RESEARCH REPORT ON CSR TRENDS AND OPPORTUNITIES IN INDIA October 2021

Contents

1. Introduction

In 2014, India became the first country to legally mandate companies to expend a percentage of their profits on Corporate Social Responsibility (CSR) activities. The mandate, introduced through Section 135 in the Companies Act, 2013[1] and effected from 01 April 2014, directs 'eligible' companies to spend 2% of their average net profits made during three immediately preceding financial years on CSR activities. A company is said to be eligible if the company -

Has a net worth of
INR 500 cr.
or more,

Has a turnover of
INR 1000 cr.
or more,

Has a net profit of
INR 5 cr.
or more,

This regulatory change made CSR a common practice among companies operating in India and established their role in achieving sustainable and equitable growth and development in India.

While India became the first country in the world to regulate CSR, most countries have seen their socio-cultural and economic contexts influence ideas around corporate philanthropy and the role of companies in wider society. For instance, a number of philosophies have shaped corporate philanthropy in Japan and evolved it to the corporate citizenship ethos that exists today. One of the most accepted philosophies is of Sampo-yoshi "三方良し", which means that companies must steer towards being responsible businesses while achieving benefits for 'the seller, the buyer, and the community' i.e. companies themselves, customers, and the community at large[2] . Another philosophy Kyosei "共生" , which means living and working together for the larger good, has driven Japanese businesses to be closely interwoven with their society[3] . Confucian ideals have held and continue to hold a great influence over Japanese society, even influencing the manner in which business cultures operate. Business exchanges are based on the concepts of Shobaido "商売道"which means the way of doing business and Shonido "商人道", which means the way of the merchant. Confucius's teachings emphasize that virtuous merchants must give back to their community by providing jobs and welfare[4]. Confucius ethos has shaped a business culture in Japan which places a huge emphasis on duty and loyalty to one's own, i.e., prioritizing the gains of one's personnel and the local community over those of shareholders[5] .

In the late 1990s, Corporate Social Responsibility evolved in Japan owing to liberalization which in turn led to a significant increase in foreign trade, ownership of shares by foreign shareholders and a need to adhere to corporate governance and social responsibility requirements of new host countries[6].

1. MCA. (2013-14). Section 135 of the Companies Act, 2013. MCA Website,
2. Hitoshi & Takhera. (2018). "Introduction: Corporate Social Responsibility and Japanese Corporations". Corporate Social Responsibility and Corporate Finance in Japan.
3. Johnston. (2008). "CSR in Japan- A Tradition of Mutual Benefit". Japan Spotlight.
4. Doktorgrades et al. (2012). "Japan-Leader in CSR for the 21st Century".
5. Tanimoto & Suzuki. (2005). "Corporate Social Responsibility in Japan: Analyzing the participating companies in the Global Reporting Initiative". RePEc..
6. Economist Intelligence Unit. (2005). "The way of the merchant: Corporate social responsibility in Japan".

Japan's government ministries, business associations, and universities not only encouraged the new approach to CSR but also helped set up standards and creating guidelines for running ethical and socially responsible companies as well as drove the adoption of international reporting standards by Japan's business collectives, such as the Global Reporting Initiative, in which Japan is the country with the second-highest number of reporting companies[7].

Building on the strong foundation of these principles, values and ethos, and aided by the CSR regulation, Japanese companies in India are well placed to deepen and widen their participation in the country's socio-economic development and inclusive growth. In order to catalyse such participation, the Japan International Cooperation Agency (JICA) collaborated with Samhita Social Ventures to undertake a research study to understand the key CSR trends in India, collate credible and high-quality information and insights on execution and identify opportunities to leverage corporate technological and business capabilities, therefore creating a more enabling and conducive support base for its member companies.

7. Fukukawa & Moon. (2004). "A Japanese Model of Corporate Social Responsibility? A Study of Website Reporting". The Journal of Corporate Citizenship.

2. Methodology

#	Research objective	Research questions/ focus areas
1	Take stock of current CSR trends in India	• How do companies across sectors and industries approach CSR? • How many companies adhere to the guidelines? • What are their cause areas and geography? • Who are the implementation partners on ground (NGOs, social enterprises etc.)? • Where are the gaps and opportunities?
2	Map enablers and barriers to impactful CSR strategies in India	• How do companies, especially those with Japanese roots, approach CSR across its lifecycle? • What are some of the CSR best practices adopted by Japanese, Indian or international companies in India? • What are their top challenges? • Which features/characteristics (such as scale, community participation, measurable outcomes, sustainability, addressing internal stakeholders etc.) define 'model' CSR programs and companies?
3	Explore recommendations and pathways to strengthen CSR performance among companies	• How can JICA can unlock strategic partnerships? • How can it build an enabling ecosystem that handholds companies through their CSR journeys?

The study adopted a mixed-methods approach, consisting of primary and secondary research. Both quantitative and qualitative tools were used for the primary research.

• Secondary research – this entailed a thorough analysis of CSR data published by MCA through its csr.gov.in portal. This data source was chosen over other sources of data as it was the most comprehensive one, covering around 24,965 companies and therefore the most representative of overall trends in the CSR ecosystem. The data was extensively cleaned before analysis. The study has mapped a time trend wherever possible consisting of data from 2014-15 to 2019-20. The data for 2019-20 is still being updated on the Ministry of Corporate Affairs portal, and therefore has not been used as a benchmark for analysis.

• Primary research – the table below captures the sample size and tools used to gather primary data and insights.

Stakeholder	Details	Structured digitized survey	In-depth interviews
Companies	Japanese companies	Universe – 446 Responses – 92 Response rate – 20.6% Out of the 92 Japanese companies that responded to the survey, 45 conducted CSR activities in India. The remaining 47 companies were not engaged in CSR in India and thus further details were not collected from them.	9 companies
	Indian companies	-	11 companies
	Multinational companies	-	6 companies
Social organizations	Non-profits and social enterprises	-	12 organizations

3. CSR landscape and macro trends in India

The Indian Government has undertaken multiple efforts over the last few years to encourage private sector participation in tackling socio-economic problems faced by the country. These are captured in the timeline below[8].

Year	Description
2009	The Ministry of Corporate Affairs released the Corporate Governance Voluntary Guidelines, to encourage corporates to voluntarily achieve high standards of Corporate Governance.
2011	The government of India endorsed the United Nations Guiding Principles on Business and Human Rights
2011	The Ministry of Corporate Affairs released the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs). This was a significant step towards mainstreaming the concept of Business Responsibilities.
2012	Securities and Exchange Board of India (SEBI) mandated the top 100 listed companies by market capitalization to file Business Responsibility Reports (BRR) based on NVGs
2013	Introduction of the Companies Act, 2013 which contains Section 135 on Corporate Social Responsibility
2014	The Companies Act, 2013 was enacted with effect from 01 April 2014.
2015	The High-Level Committee on CSR (HLC-2015) formulated under the chairmanship of Shri. Anil Baijal made their recommendations on the CSR framework and stakeholder concerns.
2015	SEBI extended the BRR reporting to the top 500 companies by market capitalization.
2016	The recommendations of HLC-2015 were reviewed by the Companies Law Committee for adoption.
2018	The second High-Level Committee on CSR was constituted under the Chairmanship of Shri. Injeti Srinivas, Secretary, Corporate Affairs to review the CSR framework
2018	Committee on Business Responsibility reporting constituted under the chairmanship of Shri. Gyaneshwar Kumar Singh, Joint Secretary, Corporate Affairs
2018	Zero Draft of National Action Plan on Business and Human Rights released by the Ministry of Corporate Affairs

8. MCA. (2019). Report of the High Level Committee on Corporate Social Responsibility 2018'. Government of India, Ministry of Corporate Affairs.

Year	Description
2019	NVGs were revised to formulate the National Guidelines for Responsible Business Conduct (NGRBCs) to take into account wider global changes in the business environment and policy discourse such as the Sustainable Development Goals (SDGs)
2021	SEBI has mandated that the top 1000 listed companies (according to market capitalization) file Business Responsibility and Sustainability Reports (BSRSR) based on Environmental Societal and Governance (ESG) parameters.

With the passage of Section 135 of the Companies Act, 2013, which made CSR spending mandatory for qualifying companies in India, the CSR landscape in India grew and became more mature, unlocking conversations between the private sector, development sector, and government agencies. Companies started evolving their CSR approaches from compliance-driven to a more strategic and even catalytic approach . The following sections capture some of the quantitative trends in CSR based on data published by the MCA.

9 Tenneti, Parekh & Lashkari. (2019). 'New Frontiers of CSR'. Samhita Social Ventures.

3.1. Compliance rates and overall CSR expenditure

Since the introduction of the CSR mandate in 2014, the total number of companies eligible for CSR expenditure under Section 135 of The Companies Act, 2013 has constantly increased from 2014-15 to 2018-19 reflects an increase in economic growth of the country between those years[10]

As per MCA's classification, there are two types of companies which fall under the 'zero CSR expenditure' category. The proportions of companies split between the two categories, as per data available in the High Level Committee's report for the years 2014-18 are discussed below:

1. Category 1: Companies whose 2% of average profits for the previous three financial years, i.e, their prescribed CSR amount, amounts to zero or a negative value on account of losses made during those years.

   The proportion of companies in this category has reduced over the years, from making up 49% of the total companies in the zero CSR expenditure category in 2014-15 to making up 23% of the companies in 2017-18.

2. Category 2: Companies who have incurred no CSR expenditure, but were prescribed a positive CSR amount

   The proportion of companies in this category has seen an increase over the years, from making up 51% of the total companies in the zero CSR expenditure category in 2014-15 to 77% of the companies in 2017-18.

The total CSR expenditure has also witnessed an increasing trend over five financial years (2014-19). The proportion of companies spending exact or more than the prescribed amount on CSR also witnessed an increase from 15% (2,791 companies) in FY 2014-15, amounting to INR 4,898.93 crore, to 26% (6,584 companies) in FY 2018-19, amounting to INR 13,642 crore[11].

Some of the commonly reported reasons by companies for not spending the prescribed CSR amount in their MCA filing have been challenges in identifying suitable projects and implementing partners, delays caused in the implementation of multi-year projects, lack of prior expertise and inability to frame a satisfactory CSR policy[12], etc.

Better compliance can be attributed to two sets of factors – push factors where MCA and civil society in India have been scrutinizing corporate spending and urging India Inc to comply with the law and pull factors where corporate stakeholders such as investors and customers are rewarding more socially responsible practices, corporate systems and processes to undertake CSR are maturing, and the capacity of the social sector to understand and respond to CSR needs is also strengthening.

10 Data for the year 2019-20 is still being updated by the Ministry of Corporate Affairs and thus, is not being considered in this analysis
11 This data was gathered from the Ministry of Corporate Affairs CSR portal on the 19th of July 2021. All data, especially data pertaining to FY 2019-20 is still being updated by the Ministry of Corporate Affairs through the filings made by companies, therefore the numbers are likely to change. Any trends highlighted using 2019-20 data are indicative in nature.
12 MCA. (2019). Report of the High Level Committee on Corporate Social Responsibility 2018'. Government of India, Ministry of Corporate Affairs.

However, considering the high absolute value of unspent funds (INR 24,407 crore) between 2014-18, it is imperative for the corporate sector to increase the proportion expended in order to unlock the full potential of CSR funds to aid the country to achieve development goals in a timely fashion.

Compliance rates of companies (2014-20)

- No. of cos with CSR expenditure more than prescribed amt
- No. of cos with CSR expenditure equal to prescribed amt
- No. of cos with positive but less than prescribed CSR expenditure
- No. of cos with zero CSR expenditure
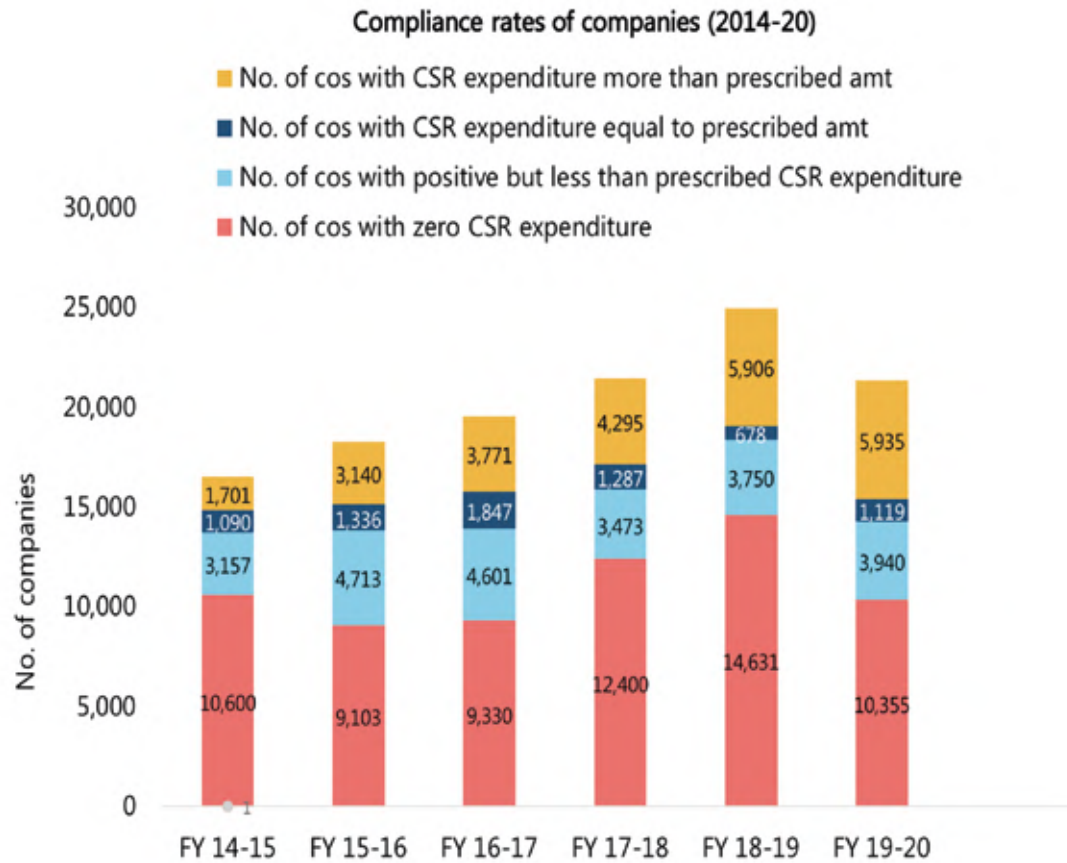
Source: https://csr.gov.in/index_across.php

Prescribed and Actual Spend on CSR (2014-20)

- Total CSR expenditure
- Total prescribed amt
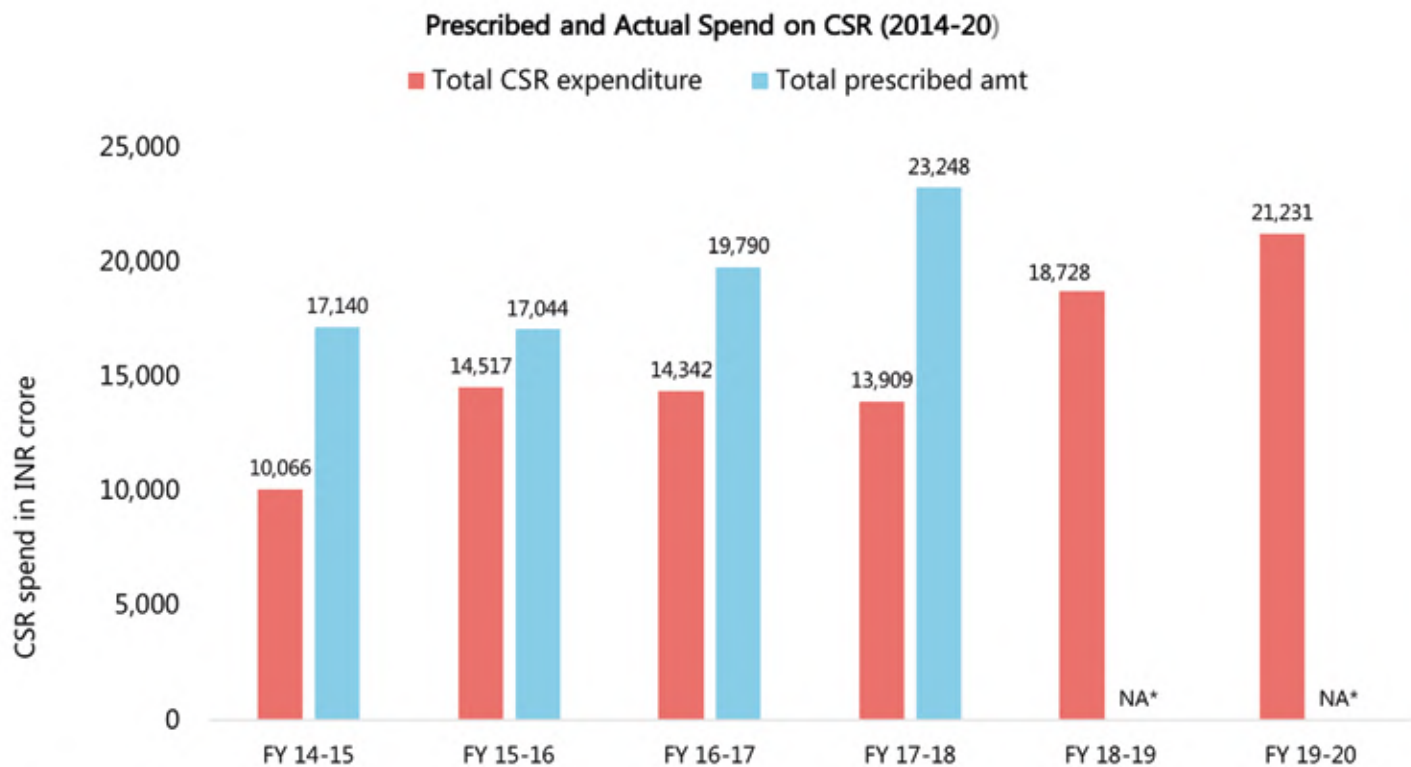
Source: csr.gov.in
*The total prescribed amount for the years 2018-20 is not available

To aid a better understanding of CSR mandate, rules, and regulations, companies across India can refer to the following sources:

- Indian Ministry of Corporate Affairs 'FAQ on CSR Cell'
- Centre for Advancement of Philanthropy's Blog
- CA Club's list of MCA General Circulars, Notifications and Orders
- Knowledge Centre for Corporate Social Responsibility

3.2. CSR spending by cause areas

In the last six years, the cause areas that received the highest amount of CSR funds were education (30.16%), health care (18%), and rural development (10.63%). A potential explanation for the popularity of these three cause-areas could be the preference of companies to cater to the needs of local communities around their plants which generally fall under education or healthcare needs or under the umbrella of rural development. Health and education are also more relatable and visible as critical development needs.

