

By Invitation

Five years since, has CSR made a difference?

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2020 has been a busy year and a tough one at that. This year will be known for many things, five years of implementation of the CSR law in India will be one among them. Over the last few months we at Sattva have been getting many requests from CSR leaders and especially the CxOs and Committee members on the Board, to help them



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answer questions on their CSR. "It has been five years since we have been funding these kinds of programs, what tangible impact have we created? Can we measure it?", "I am unable to clearly articulate our CSR vision in a public forum, we can't just talk about X number of projects...shouldn't we have a vision?", "How do we communicate what we do in CSR to our internal and external stakeholders?", "Are we doing too many things, should we just choose one or two areas and go deep", "Should we setup our own corporate foundation", "What

are my peers doing in CSR, can we collaborate with other corporate", "We would love to fund more innovation, but how?"and the list goes on. At a very fundamental level, I believe every corporate is trying to ask the question, *has our CSR made a difference to society, and to us as a company?*

At the macro level the answer to this question seems to be in the affirmative. Below are a few reasons why:

- CSR funding being reported on the MCA website has gone-up by 85% since 2014-15 and the number of companies reporting the data has gone up by 50%.
- Over 40% of companies reporting CSR incurred the expenses themselves, through in-house implementation or through their own Trusts/ Societies/ Section 8 companies.
- 18% of the top 100 CSR spenders have gone on to set-up their own corporate foundations and many of them getting into deep implementation work with in-house expertise.

- The CSR money flowing into incubators, research institutions is on a steady rise and will probably become part of the portfolio of most large CSRs in the next 2-3 years.
- Some of the CSRs have started to push the boundaries of structuring the spends towards better outcomes, using tools like rolling funds, development impact bonds etc.

While there is much to feel good about how well Corporate India has embraced the CSR law over the last five years, there is still a long way to go and many a mile to cover. CSR can play a pivotal role in India's development with the same amount of funding, but with a lot more strategic intent. Here is how,

1. CSRs will need to bring in a lot more than just "funds" into the ecosystem of societal impact.
 - a. **Talent and Expertise:** This is something the corporate has in abundance, that can be used in a very strategic manner. When a leading global player with expertise in operations puts out a program to send their employees on 1-2-year sabbatical to better systems of NGOs and government programs, we know the sky is the limit.
 - b. **Corporate Brand to support the cause:** There is tremendous value in companies putting their weight behind key issues in society and making sure the needle moves towards impact. We have seen a global oil and gas major, leading Indian NBFC and many other corporate lend their brands to bringing issues like safety of truck drivers, women empowerment, and digital inclusion to the fore-front and innovating on solutions.
 - c. **Program Design and Governance:** When companies start to build internal thinking around societal issues, they can play a strong role in helping implementing organizations to design and execute program in a more effective manner. Governance and handholding of projects on the ground is the low hanging fruit where every CSR leadership should be able to add value with least effort.
2. CSRs will need to go where India *needs them* than just where it is convenient to find and run projects with well-known NGOs.
 - a. **Regions:** Today most of the CSR money is spent in places where per capita is already high, for example the 117 Aspirational Districts (as defined by NITI Aayog) reported to have received less than 2% of the

overall CSR spends in the country. In every state the most backward regions continue to receive the least funds.

- b. Causes:** Education, Healthcare and Rural Development have cumulatively received more CSR funding over the last few years than all the other 15 causes put together. India is going through severe water scarcity, yet less than 1.5% of CSR funding goes towards clean drinking water, so does for issues like nutrition, sports, art and culture and many others.

This year Covid-19 has turned the tables for all the entire world including the development ecosystem. With over 40% CSR budgets getting allocated to Covid19 efforts, including PM Cares, many development programs and organizations have been pushed to the brink. Fortunately, a vast majority of the organizations have adapted well and are beginning to bounce back. We will see another tough year next year with CSR budgets going down as profits from this year shrink. We will also see some part of the CSR budgets being directed towards vaccine delivery and related activities next financial year and rightfully so. However in the mid-term I believe the CSRs will continue on their current path and will only get more strategic as a function within the corporate, all the way from the Board to the last mile implementation and measurement. And at every step it is important to keep asking ourselves, are we making a “sustainable” difference to society and to ourselves as a corporate?

Krishna is the co-founder and CEO at Sattva and is responsible for the overall strategic direction, growth and impact of the organisation. Over the last decade, Krishna has been working with the leadership of Global Foundations, Social Organisations and Corporates to design and scale their social impact initiatives, across India, SE Asia, Africa and Europe. Krishna leads many collective impact initiatives across different themes like water, education and livelihoods. He can be reached on krishna@sattva.co.in

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