conducted by the organisation, from the outcomes, which are the short- to mid-term benefits of those activities. The culmination of these benefits over the long-term contributes to the impact, or achievement of the main objective of the program.

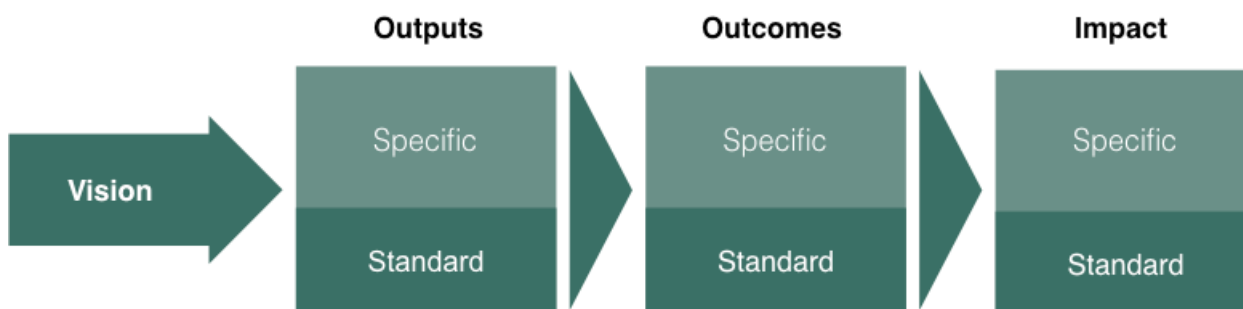


Exhibit 5: The LFA format

For example, in an education CSR project, this could be mapped to the following:

Type	Description	Sample Indicators
Outputs	Measure of activities done by the Implementation partner	<ul style="list-style-type: none">• Number of visits by NGO staff to the school• Number of workshops done with parents• Number of toilets renovated• Number of remedial programmes conducted
Outcomes	Observed effects of outputs on the beneficiaries	<ul style="list-style-type: none">• Increased attendance by students in class• Stronger participation of parents in SDMC• Increased usage of school toilets

		<ul style="list-style-type: none"> • Measurable improvement in skills
Impact	Long-term consequences of the activities	<ul style="list-style-type: none"> • Consistent improvement in learning outcomes • Increased enrollment in schools • Better career orientation among students • Strong improvement in life skills

Exhibit 6: Mapping outcomes of education initiatives in CSR

The results of the need assessment serve as the inputs to LFA, and help define the impact and outcomes that the plan envisions to create through the CSR activities. The set of CSR activities should start with the outcomes to ensure critical and relevant impact.

3. Partner Selection

After the need assessment is complete, and the project has been appropriately designed, it's important to consider whether the organisation will bring an implementation partner on board. The choice of building internally versus bringing on-board a partner is based on the requisite expertise being available within the CSR organisation as well as the time and resource commitments it will take to implement the same.

Should the CSR programme choose to partner, it is critical to find the right implementation partner who can provide the expertise, experience and take the accountability for delivering successful achievement of the outcomes on the ground.

Selection of the right partners involves looking into the following criteria:

Credibility

The credibility of the organisation is perhaps one of the most important aspects to consider, as the partner essentially may represent the brand of the organisation on the ground. Rigorous due diligence must be practiced on several aspects, including:

- Legal compliance
- Filing of IT returns
- Transparency and rigour of reporting of financial data (public annual reports)
- Credibility through associations with leading foundations or multi-lateral organisations
- Awards and recognitions by leading ecosystem organisations

Expertise

The partner organisation should be well-versed in the subject of the implementation and execution of the project. This is contingent on two factors:

- **Sector expertise**, which focuses on the partner's experience, knowledge and expertise in solving problems in a particular sector. This is assessed on any custom methodologies and solutions built by the organisation, proven track record on

achieving outcomes on the ground, experience in executing similar initiatives and the expertise of the people in the organisation.

- **Territory expertise**, which focuses on the partner's network, grassroots experience, and understanding of the territory where the organisation wants to engage.