On the other hand, causes such as gender equality (0.37%), sports (1.25%), agro-forestry (0.27%), and technology incubators (0.14%) received a minuscule amount of CSR funds over the last six years (2.03%).

A few reasons explain why certain causes are underfunded.

- Many companies respond to needs expressed by communities and/ or governments, which largely prioritize urgent needs such as health, education, livelihoods while undervaluing important needs such as gender equality, environmental sustainability, etc.

- Certain causes may be seen as too risky and complex to be tackled by CSR yet, especially when they involve challenging social, cultural and sometimes religious norms, or involve criminal justice systems. These issues typically require more mature and sophisticated donor systems, patient capital, longer duration, all of which are currently still nascent in the CSR ecosystem.

- Sectors such as clean energy, water conservation, agro-forestry, etc. require a level of technical knowledge and domain knowledge to assess solutions that CSR may not always possess.

- There may be fewer proven models and impact definitions, or NGOs working in certain sectors and the ecosystem may also not be as mature, thus not being able to offer the handholding support that CSR very often needs.

CSR spending on Schedule VII Cause Areas (2014-20)

Schedule VII Cause Areas	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total amount in INR crore	Percent share
Education	2,589.42	4,057.45	4,504.87	4,736.23	5,747.73	6,354.34	27,990.04	30.16%
Health Care	1,847.74	2,569.43	2,491.10	2,227.90	3,233.35	4,332.97	16,702.49	18.00%
Rural Development Projects	1,059.35	1,376.16	1,554.78	1,479.80	2,311.26	2,081	9,862.76	10.63%
Environmental Sustainability	773.99	796.69	1,076.46	1,083.05	1,296.26	1,319	6,345.45	6.84%
Poverty, Eradicating Hunger, Malnutrition	274.7	1,252.08	606.55	654.8	1,092.41	1,017.19	4,897.73	5.28%
Livelihood Enhancement Projects	280.17	393.38	515.47	708.99	850.72	890.68	3,639.41	3.92%
Vocational Skills	277.07	344.4	373.46	391.76	759.49	1,094.69	3,240.87	3.49%
NEC/Not Mentioned	1,338.40	1,051.16	388.96	1.04	87.54	96	2,962.70	3.19%
Other Central Government Funds	277.1	334.35	419.99	255.63	710.81	769.59	2,767.47	2.98%
Sanitation	299.54	631.8	421.71	293.15	445.45	446.37	2,538.02	2.74%
Prime Minister's National Relief Fund	228.18	218.04	158.8	175.96	302.66	662.01	1,745.65	1.88%
Art and Culture	117.37	119.17	305.57	284.10	191.25	545.47	1,562.93	1.68%
Training To Promote Sports	57.62	140.12	180.33	227.75	295.2	262.54	1,163.56	1.25%
Safe Drinking Water	103.95	180.16	147.79	180.35	212.04	221.78	1,046.07	1.13%
Swachh Bharat Kosh	113.86	325.52	184.06	213.67	93.8	49.97	980.88	1.06%

Schedule VII Cause Areas	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total amount in INR crore	Percent share
Women Empowerment	72.87	122.79	141.62	203.9	200.45	193.69	935.32	1.01%
Special Education	41.43	125.84	165.33	124.84	177.98	180.12	815.54	0.88%
Socio-Economic Inequalities	39.04	77.97	148.01	137.5	164.89	197.86	765.27	0.82%
Conservation of Natural Resources	44.6	49.85	119.09	214.21	63.21	46.98	537.94	0.58%
Animal Welfare	17.29	66.67	78.7	59.13	96.28	98.46	416.53	0.45%
Gender Equality	55.21	73.85	72.6	20.49	50.96	70.07	343.18	0.37%
Slum Area Development	101.14	14.1	51.49	35.11	50.33	36.1	288.27	0.31%
Setting Up Homes and Hostels for Women	8.74	29.28	61.97	69.23	53.24	38.64	261.10	0.28%
Agro-Forestry	18.12	57.85	43.45	12.18	64.7	56.8	253.10	0.27%
Armed Forces, Veterans, War, Widows/ Dependents	4.76	11.14	37.86	27.72	89.45	59.26	230.19	0.25%
Senior Citizen Welfare	8.94	21.87	27.75	33.07	38.91	46.82	177.36	0.19%
Technology Incubators	4.74	26.34	23.09	15.62	30.51	28.4	128.70	0.14%
Setting Up Orphanages	5.12	16.9	16.8	37.05	11.67	30.09	117.63	0.13%
Clean Ganga Fund	5.47	32.82	24.37	4.54	5.41	4.2	76.81	0.08%
Grand Total	10,066	14,517	14,342	13,909	18,728	21,231	92,793	

Source: Data gathered from csrgov.in

As seen from the table above, funds set up by the government such as the Prime Minister's National Relief Fund, Swachh Bharat Kosh, Clean Ganga Fund and other Central Government funds received 6% (INR 5,570.81 crore) of the total CSR funds between 2014-20. Spending on government funds between the years 2014-19 has amounted to 5.7% (INR 4,085.04 crore) of total CSR expenditure but in the year 2019-20, spending on government funds rose to 6.99% (INR 1,485.77 crore) of the total CSR expenditure which is likely to be a result of companies diverting their CSR funds to support relief efforts for the COVID-19 pandemic.

Government fund, PM Cares introduced to support COVID-19 relief efforts was launched on 27th March 2020[13], and it is expected that a higher percentage of funds would have been contributed by companies in the subsequent year. Additionally, recent amendments in January 2021 to Section 135 of The Companies Act, 2013 mandate that CSR funds that are unspent within the required time frame should be transferred to government funds[14], which is also expected to increase the percentage of funds contributed to government funds.

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[13] Economic Times. (2020). 'PM CARES received Rs 3076 crore in five days from India, abroad'
[14] The Institute of Company Secretaries of India. (2021). 'FAQ's on corporate social responsibility'.

3.3. CSR spending by states

Analysis of CSR data over the last six years reflects that CSR expenditure is skewed towards states that have higher levels of industrialisation and development, as also noted by the High Level Committee report on CSR[15]. Many experts have highlighted the imbalance in geographical distribution of CSR funds[16].

Seven states/ Union Territories of Maharashtra, Karnataka, Gujarat, Andhra Pradesh, Tamil Nadu, Odisha and Delhi combined received 44.55% of the total CSR expenditure from 2014-15 to 2019-20, amounting to INR 41,313.51 crore. On the other hand, Jharkhand, Bihar, Chhattisgarh, Madhya Pradesh and Uttar Pradesh received only 5.69% of the totalexpenditure towards CSR, totalling INR 5,350.98 crore.

CSR spending across Indian states (2014-20)

Over INR 10,000 crore
INR 5,000-9,999 crore
INR 1,000-4,999 crore
Less than INR 1,000 crore or no data available
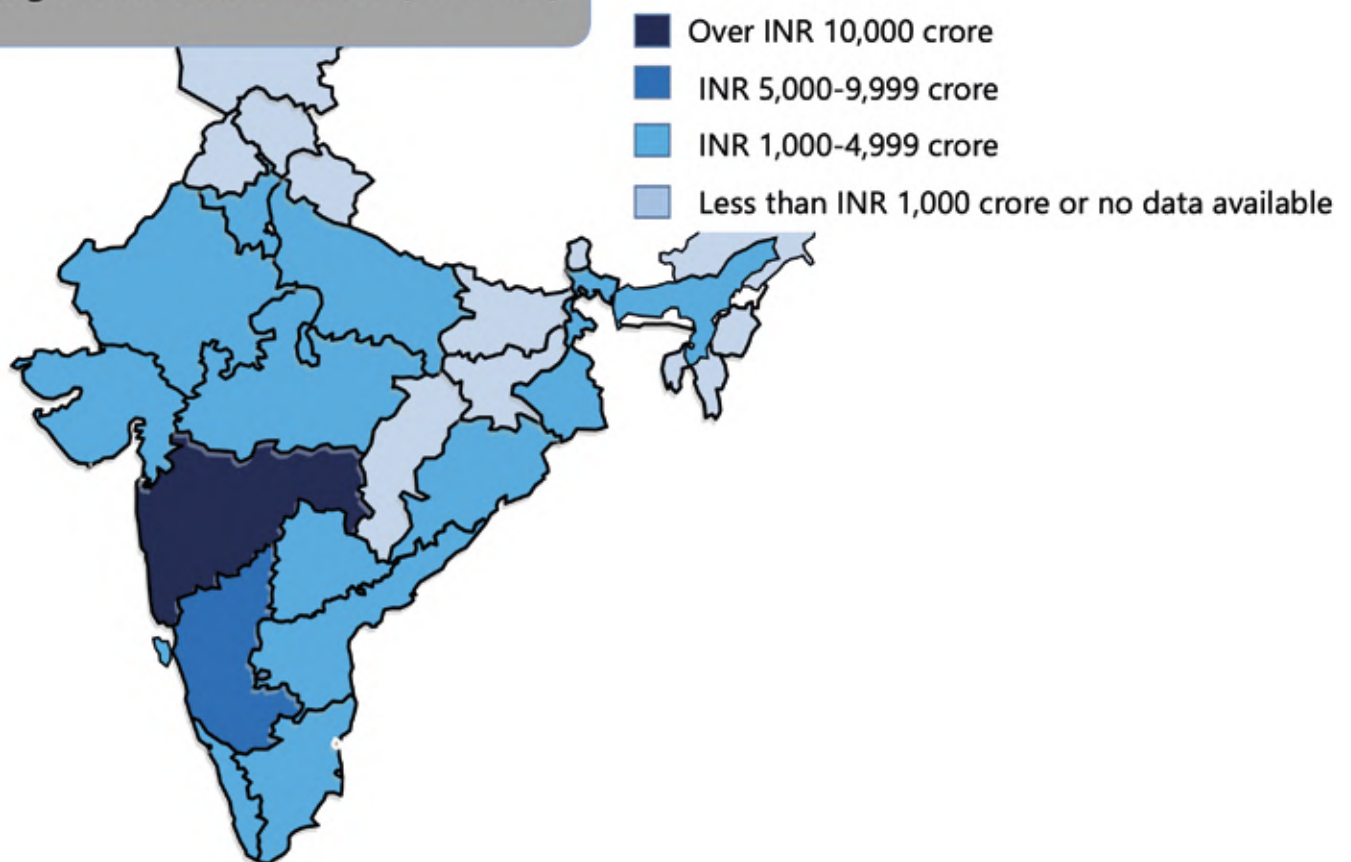
Source: Data gathered from csrgov.in

[15] MCA. (2019). Report of the High Level Committee on Corporate Social Responsibility 2018'. Government of India, Ministry of Corporate Affairs.
[16] India Development Review. (2019). 'CSR giving in India is highly skewed'

3.4. Modes of implementation

While a substantial proportion of companies spend their CSR funds directly (32% of CSR funds between 2014-2020 amounting to INR 29,687.69 crore), implying through vendors or service providers that may not be not-for-profit in nature, social organizations are becoming the most popular route for companies to execute their CSR activities. 41% of all CSR funds between 2014-20 amounting to INR 38,037.35 crore were spent through other implementing agencies, mainly NGOs, with grants. 9% of all CSR funds till 2020 amounting to INR 8,349.66 crore were spent through trusts/societies/section 8 companies set up by the companies themselves whereas 2% of all CSR funds amounting to INR 1,855.48 crore were spent through central or state government entities.
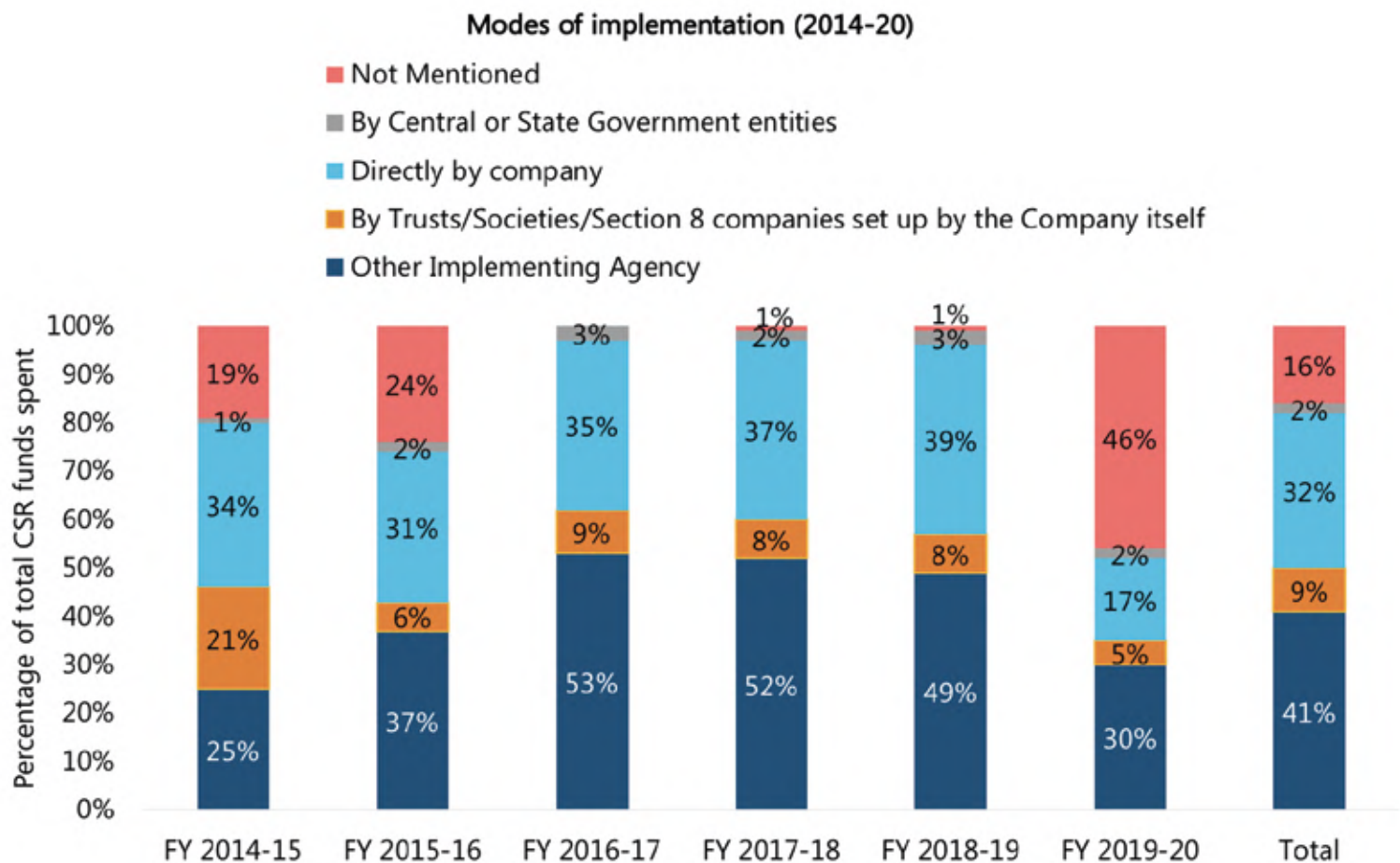
Source: Data gathered from csrgov.in and the High Level Committee Report (2018)

3.5. Impact of COVID-19 on CSR spending

The COVID-19 pandemic affected lives and livelihoods across the country. The Government recognized the need for unified action and, therefore, issued a circular in March 2020 clarifying that spending CSR funds on COVID-19 is an eligible activity. The circular further clarified that the funds may be spent for items (i) and (xii) in Schedule VII of The Companies Act, 2013 i.e. activities related to the promotion of health care (prevention and sanitation) and disaster management[16]. A study of CSR spending by India's top 300 companies and group CSR announcements showed that more than half of India's average annual CSR expenditure was provided for COVID-19 related relief measures, thus drying up the funds available for regular CSR activities. The private sector in India donated more than INR 5,324 crores to the PM-Cares Fund, allotted INR 2,529 crore for COVID related assistance, and donated INR 9 crore to NGOs for COVID related assistance[17].

A study by FSG analysing the CSR activity and spending trends expected by 18 CSR Heads of large Indian and MNC companies and 22 NGOs revealed that while corporates were keen to support NGO partners who they have been working with for long durations of time, they also expected that funds available for traditional CSR activities could be reduced by 30-60%[18].

16. MCA.(2020). 'Clarification on spending of CSR funds for COVID-19'. Government of India, Ministry of Corporate Affairs.
17. IDI. (2020). Presentation on CSR COVID Response and Outlook for '20-21' India Data Insights.
18. Rathi, Karamchandani & Thuard. (2020). 'The impact of COVID-19 on CSR funding for NGOs'. FSG.

4. Findings on CSR approach among Japanese companies

With the cooperation of the Japan Chamber of Commerce and Industry (JCCCI), we conducted a questionnaire survey of 446 Japanese companies registered with JCCCI (mainly those with offices in/near Delhi) between 18th February and 18th March 2021, to collect information on CSR activities among Japanese companies in India. We received responses from 92 companies, and 45 companies answered that they are implementing CSR in India.

4.1. Profile of companies

Out of the respondent sample of 45 companies, 37.8% (17 companies) were from the automobile industry, 8.9% (4 companies) were from infrastructure and allied industries, another 8.9% (4 companies) were from the electronics industry, 4 (8.9%) were from the healthcare/pharmaceutical industry, 8.8% (4 companies) were from the manufacturing and material handling industries, 6.7% (3 companies) were from the banking and financial services industry, 6.6% (3 companies) were from the Chemicals industry, 4.4% (2 companies) were from the IT industry and 8.9% (4 companies) of companies were from other industries. Majority of Japanese companies surveyed were not listed on stock exchanges in India, 4% (2 companies) were listed on the Bombay Stock Exchange (NSE), and 2% (1 company) were listed on the National Stock Exchange (BSE).

As shown below, 91% (41 companies) qualified and were required to spend under Section 135 whereas 9% (4 companies) did not fall under Section 135 and yet implemented CSR voluntarily. The total CSR spend and the average spend per company were showing an increasing trend over the three years.

Profile of Japanese Companies

49% Japanese companies operating in india undertake CSR

91% eligible under section 135

9% do so voluntarily

Net profit of INR 5 cr.
• 69% (31) companies

Turnover of INR 1000 cr. or more
• 13% (6) companies

Net worth of INR 500 cr. or more
• 9% (4) companies

Listing status

6% Listed

94% Listed

Industry Distribution

38% Automobile

9% Infra & Allied

9% Pharma/Healthcare

9% Electronics

9% Mfg. material handling

7% Chemical

7% BFSI

4% IT

9% Other

CSR Spend in INR crore

₹ Total Spend

◆ Avg. per company spend

174.78 — 4.26 — 2017-18 (n=41)

211.87 — 5.04 — 2018-19 (n=42)

229.67 — 5.60 — 2019-20 (n=41)

In terms of compliance, 86-87% (30-32 companies) were spending 2% or more every year in 17-18 and 18-19 as shown in the graph below. However, 19-20 witnessed an increase in the proportion of companies (10 out of 37 companies) spending less than 2%, with some companies stating their projects came to a standstill as a result of the COVID-19 pandemic and its effects.

Dsitribution of Japanese companies across CSR spending categories (2017-20)

Legend: ■ Under spend ■ Exact spend ■ Over spend

Category	FY 17-18 (n=35)	FY 18-19 (n=37)	FY 19-20 (n=37)
Over spend	20%	22%	22%
Exact spend	66%	65%	51%
Under spend	14%	13%	27%

Y-axis: Percentage of companies
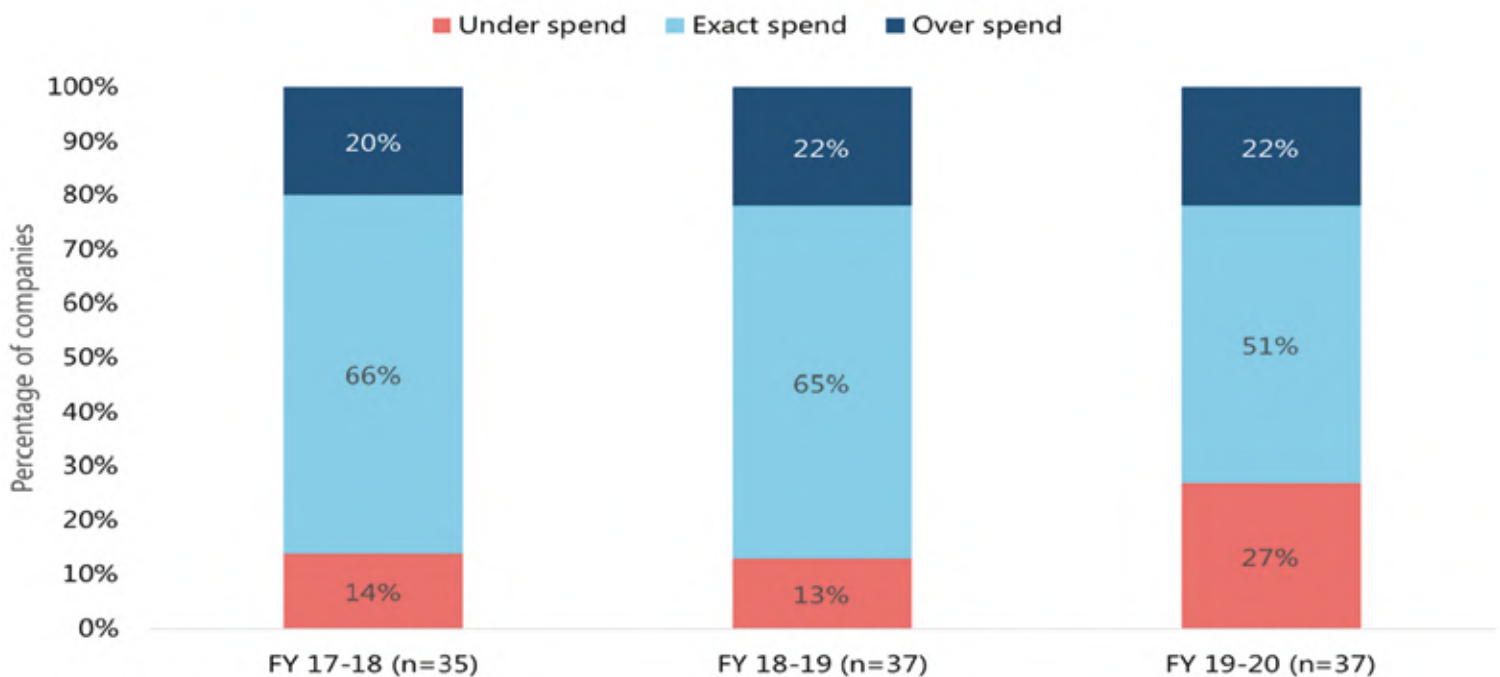
Source: Survey administered to Japanese companies

4.2. Types of approaches to CSR

Though CSR itself is not a new concept either in India or globally, the narrative has evolved constantly, leading to a continuum of approaches based on motivations that primarily drives social sector engagement in the corporate world and the proximity of the approach to business. The three approaches can be categorized as compliance-driven, philanthropic, and strategic.

Compliance-driven

• Primary motivation to engage in CSR is to comply with regulations

Philanthropic

• Motivations generally centre around giving back to the society and solving social problems
• CSR is not linked to any type of business objective

Strategic

• CSR choices address business needs or stakeholders or leverage business competencies, along with creating social impact
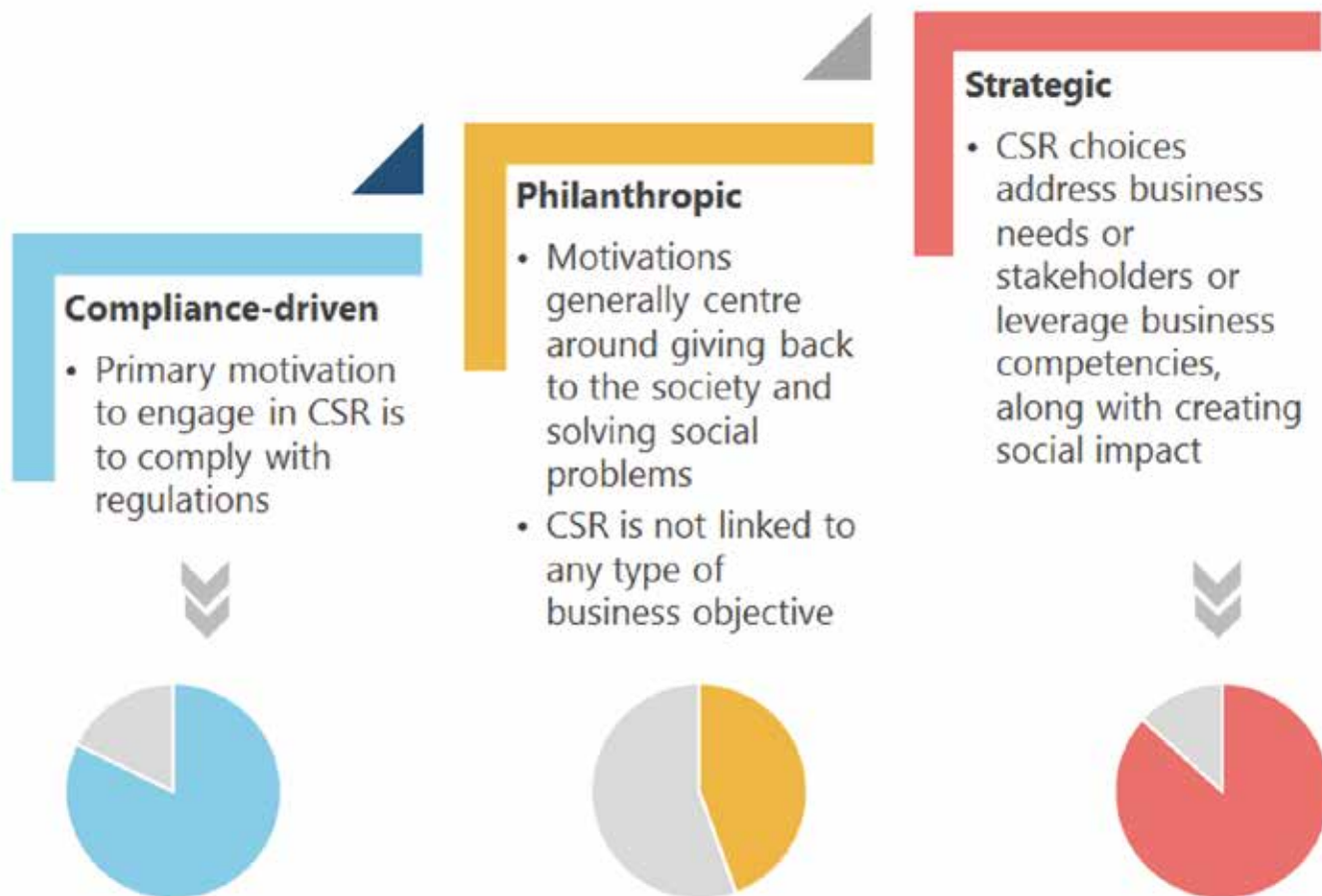
Most Japanese companies shared that they adopted a mixed approach to conceptualising their CSR strategies and programs.

Compliance-driven approach

The compliance-driven approach is a direct consequence of the Companies Act, 2013 and is largely driven by a need to comply with the legislation. 40 out of 45 companies reported that compliance was one of the top three factors for their CSR in India, 37 companies said that it drove CSR decisions most of the time. During interviews, all companies highlighted compliance to be a crucial aspect for all activities undertaken by them, including CSR given their status as a foreign company operating in India.

Philanthropic approach

Philanthropy as an approach is primarily driven by a sense of moral responsibility to give back to society and was a popular approach to CSR among the Japanese companies. 20 out of 45 companies reported that SDGs, social welfare and poverty alleviation are among their top motivators. One IT company shared that when they began executing CSR activities in India, they decided from the onset that they wanted to keep CSR and business very separate, undertaking CSR for the good of

society, which reflected in its support towards the construction of an old age home, which they have continued supporting over the years. Two companies shared how they had been executing what is now considered CSR in India for two decades or more - and thus the impetus was their own sense of responsibility rather than any regulation.

Strategic CSR approach

The third approach is categorised as strategic CSR, where business needs or objectives are addressed through CSR and business strengths and competencies are leveraged to achieve social and environmental goals. Most companies reported following this approach, though in a limited way – the local community around plants or factories was the single most popular business stakeholder as reported by 42 companies 95% (45 companies of which 75% or 33 companies reported that this drives their decisions most of the times) and their development and license to operate as the most common motivation behind CSR.

Another key business objective, though less frequently reported than prioritizing local communities was gaining some visibility for the brand with 34% (15 companies) reporting this as a motivator most of the times or sometimes. Very few companies perceived CSR as addressing other business objectives such as differentiating themselves from competitors (4 companies, 9%) or using CSR as a business strategy to engage key stakeholders (3 companies, 7%) or exploring new markets (3 companies, 7%), possibly because the regulation adopts a cautionary tone towards CSR resulting into business benefits and because a desirability bias that may have lead companies to respond differently.
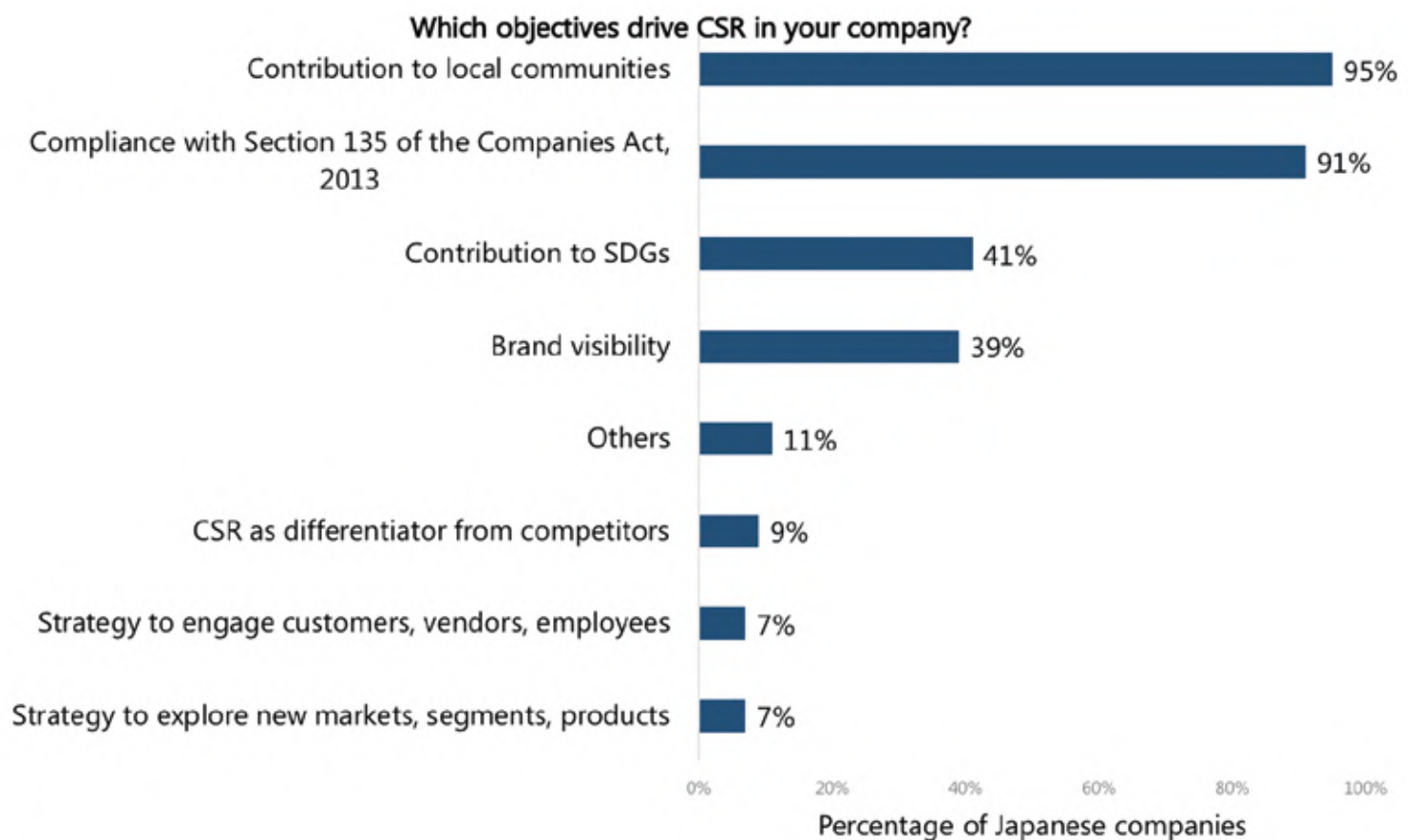
Which objectives drive CSR in your company?