Relevance

It is important to evaluate the relevance of the partner to the organisation's needs. Questions such as:

- Does the partner have expertise to address the specific needs of the community rather than just the broad sector?
- Does the partner have systems and processes in place that are in alignment to the rigour expected by the organisation?
- If employee engagement is critical for the organisation, does the partner have appropriate systems and opportunities to enable employee engagement?

4. Monitoring & Evaluation

Through the Log Frame Analysis, a measurable framework to measure progress on the project both from an output and outcome perspective needs to be derived. The Monitoring and Impact Assessment framework ensures that the indicators are measured and reviewed on a regular basis. The key measurement exercises that are critical for execution are listed below:

- **Baseline assessment (one-time):** This provides the current status quo at the community level based on the key social indicators that the project aims to impact. The baseline assessment is different from the needs assessment in the sense that the baseline assessment collects on *specific* indicators as identified in the LFA. These baseline assessment indicators should be integrated into the social audit and impact assessment so the measurement is consistent.
- **Project reporting (quarterly / monthly):** This component focuses on the outputs of the CSR projects and provides a regular update on whether the project is on track. A standard project reporting template should be created that should include all project outputs, beneficiary details and the project budget utilisation details. The reporting from the social organisation should be discussed over a regular review to understand any challenges in execution and areas where the CSR team can support in furthering progress.
- **Annual Social Audit:** In addition to the regular project reporting, an annual social audit should be conducted to ensure that the project is on track and is providing the expected outcomes to the community. The Annual Social Audit is a rigorous, multi-stakeholder exercise with a specific focus on measuring key outcomes of the project and ensuring stakeholder satisfaction. The Annual Social Audit also measures the baseline indicators to understand year-on-year progress on the ground.

5. Impact Assessment

As one of the more critical components, the impact assessment is a comprehensive exercise to fully understand the mid- to long- term impact of the project. The long-term view of the project is considered as well as long-term impact that has been created in the society. Impact assessment should ideally be holistic and extend beyond immediate improvements.

It might be good to engage a third party, technical and social experts on impact assessment, who can objectively assess the progress as well as impact, both hard and soft factors, on the community and provide an outside-in perspective on what could be improved.

The organisation can utilise the impact assessment to gain continuous insight on the impact of implementation and how to help implement long-term measures. The impact assessment tool must help an organisation understand the social return on investment of its CSR initiatives and sharpen its efforts according to the returns.

The Audit and Impact evaluation should evaluate CSR engagement from four key perspectives:

- **Relevance:** The CSR Initiatives should address a pressing social need of the community and should reach out to the right beneficiaries in the community. The initiatives should be designed based on a strong understanding of the needs and wants of community
- **Effectiveness:** The CSR initiatives should have a strong outcome focus and ensure that the intended outcomes are achieved. The initiatives should be able to bring a clear improvement in the quality of life and development potential of the community.
- **Efficiency:** The CSR initiatives should have rigorous approach towards utilization and distribution of resources towards implementation. Strong efficiency is critical to ensure that there is agency to scale the initiative across beneficiaries.
- **Sustainability:** The CSR initiatives should be able to holistically address a particular issue so that the issue becomes a way of life for the community or have built in mechanisms for self-sustainability. Both of these ensure that the initiative create long lasting impact with a clear exit strategy for the company.

About Sattva

Sattva co-creates inclusive businesses that are scalable, sustainable and globally relevant. We serve as a bridge between business and social goals, by designing and implementing solutions that can bring long-lasting impact.

Sattva works with corporations and social organizations to help them find their 'magic quadrant' where they can maximize their social impact along with economic value. As end-to-end program

partners, Sattva helps organizations execute inclusive models that are innovative, economically viable and add equitable value to all the different stakeholders involved in the chain.

Our work with BOP communities today extends across 16 states in India, Nepal and Morocco and we are engaged with leading multi-laterals, social organisations and corporations across the globe. More at www.sattva.co.in



Cover picture: Satya Bharti School in Ludhiana run by Bharti Foundation, photographed by Aarti Mohan while on visit.

© Copyright Sattva Media and Consulting Pvt. Ltd. 2016