Objective	Percentage
Contribution to local communities	95%
Compliance with Section 135 of the Companies Act, 2013	91%
Contribution to SDGs	41%
Brand visibility	39%
Others	11%
CSR as differentiator from competitors	9%
Strategy to engage customers, vendors, employees	7%
Strategy to explore new markets, segments, products	7%

Percentage of Japanese companies

n = 44
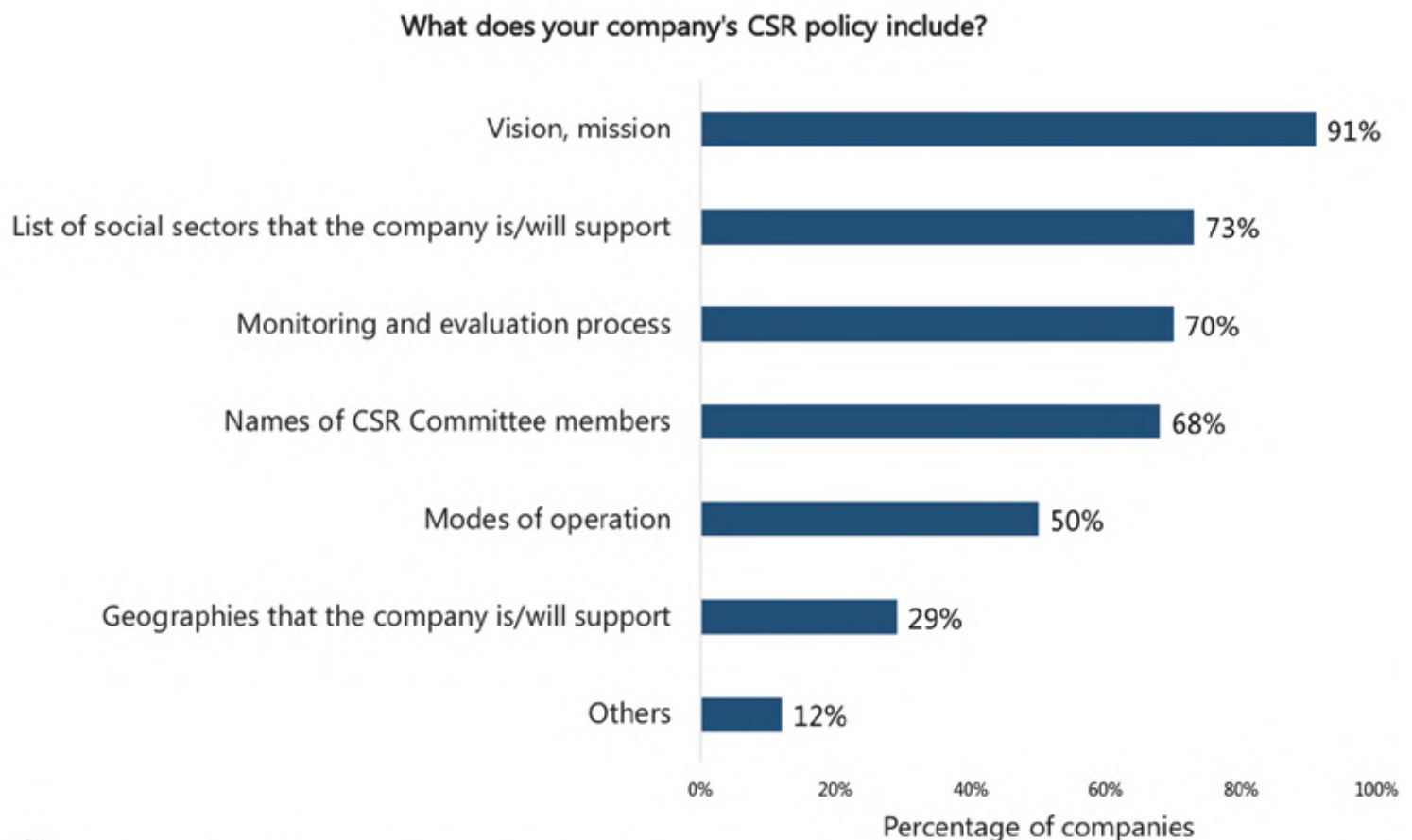Totals add up to more than 100% as companies were allowed to select multiple responses
Source: Survey administered to Japanese companies

4.3. Finding across CSR lifecycle

4.3.1. Formulating a CSR Policy

35 out of 43 Japanese companies (81%) reported that they had documented CSR policies.

Out of 34 responding companies, 91% (31 companies) reported that their policy contains the company CSR vision and mission statements, 71% (25 companies) reported it contains a list of cause areas that the company supports or will support in the future, 66% (23 companies) reported that their policy contains the names of members of their CSR Committee, 53% (24 companies) shared that it contains details about the monitoring and evaluation process followed for CSR activities and only 29% (10 companies) companies reported that their CSR policy stated the specific Indian states in which they execute CSR activities.

What does your company's CSR policy include?

Category	Percentage
Vision, mission	91%
List of social sectors that the company is/will support	73%
Monitoring and evaluation process	70%
Names of CSR Committee members	68%
Modes of operation	50%
Geographies that the company is/will support	29%
Others	12%

Percentage of companies

n = 34
Totals add up to more than 100 as companies were allowed to select multiple options
Source: Survey administered to Japanese companies

During the qualitative interviews, all companies shared that their CSR policies were created in line with their parent company's philosophy and SDGs chosen by their parent companies. A few companies reported receiving broad guidelines from their parent companies, but with flexibility for the company to adapt and cater to the national and local context of its operations.

4.3.2. CSR planning and management

• Stakeholders involved in planning CSR

CSR planning was mainly seen as an internal affair within the company with the CSR Committee/ CSR team or employees across business verticals (reported by 38 companies, 86%) and Board of Directors (reported by 36 companies, 82%) reported as the two key internal stakeholders involved in planning, aligned to the requirements of Section 135. One company shared that a member of its parent company is invited to all Board meetings on CSR in order to keep them updated on their activities. 50% (22 companies) also reported that Human Resources played an active role in CSR. Other support departments such as Legal (15 companies, 34%), Accounts and Finance (13 companies, 29%), Marketing (6 companies, 14%) and factory (4 companies, 9%) were also identified as those aiding in CSR planning and implementation.
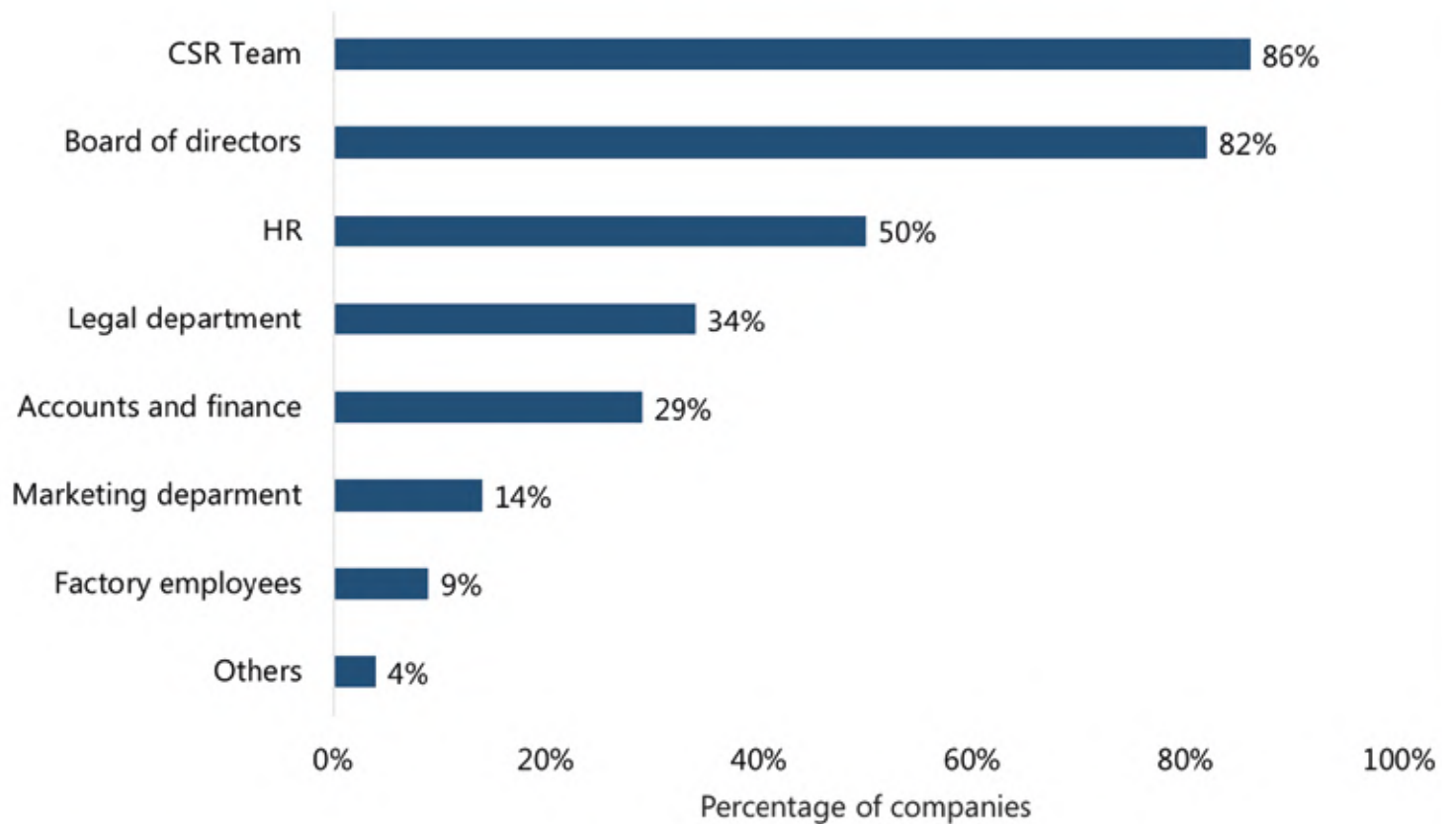
Almost all companies that were interviewed shared that their companies had a CSR Committee, which along with their Board of Directors was heavily involved in the decision-making process including reviewing proposals, and provided the final approval on activities.

While employees did not play an active role in planning for CSR, they clearly were an important stakeholder in terms of participating in CSR activities. Employee engagement activities were reported to be undertaken by 69% (29 companies).

A small proportion of Japanese companies reported involving external stakeholders in the planning of CSR. Amongst external stakeholders, implementation partners were engaged the most by companies (26 companies, 63%), followed by CSR consultants (7 companies, 17%), other stakeholders such as beneficiaries of CSR programs and suppliers/dealers (7 companies, 17%), media agencies (3 companies, 7%), social sector experts (2 companies, 4%), etc.

During qualitative interviews, two companies mentioned that while they are a part of industry associations, their involvement with members of the association has not gone beyond sharing experiences and best practices. One company mentioned that they collaborate with JICA to plan their CSR activities and another company mentioned that they would open to collaborating with their sister companies in India.

Which internal stakeholders are involved in the planning/executing of CSR activities?

Stakeholder	Percentage
CSR Team	86%
Board of directors	82%
HR	50%
Legal department	34%
Accounts and finance	29%
Marketing deparment	14%
Factory employees	9%
Others	4%

Percentage of companies

n = 44
Totals add up to more than 100% as companies were allowed to select multiple responses
Source: Survey administered to Japanese companies

Which external stakeholders are involved in the planning/executing of CSR activities?

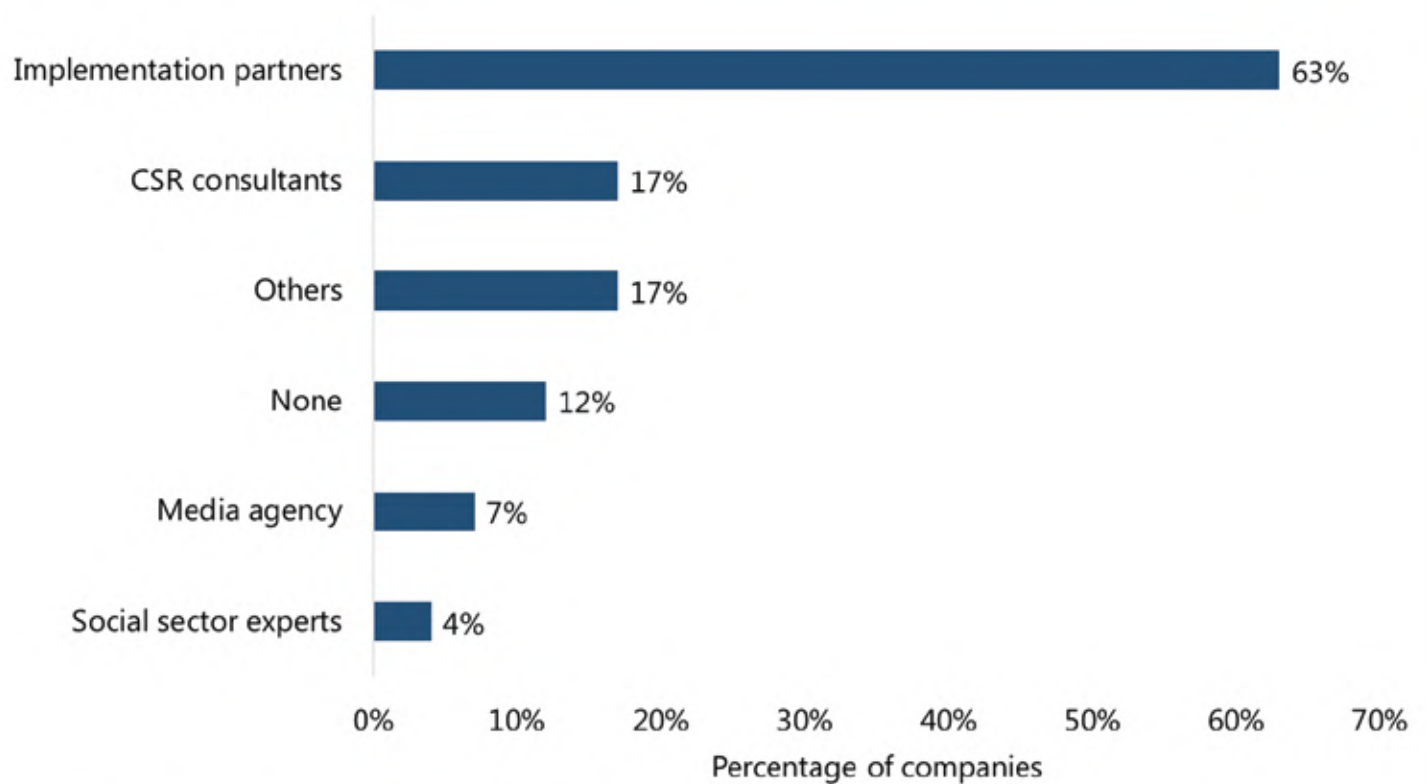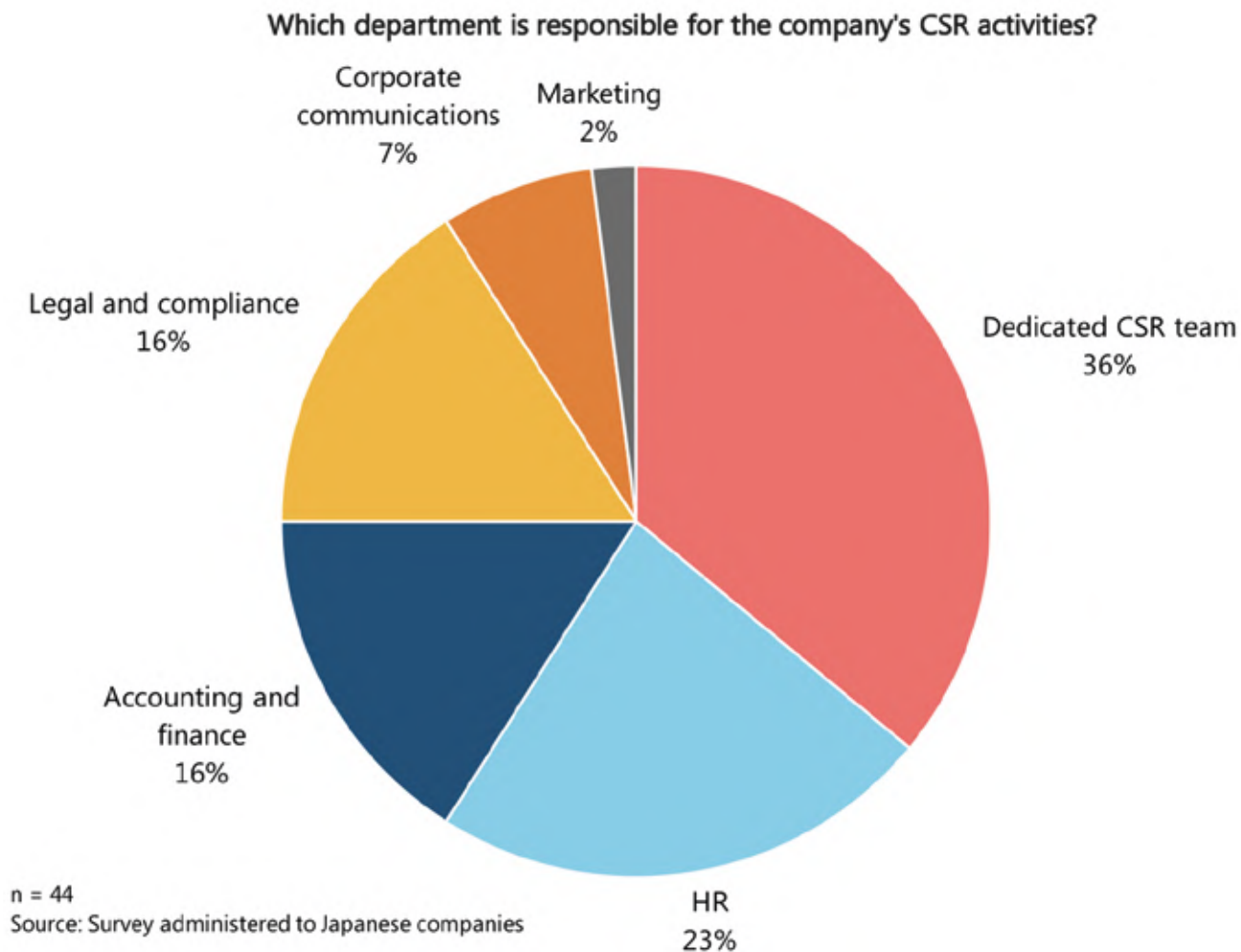| Stakeholder	Percentage
Implementation partners	63%
CSR consultants	17%
Others	17%
None	12%
Media agency	7%
Social sector experts	4%

Percentage of companies

n = 41
Totals add up to more than 100% as companies were allowed to select multiple responses
Source: Survey administered to Japanese companies

• Dedicated CSR team

Around 36% Japanese companies (16 companies) operating in India reported having dedicated CSR teams. A majority of companies depended on other business functions; such as the Human Resources department (10 companies, 23%), Accounting and Finance department (7 companies, 16%), Legal and Compliance (7 companies, 16%), Corporate Communications (3 companies, 7%), and Marketing (1 company, 2%) to drive day to day CSR decisions and management. Some companies shared that the CSR mandate was often shared by different business functions instead of having a designated CSR team as the CSR amounts prescribed were relatively small at the present time.

Which department is responsible for the company's CSR activities?

Corporate communications 7%
Marketing 2%
Legal and compliance 16%
Dedicated CSR team 36%
Accounting and finance 16%
HR 23%

n = 44
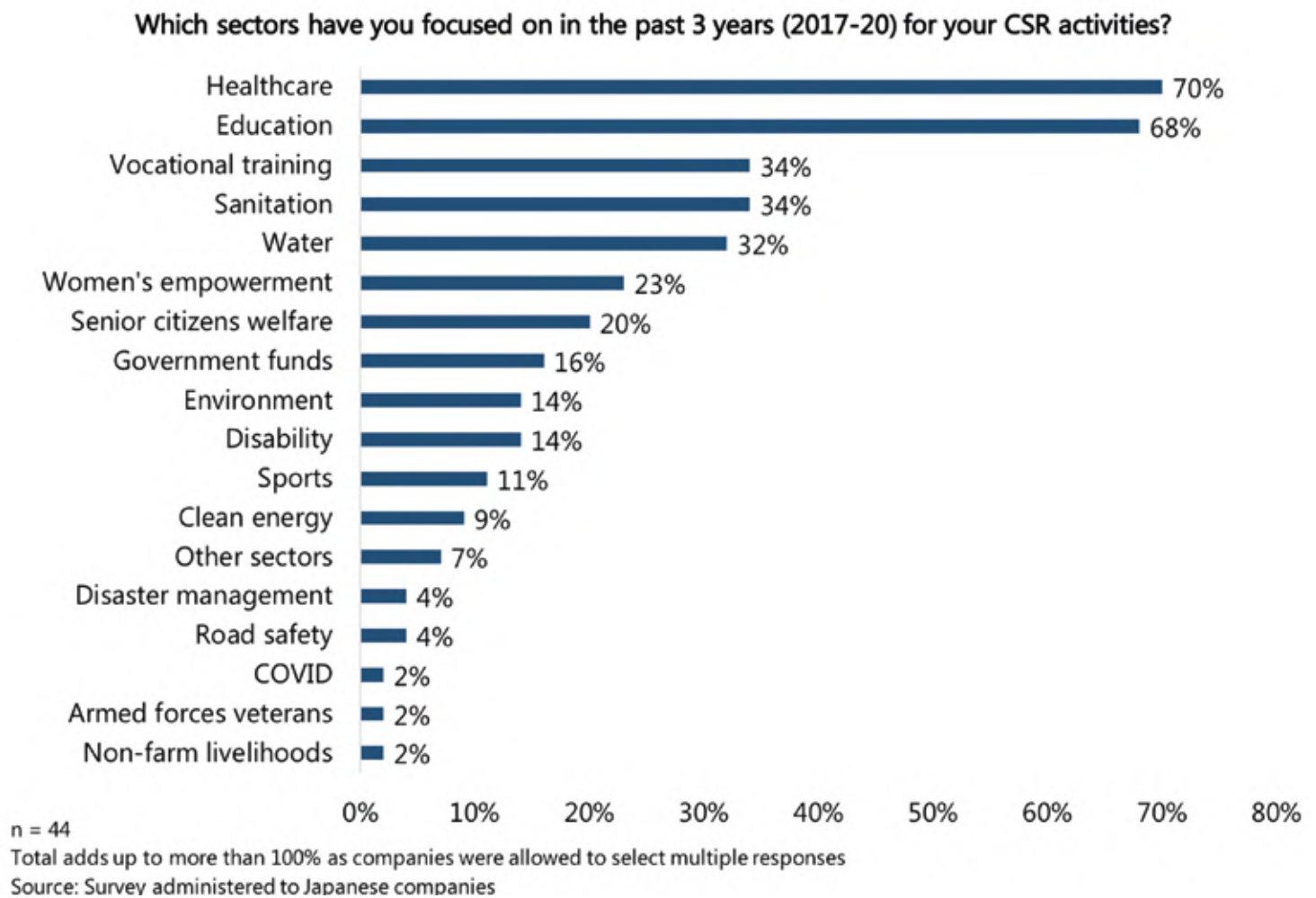Source: Survey administered to Japanese companies

4.3.3. Cause areas selection

CSR activities conducted by Japanese companies in India show a clear inclination towards supporting certain cause areas between 2017-20. Most companies reported that they support an average of 3-4 causes.

Healthcare was reported to be the most popular cause, supported by 70% of Japanese companies (31 companies), followed by education which was supported by 68% (30 companies). This distribution broadly mirrors the national trend in cause-wise spending, as shown in section 3.2. Other commonly reported cause areas were vocational training (15 companies, 34%), sanitation (15 companies, 34%) and water (14 companies, 32%)[19].

19. Data collected from quantitative survey administered to Japanese companies

The decision to support specific causes was driven by a mix of factors, with companies sharing different perspectives. A few companies reported that while deciding cause areas they focus on Schedule VII and combine these with local needs of the communities and inclinations of their top management. Other companies shared that they were cause agnostic and tended to support cause areas for which an implementation partner had approached them with a good proposal and that they were open to modifying their focus areas as per the need of the hour. A few companies also shared that since they were new to executing CSR, they approached the Japanese embassy to collect recommendations and better their understanding, but initially had just been supporting government funds such as the PM-Relief Fund.

Which sectors have you focused on in the past 3 years (2017-20) for your CSR activities?

Sector	Percentage
Healthcare	70%
Education	68%
Vocational training	34%
Sanitation	34%
Water	32%
Women's empowerment	23%
Senior citizens welfare	20%
Government funds	16%
Environment	14%
Disability	14%
Sports	11%
Clean energy	9%
Other sectors	7%
Disaster management	4%
Road safety	4%
COVID	2%
Armed forces veterans	2%
Non-farm livelihoods	2%

n = 44
Total adds up to more than 100% as companies were allowed to select multiple responses
Source: Survey administered to Japanese companies

50% (21 companies) reported that their internal team undertook research on the causes to inform the design of their CSR programs, 17% (7 companies) reported that this was undertaken by their NGO partners and 9% (4 companies) reported that their consultants undertook this research. However, 24% (10 companies) reported that they did not attempt any background study of the causes they wished to support.

Who undertakes research on causes to inform CSR program design?

Consultants
9%

NGO Partners
17%

Internal team
50%

Currently not
undertaken
24%
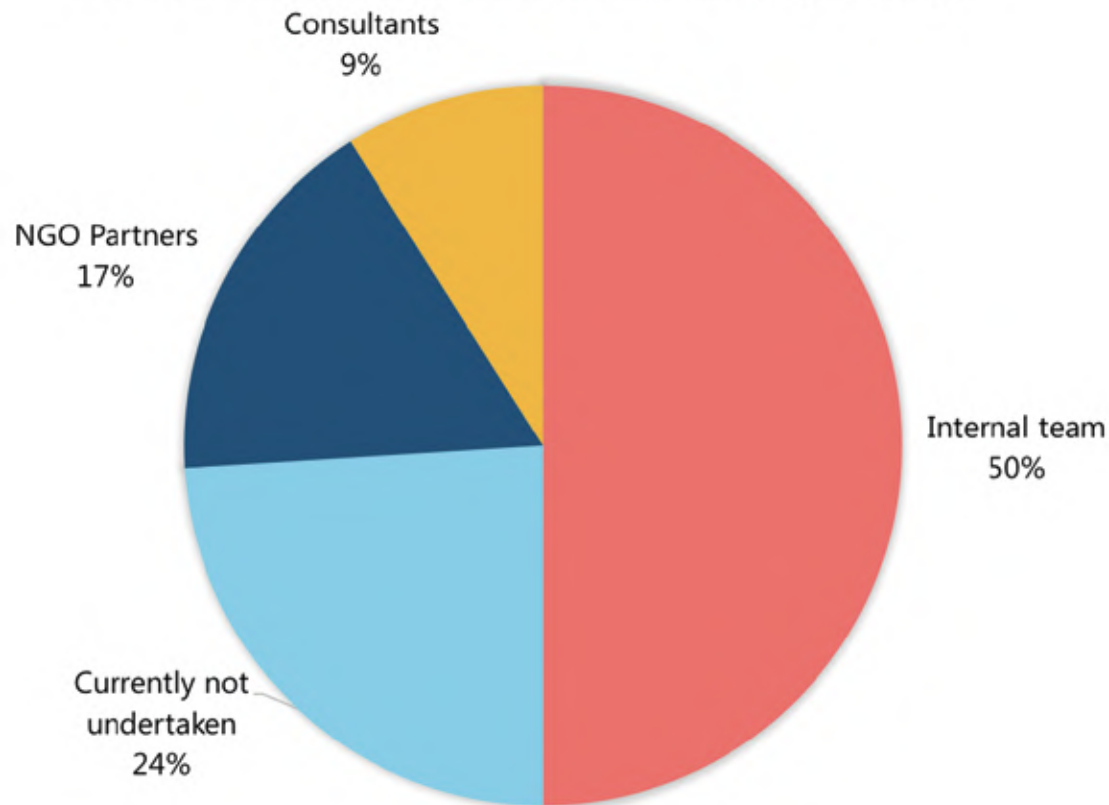
n = 42
Source: Survey administered to Japanese companies

4.3.4. State wise spending

On average, a Japanese company was likely to execute CSR projects in 2-3 states.
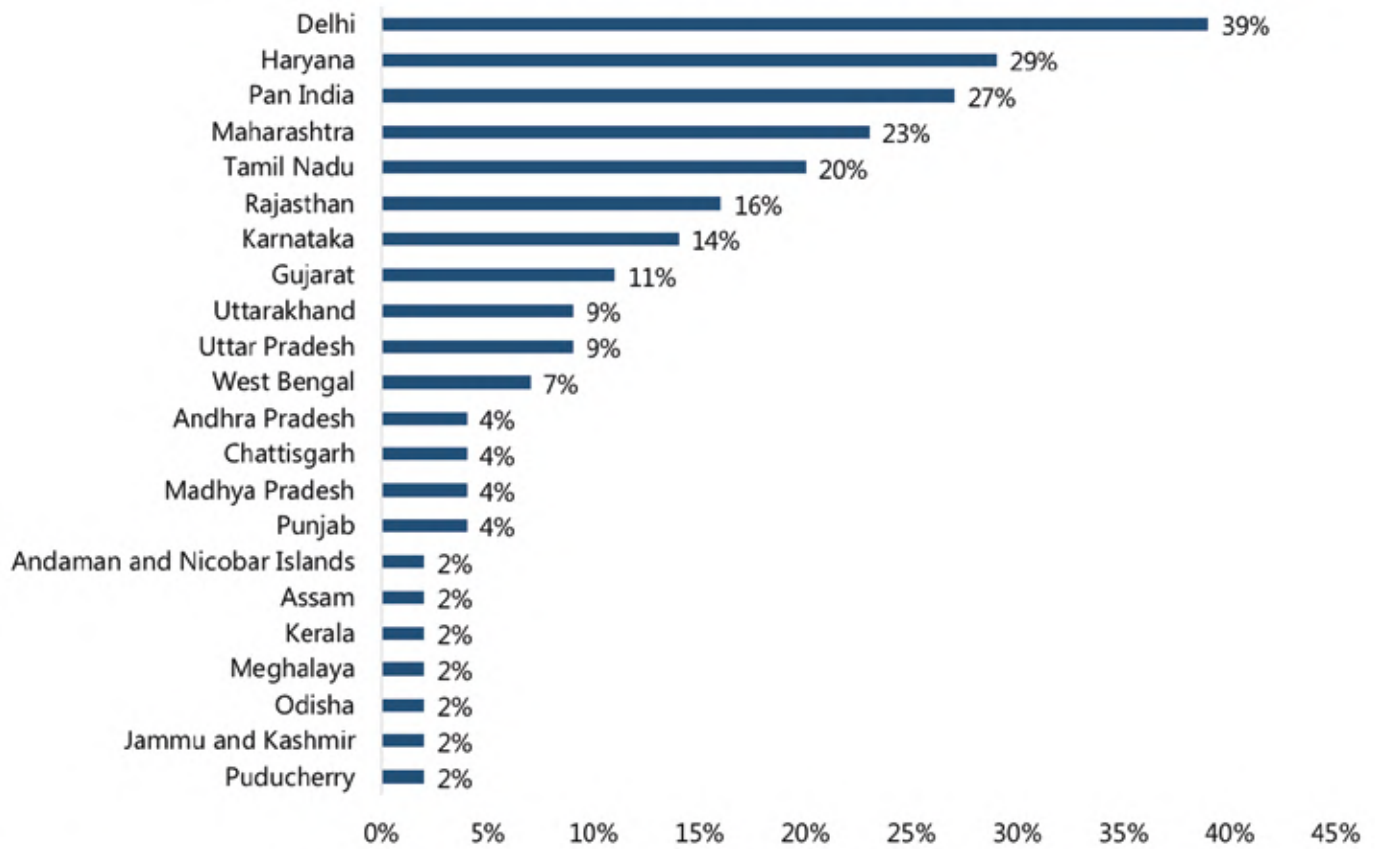
In terms of states with the highest number of Japanese companies with CSR projects, Delhi (17 companies, 39%) and Haryana (13 companies, 29%) topped the list, followed by Maharashtra (10 companies, 23%), Tamil Nadu (9 companies, 20%) and Rajasthan (7 companies, 16%), based on a larger set of data on Japanese companies mined from csr.gov.in[20].

Mapping CSR expenditure of Japanese companies across the states of India showed that in the year 2019-20 Karnataka (INR 20.67 crore), Haryana (INR 9.18 crore) and Delhi (INR 8.8 crore) were the top receivers of CSR funding, followed by Gujarat and Maharashtra. The slight discrepancy between presence and amount of spending could indicate that Karnataka saw CSR projects with higher budgets. Probable reasons for the concentration of CSR spending across states such as Karnataka, Haryana, Delhi, Gujarat, Maharashtra and Tamil Nadu are linked to Japanese company operations being more prevalent in these industrial hubs.

Section 135 encourages companies to spend their CSR budget around the local areas of the company. 75% of Japanese companies (34 companies) surveyed responded that they spent an average of 51% of their total CSR amount in the areas around the company's offices, factories, and campus in 2019-20, with 35% (12 companies) indicating that they spent above 90% of their CSR budget around the local areas of the company.

20. Data was gathered in May 2021 from csr.gov.in

State-wise distribution of CSR programs of Japanese companies

| State	Percentage
Delhi	39%
Haryana	29%
Pan India	27%
Maharashtra	23%
Tamil Nadu	20%
Rajasthan	16%
Karnataka	14%
Gujarat	11%
Uttarakhand	9%
Uttar Pradesh	9%
West Bengal	7%
Andhra Pradesh	4%
Chattisgarh	4%
Madhya Pradesh	4%
Punjab	4%
Andaman and Nicobar Islands	2%
Assam	2%
Kerala	2%
Meghalaya	2%
Odisha	2%
Jammu and Kashmir	2%
Puducherry	2%

Percentage of companies

n = 44
Totals adds up to more than 100% as companies were allowed to select multiple responses
Source: Data scraped from csr.gov.in

State-wise CSR expenditure of Japanese companies (2019-20)

Over INR 10 crore
INR 5-9 crore
INR 1-4 crore
Less than INR 1 crore/no data available
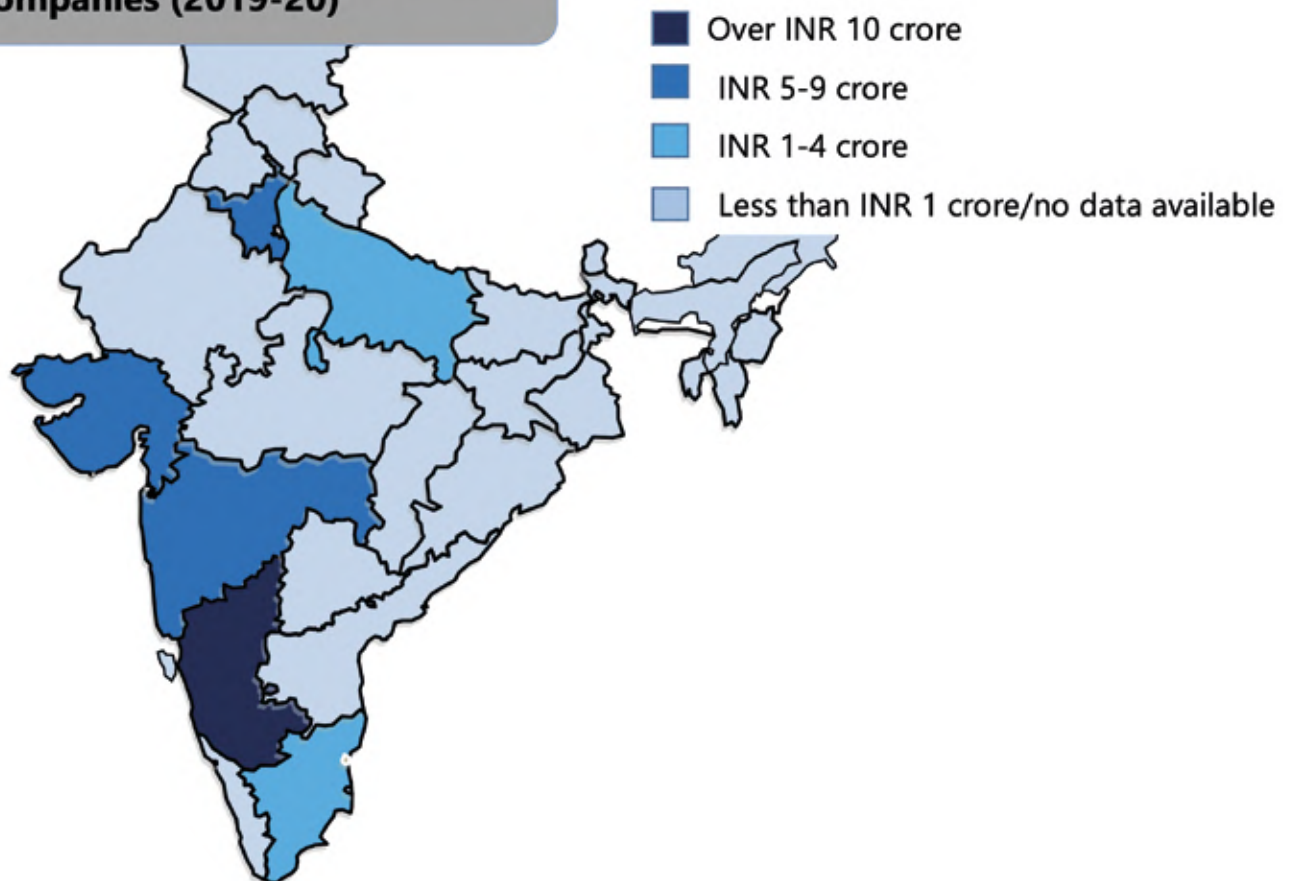
n = 45
Source: Survey administered to Japanese companies

As part of the survey Japanese companies shared details of the top 3 projects implemented by them. Please refer to the appendix to see the responses of the companies.

4.3.5. Types of CSR programs supported

More than half of the companies surveyed (24 companies, 57%) reported that they designed their own projects and partnered with social organizations for project execution, in line with the fact that a majority of companies undertook CSR around their locations and therefore needed programs that respond to specific needs. 45% (19 companies) reported that their internal team is in charge of undertaking community needs assessments when required before designing a CSR program, 19% (8 companies) reported that NGO partners undertake the same for the company and 10% (4 companies) reported that consultants undertake it.

Who is in charge of undertaking community needs assessments when designing a CSR program?

Consultants
10%

NGO Partner
19%

Internal team
45%

Currently not
undertaken
26%
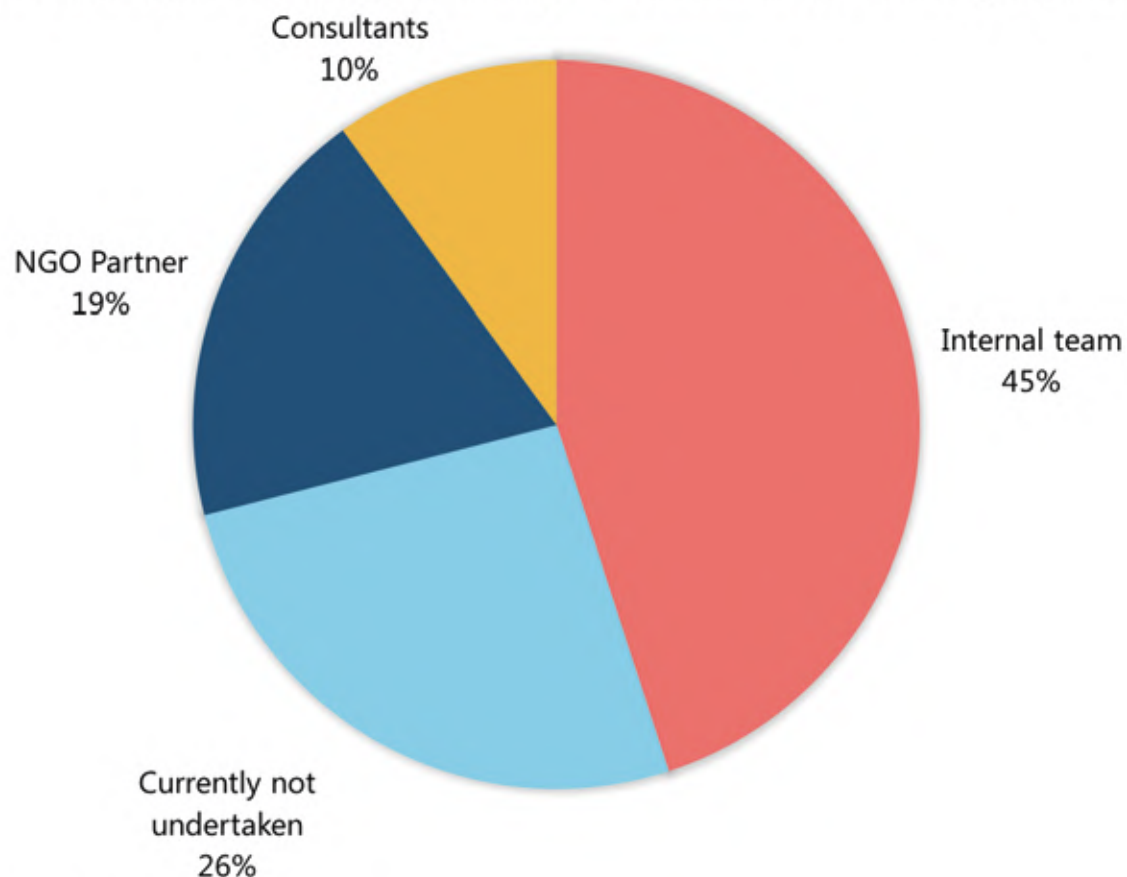
n = 42
Source: Survey administered to Japanese companies

A small number of companies with more mature CSR systems were involved in designing 'flagship' programs, ones that address a specific issue, include innovative elements, run at scale. For example, Toyota Kirloskar Motors (TKM) runs 'Toyota Safety Education Program' (TSEP), which aims to create awareness among young school children about the importance of being responsible road users. Refer to the case studies below.

Toyota Kirloskar Motor's (TKM) Road Safety Education Program

TSEP (Toyota Safety Education Program) focuses on increasing awareness about road safety among children, completed 13 years in 2020. The program aims at bringing about behavioural change in future road users by introducing them to various road safety scenarios. Children in schools across Delhi, Mumbai and Bangalore are encouraged to establish Road Safety Clubs. TSEP follows ABC (Awareness, Behavioural change & Campaigning) strategy, involving awareness through digital and school-based learning, scorecards, online tracking of the learning outcomes, behavioural change through club activities and campaigning. The students learning outcomes are projected through various competition held at the school level, state level & national level. An eminent jury representing various areas – government, enforcement and policymakers, media, corporate, IIT professors evaluate the children learnings. TSEP has reached more than 780,000 students in Delhi, Mumbai, and Bangalore where students from classes 9 to 12 are encouraged to form Road Safety Teams and provide solutions to critical road safety issues.

Toyota Hackathon is the extension of the road safety program established in schools, conducted with an objective of giving the platform for the young minds to come up with road safety solutions. The first-of-its-kind competition on road safety is conducted for students from grades 9–12. More than 600 teams participated, of which 10 teams were shortlisted as finalists. An eminent jury representing various areas – government, enforcement and policymakers, media, corporate, IIT professors evaluated the children's project proposals on road safety. The best 3 winners are selected and awarded.

Further, to drive school engagement on road safety, TKM has conceptualized an additional intervention in experiential learning for students and school bus drivers. The initiative involves incorporating an experiential learning model through the creation of a Traffic Park in model schools. The Traffic Park is instrumental in exposing them to different real-life scenarios within the safe confines of their school premises. It further promotes the adoption of safe practices, so that such scenarios can be dealt with safely and promptly, whenever the need arises. The Traffic Parks act as a knowledge hub for other schools in the neighbourhood as well. It is a collaborative approach; TKM along with its business partners (dealers and suppliers) has established seven parks nationally as of today. Overall, TKM has reached out to more than 7,98,000 children with its road safety initiatives.

Mitsui Chemicals' computer lab and smart classrooms

Mitsui Chemicals was the first ever company to pilot the projects of providing computer labs and smart classrooms in Municipal Corporation of Delhi schools. Their initiative on 'Smart Classrooms' aims to equip the classrooms of government primary schools with interactive boards and projection facilities. The objective of the program is to promote digital education in schools and facilitate the delivery of quality education in well-equipped classrooms. Mitsui Chemicals has an impact focus on

educating children from lower income communities, especially girl students, and have forged a partnership with Sakshi, an NGO, to achieve the same. The intervention has proven to be impactful as an increase in student engagement and interest levels has been recorded in the schools. Following the success of this pilot project, the program has been scaled by the company and in partnerships with multiple NGOs.

Canon's 'Adopt a Village' program

Canon, a digital imaging company launched the 'Adopt a Village' program in 2012 with the aim to cater to the holistic development of villages. The initiative aims at providing educational support to village schools by facilitating the provision of teachers and e-learning equipment as well as addressing environmental matters such as rainwater harvesting, cleanliness, providing solar energy for school operations and street lighting. The initiative also aims at facilitating access to eye care by setting up Vision Centres for testing and diagnosis, and empowering villagers by providing vocational training in computer operation and tailoring. Canon has adopted 4 villages in Haryana, Karnataka, West Bengal and Maharashtra, and implements the initiative along with NGO partners such as Humana People to People. Five years post the commencement of the intervention, four of the initial villages in Haryana, Karnataka, West Bengal and Maharashtra locations have become self-sufficient and new villages have been adopted in these locations. Extending the ambit of their support in light of the COVID-19 pandemic, Canon has facilitated access to food, essentials and sanitation to all their adopted villages. Canon also conducted vaccination registration support and awareness drive in its adopted villages.
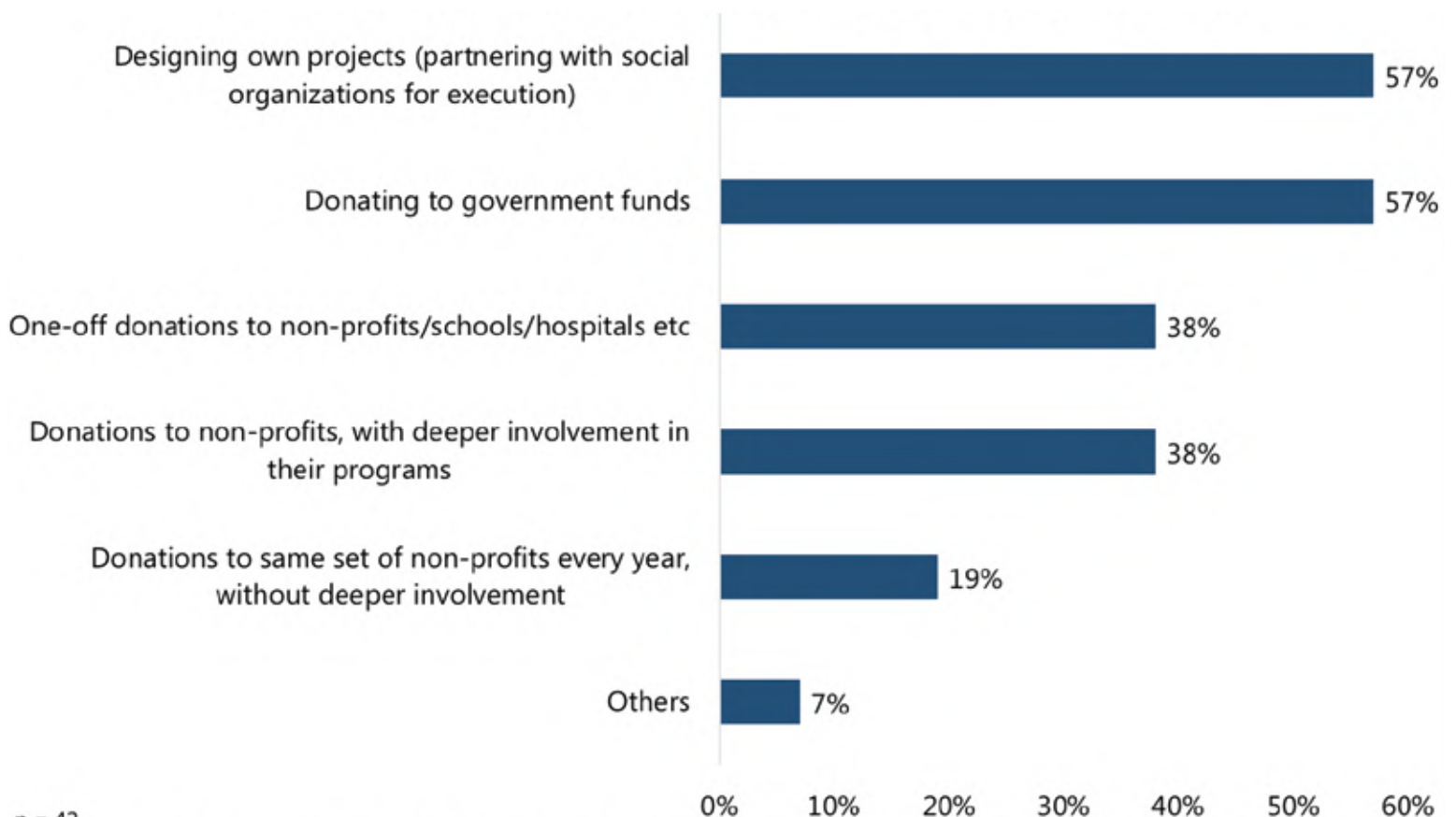
An automotive manufacturing company's Institute of Manufacturing (JIM)

An automobile manufacturing company, has set up two institutes, one each in Gujarat and Haryana, in collaboration with the Ganpat University of Gujarat, Government of India and the Government of Japan. The institutes aim to create a skilled workforce for the manufacturing industry. The Gujarat institute offers technical training courses related to seven different aspects of the automobile sector that have been approved by the National Council for Vocational Training (NCVT) in India. Soft skills training, curated by Japan's Association for Overseas Technical Cooperation and Sustainable Partnerships (AOTS) with advice from Japan's Ministry of Economy, Trade and Industry, is also provided. Students are actively engaged in training sessions using virtual welding simulators, vehicle and engine assembly lines, safety labs and welding equipment. The first institute established in 2017 in Gujarat has witnessed the graduations of two batches of students and a 100% job placement rate. The first batch of the second JIM in Haryana is being trained in eight trades related to the automobile industry and Japanese manufacturing practices.

A few companies stated that while innovative corporate responsibility programs were undertaken by their parent company globally, they were yet to explore innovative approaches in India. Some companies were of the stance that they would be open to this kind of risk-taking in CSR if the program met the criteria of Section 135, as innovation is a part of their corporate philosophy.

38% (16 companies) reported that while they do not design programs per se, they donate to non-profits and also engage in deeper involvement with the activities of the non-profits that they are supporting. Another 19% (8 companies) reported that they make donations to the same set of non-profits every year without any deeper involvement with the non-profits' programs. A significant minority 38% (16 companies) also reported that their CSR activities consist of providing one-off donations to non-profit organizations, schools and hospitals. One BFSI company shared that they preferred supporting existing programs of NGOs as they plan their support for activities on a year-to-year basis, which makes it difficult for them to start a project of their own. Other companies shared that their internal stakeholders involved in the decision making were more keen that the company supports local communities or NGOs through material donations in the form of drinking water coolers, medical equipment, etc as they believe that one-time provision of material allows for ease of implementation and surety of impact created. Some companies mentioned that during the COVID-19 lockdown in India, they extended their funding support to what their NGO partners considered the need of the hour.

What describes the types of CSR programs your company undertakes?

Category	Percentage
Designing own projects (partnering with social organizations for execution)	57%
Donating to government funds	57%
One-off donations to non-profits/schools/hospitals etc	38%
Donations to non-profits, with deeper involvement in their programs	38%
Donations to same set of non-profits every year, without deeper involvement	19%
Others	7%

Percentage of companies

n = 42
Total adds up to more than 100% as companies were allowed to select multiple responses
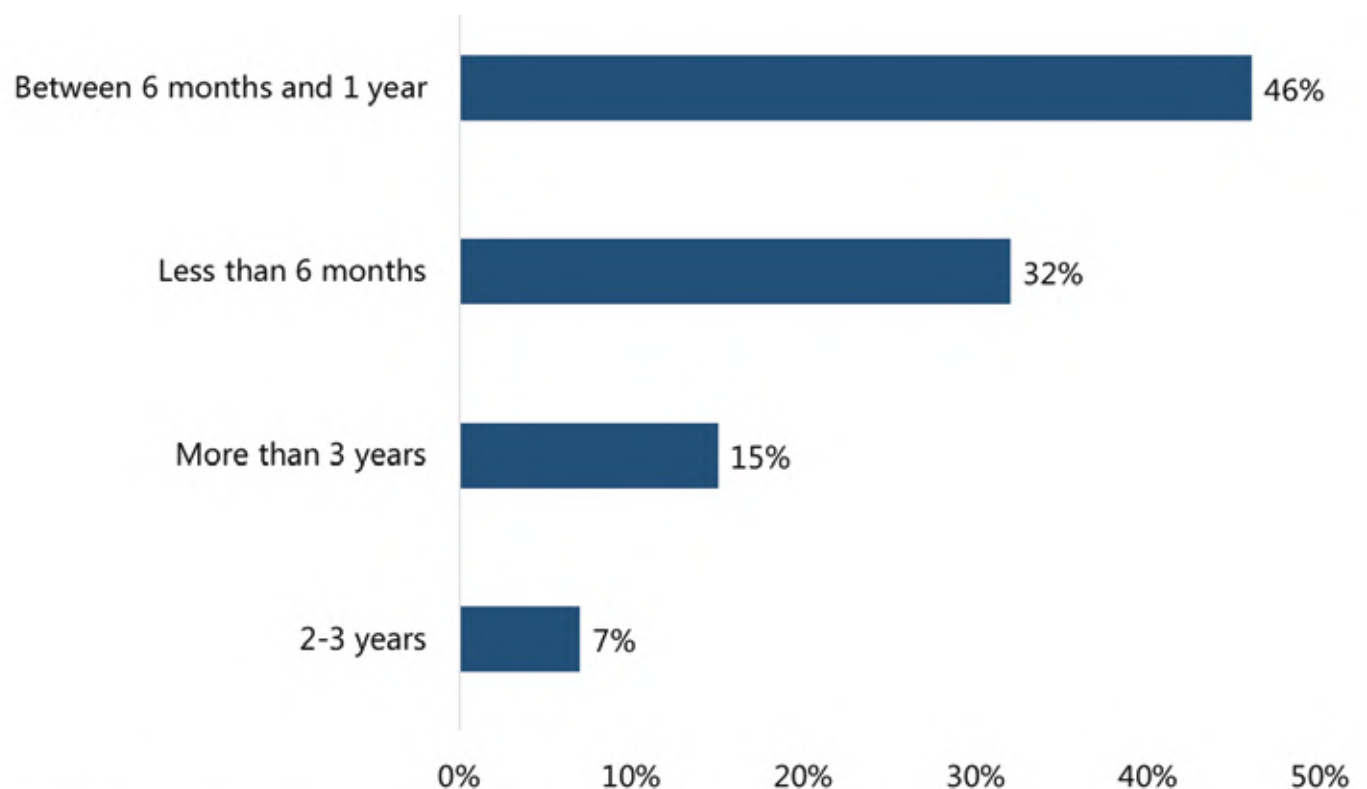Source: Survey administered to Japanese companies

Contribution to government funds

57% (24 companies) reported that they donated to government funds such as the PM Relief Fund and that these contributions made up an average of 27% of their CSR spend for 2019-20. In fact, 13% (6 companies) of companies reported that they contributed 100% of their CSR budget to government funds.

Average duration of CSR programs

Majority of companies reported that their CSR programs were of an average duration between six months and 1 year (19 companies, 46%), followed by lesser than six months (13 companies, 32%). A small minority of companies reported that the average duration of their CSR programs was more than three years long (6 companies, 15%) and between two to three years (3 companies, 7%).

What is the average duration of your companies CSR programs?

n = 41
Note: None of the respondent companies selected the option '1-2 years'
Source: Survey administered to Japanese companies

4.3.6. Choice of implementation partners

Non-profits were the most preferred implementation partners, with 57% (24 companies) reporting that they partner with NGOs to execute their CSR activities. 24% (10 companies) reported that they partnered with central/state and other government agencies (reflecting a relatively high proportion donating to government funds), 9% (4 companies) had their own CSR foundation for execution, 7% (3 companies) reported that they partnered with for-profit social enterprises, 5% (2 companies) reported that they partnered with CSR consulting agencies and 2% (1 company) reported that they partnered with marketing agencies. 17% (7 companies) reported not partnering with any implementing agencies while executing their CSR activities.
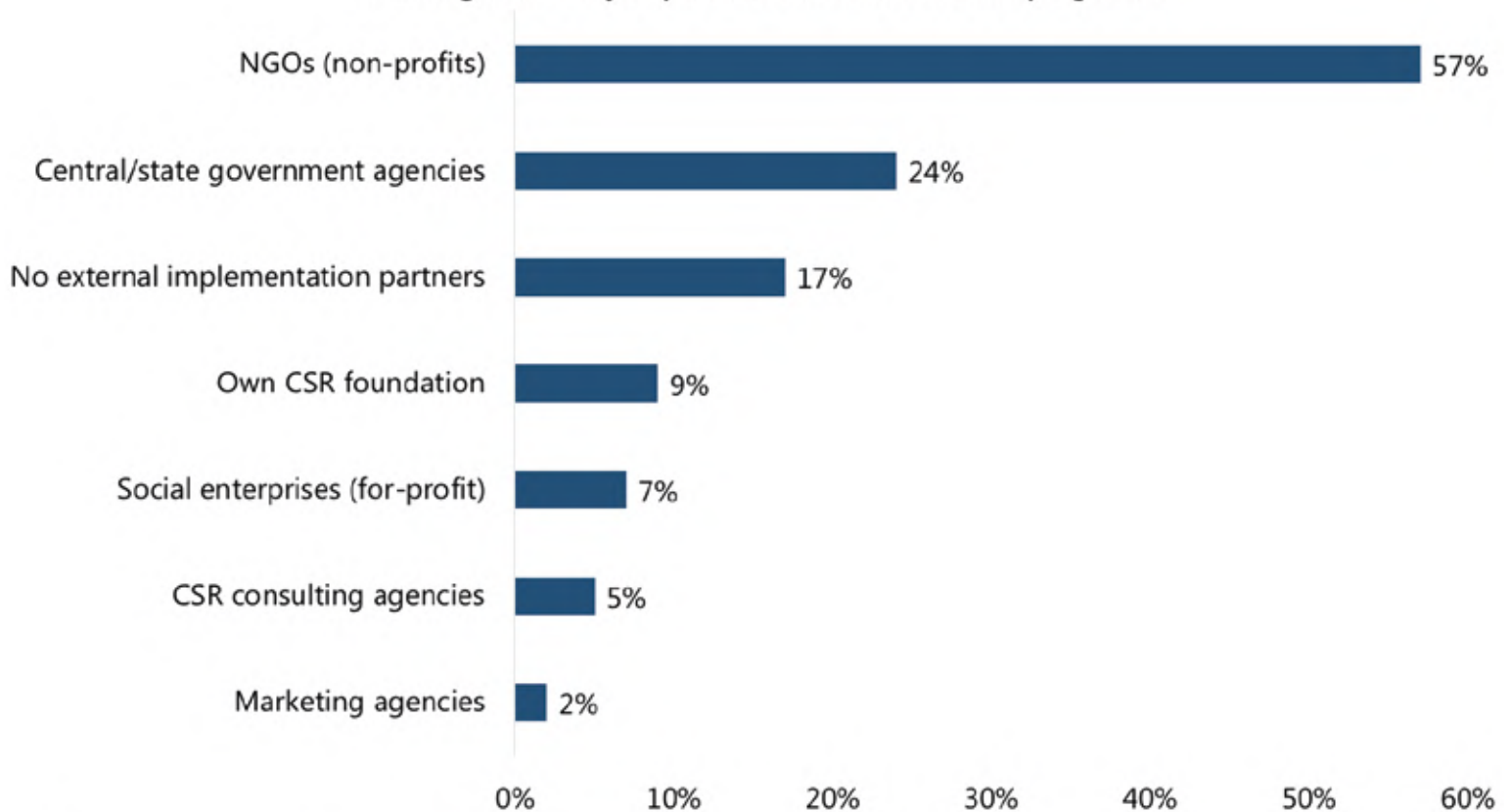
These trends are similar to national CSR spending trends, with the exception that more Japanese companies spend their CSR funds through government agencies and funds than national trends of companies spending through government agencies.

During interviews, most Japanese companies voiced their preference for working with NGOs over other implementation partners, and within that four companies shared that they have a strong preference for working with smaller NGOs compared to larger NGOs. The reasons cited were that communication and execution were easier with smaller NGOs and that they were also more flexible compared to larger NGOs when it came to implementing interventions designed by the company. There were also some concerns cited with larger overheads associated with bigger NGOs.

Companies highlighted the benefits of working with NGOs such as a good understanding of communities and their needs, established networks within the communities and the ability to support companies with smaller CSR teams in implementing and monitoring activities. One IT company gave the example of how its NGO partner helped to monitor its CSR program during the COVID-19 lockdown when their own team was unable to. However, companies also highlighted certain challenges in relation to partnering with NGOs such as their limited proficiencies in financial and business management, which may impact their efficiency and difficulty quantifying the impact of their operations. One company also raised concerns surrounding the transparency of NGOs, sharing that since they had many foreign Board Members, they had to be able to demonstrate the credibility and practices of their NGO partners.

Most companies shared that they have not partnered with social enterprises till date. While some were open to partnering with them once their CSR budgets were large enough to pay for their services, others shared that their interpretation of Section 135 had led them to conclude that partnering with for-profit enterprises for the implementation of CSR was prohibited. One company commented that in their experience they had found that social enterprises tend to have processes and analytics that were very well set up, but do not tend to have on-ground connections with communities in the same way that NGOs do.

Which agencies do you partner with to execute CSR programs?

NGOs (non-profits) — 57%
Central/state government agencies — 24%
No external implementation partners — 17%
Own CSR foundation — 9%
Social enterprises (for-profit) — 7%
CSR consulting agencies — 5%
Marketing agencies — 2%

0% 10% 20% 30% 40% 50% 60%

n= 42
Total adds up to more than 100% as companies were allowed to select multiple responses
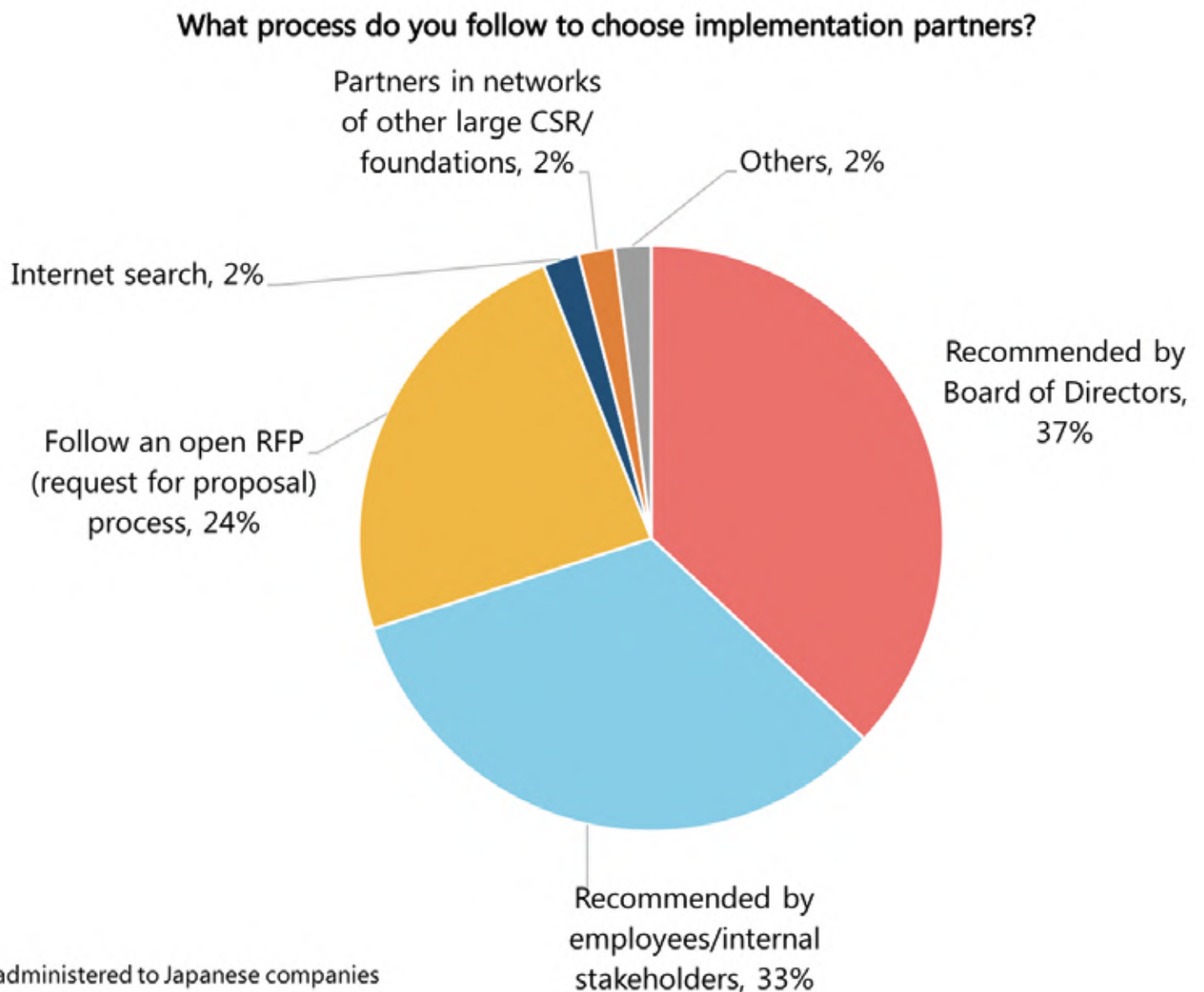Source: Survey administered to Japanese companies

In terms of providing capacity-building support to their implementation partners, a few companies reported that they provided NGOs with training on how to implement their CSR activities. Toyota Kirloskar shared that in their attempt to contribute to strengthening the CSR ecosystem as a whole, they held a program called 'Social Power of Learning' to improve the operational efficiencies of NGOs, free of charge and open to all NGOs. Refer to the case study below.

Toyota Kirloskar's Social Academy of Learning

In its efforts to contribute to strengthening the Corporate Social Responsibility ecosystem Toyota Kirloskar Motor (TKM), launched the program, Social Academy of Learning (SALT) in 2019-20 for building the capacity of NPO (Non-Profit Organisation) leaders to be future-ready. The idea of this program is to build the capacity of NPOs, not through one-time activities, but with continued handholding support. The program is designed in a way where heads-on, hearts-on and hands-on approaches are blended to provide unique capacity-building support to NPOs. In addition to the training program, TKM conducted pre and post-assessment of the participant organizations, through a third-party independent agency. Pre-assessment is to assess and evaluate the current knowledge and practices followed at an organization level, to provide specific capacity-building support, while post assessment is to assess improvement in the knowledge and practices post completion of the training program. Through SALT, TKM outlines the elements an organization needs to inculcate to be relevant and ready for the emerging outcome-based funding and impact investing environment..

Japanese companies used various methods to identify suitable implementation partners for their CSR activities. 37% (15 companies), a sizeable proportion of companies reported that suitable implementation partners were identified based on recommendations from their Board of Directors, 33% (14 companies) reported that partners were chosen based on recommendations from employees and other internal stakeholders, 24% (10 companies) of reported following an open 'Request for Proposals' method for the identification of implementing partners, 2% (1 company) said they choose partners based on internet searchers and another 2% (1 company) said that they choose partners based on their association with other companies executing CSR activities.
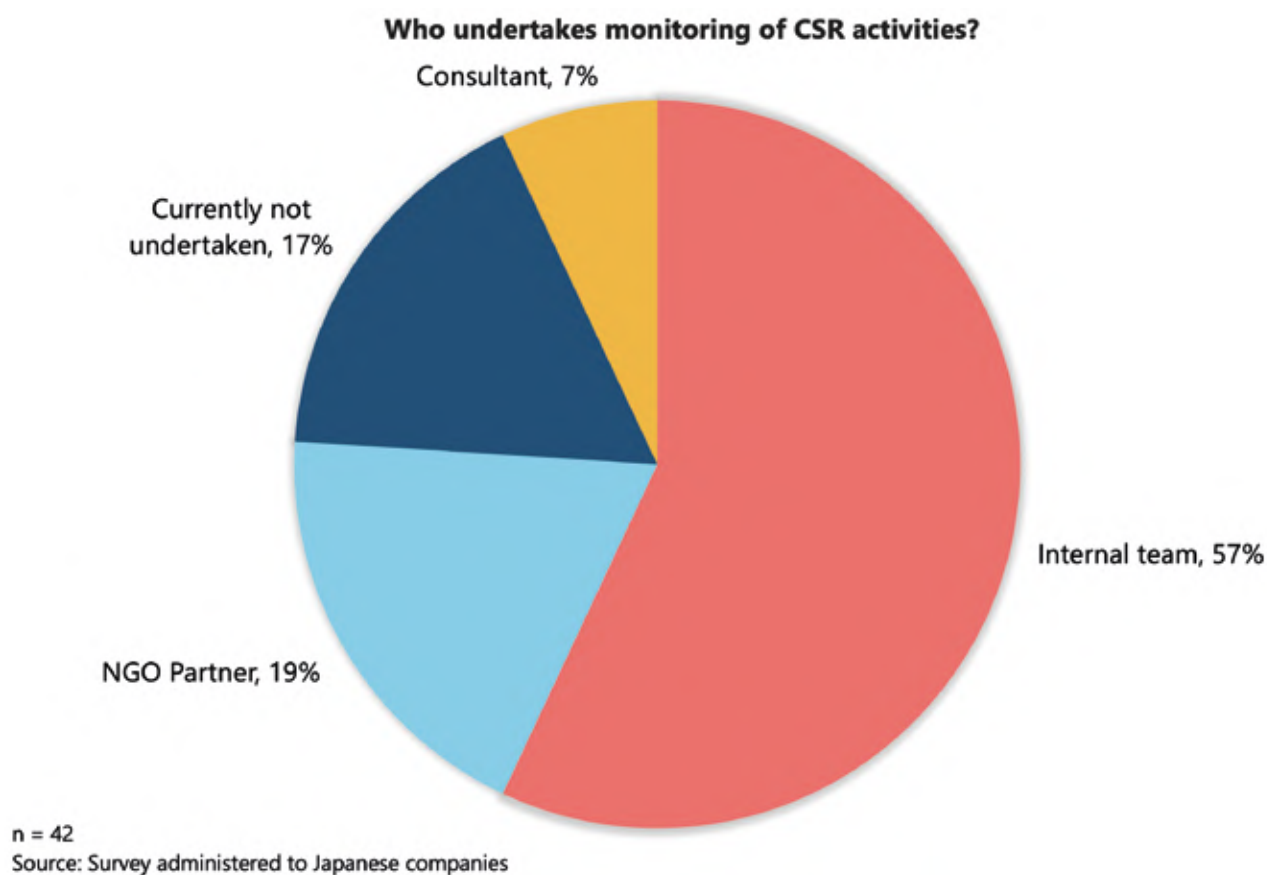
Beyond financial and legal compliance, track record and positive references, a few companies shared that they look for implementation partners who are experts in their fields and have a strong understanding of and relations with target communities, thereby displaying the potential to add value to the company's CSR programs with their knowledge and insights. One Banking and Financial Services company also emphasized the importance of ensuring that their implementation partner was compliant with the Foreign Contribution (Regulation) Act, 2010- owing to their status as a foreign company in India.

What process do you follow to choose implementation partners?

n = 42
Source: Survey administered to Japanese companies

## 4.3.7. Impact monitoring, evaluation and reporting

Majority of companies left the definition of impact up to their implementation partners and evaluated their performance based on that. Only one company spoke of their practice of setting in place clearly defined output, outcome, impact metrics and other metrics of success before the start of a program.

Day to day monitoring of CSR programs was reported to be undertaken by the internal teams of 57% of Japanese companies (24 companies), with one company using a dashboard, 19% (8 companies) reported that NGO partners undertook monitoring and submitted reports, 7% (3 companies) reported that they had hired a consultant, while 17% (7 companies) reported that they do not undertake regular monitoring of their CSR programs. During interviews, many companies shared that they did not have a detailed monitoring process set in place and relied on their implementation partners to provide them with impact reports based on the partner's standard impact measurement and reporting format.

Who undertakes monitoring of CSR activities?

Consultant, 7%

Currently not undertaken, 17%

NGO Partner, 19%

Internal team, 57%

n = 42
Source: Survey administered to Japanese companies

41% (17 companies), a sizeable proportion of companies did not conduct impact assessments or social audits, 27% (11 companies) reported that their internal team was in charge of conducting impact assessments, 20% (8 companies) reported relying on NGO partners and 12% (5 companies) had commissioned third party assessments.

Who conducts impact assessments or social audits of CSR activities?

Third parties, 12%

NGO Partners, 20%

Currently not undertaken, 41%
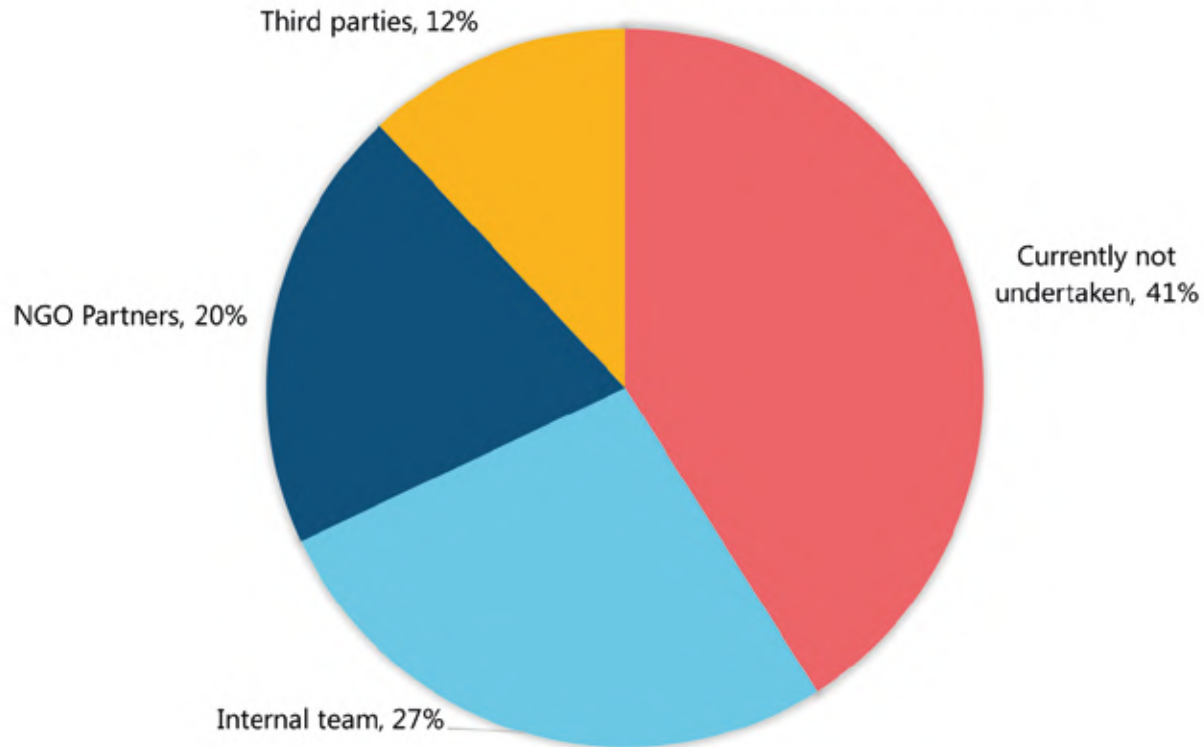
Internal team, 27%

n = 41
Source: Survey administered to Japanese companies

36% (15 companies) reported relying on their internal teams to coordinate government permissions and liaisons required for their CSR activities, 15% (6 companies) said they relied on their NGO partners, while 10% (4 companies) said their consultants undertook these tasks for them. 39% (16 companies) of companies shared that they do not currently coordinate to receive government permissions and liaisons at the moment.

Who coordinates government permissions and liasions required for CSR activities?

Consultants, 10%

NGO Partners, 15%

Currently not undertaken, 39%

Internal teams, 36%
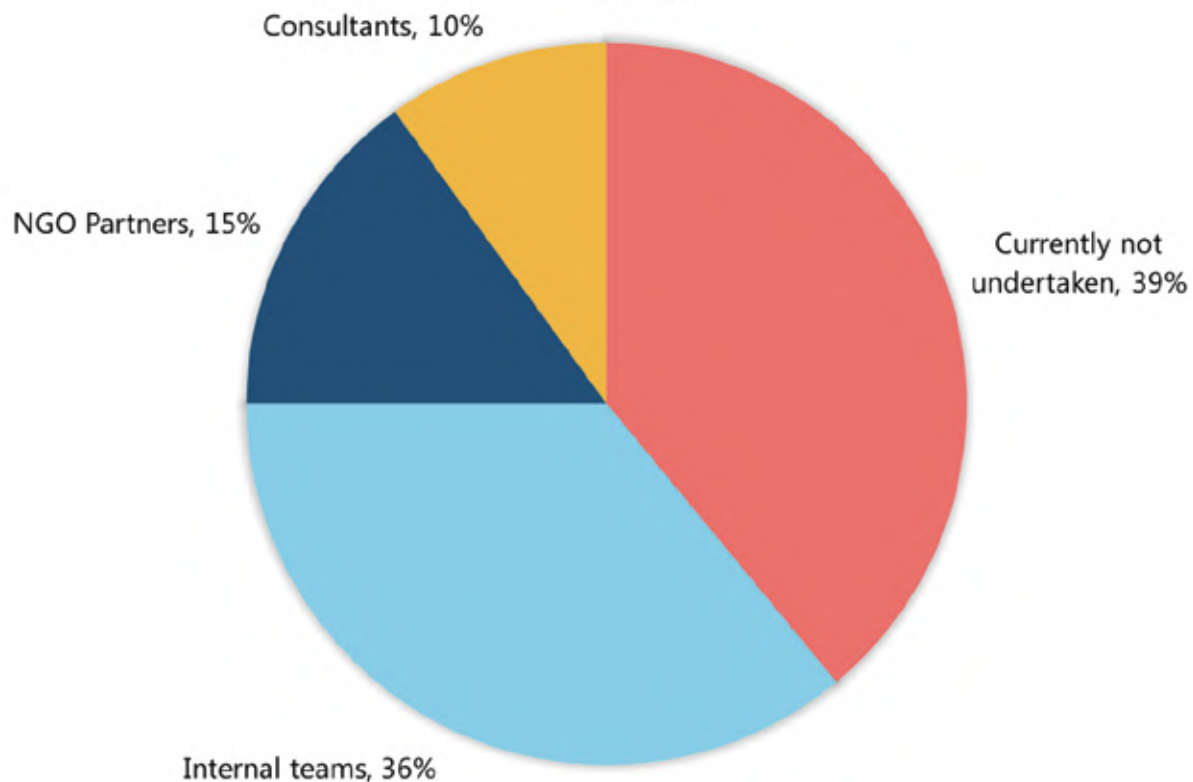
n = 41
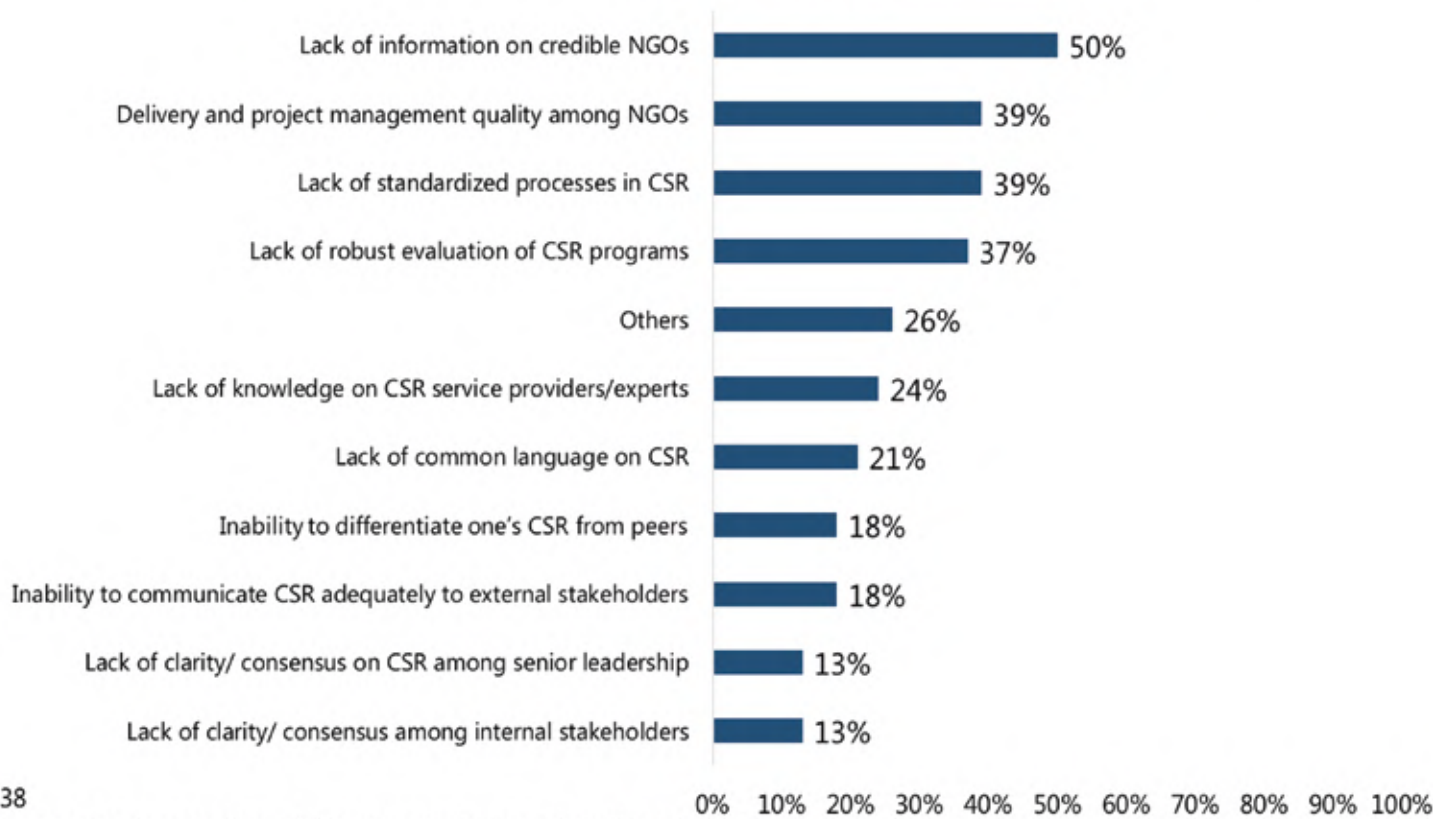Source: Survey administered to Japanese companies

Based on the interviews, most Japanese companies focused on disseminating impact stories within the company itself. About half of them mentioned that they shared reports with their international headquarters. A few companies shared that they used internal newsletters and social media to share the company's CSR endeavours, published information about their programs on the company's website and also invited internal stakeholders of the company to CSR program launches. One company mentioned that in order to communicate their CSR initiatives better they have recently engaged a Public Relations agency.

4.4. Challenges reported by Japanese companies

Many Japanese companies surveyed were in their first few years of conducting CSR programs in India and thus still familiarising themselves with India's CSR landscape.

The most common challenge reported by companies was lack of information on credible NGOs with 50% (19 companies) reporting this. 39% (15 companies) reported that delivery and project management capabilities among NGOs was another challenging aspect, and a similar proportion thought that lack of standardised processes (such as reporting, due diligence and impact measurement, etc.) also created confusion. Other significant challenges reported by the companies were lack of robust evaluation of CSR programs (14 companies, 37%) and lack of information on service providers or experts who can help with CSR activities (9 companies, 24%). Additional challenges highlighted by a few Japanese companies during the qualitative interviews were related to the small size of their CSR teams, limiting their capacity to involve themselves in the planning, execution and monitoring of CSR activities. Another company shared that they experienced challenges in relation to replicating CSR activities across their company locations as it was difficult to find implementation partners who could execute similar programs in different locations and government involvement in each location resulted in differences in their programs. One company highlighted that ensuring the sustainability of their interventions post their exit from the program was a concern for them along with building ownership within communities to ensure the continued impact of their interventions.

What are the top challenges your company faces in terms of creating a company-wide CSR strategy and implementing it?

Challenge	Percentage
Lack of information on credible NGOs	50%
Delivery and project management quality among NGOs	39%
Lack of standardized processes in CSR	39%
Lack of robust evaluation of CSR programs	37%
Others	26%
Lack of knowledge on CSR service providers/experts	24%
Lack of common language on CSR	21%
Inability to differentiate one's CSR from peers	18%
Inability to communicate CSR adequately to external stakeholders	18%
Lack of clarity/ consensus on CSR among senior leadership	13%
Lack of clarity/ consensus among internal stakeholders	13%

n = 38
Total can add up to more than 100% as companies were allowed to select multiple responses
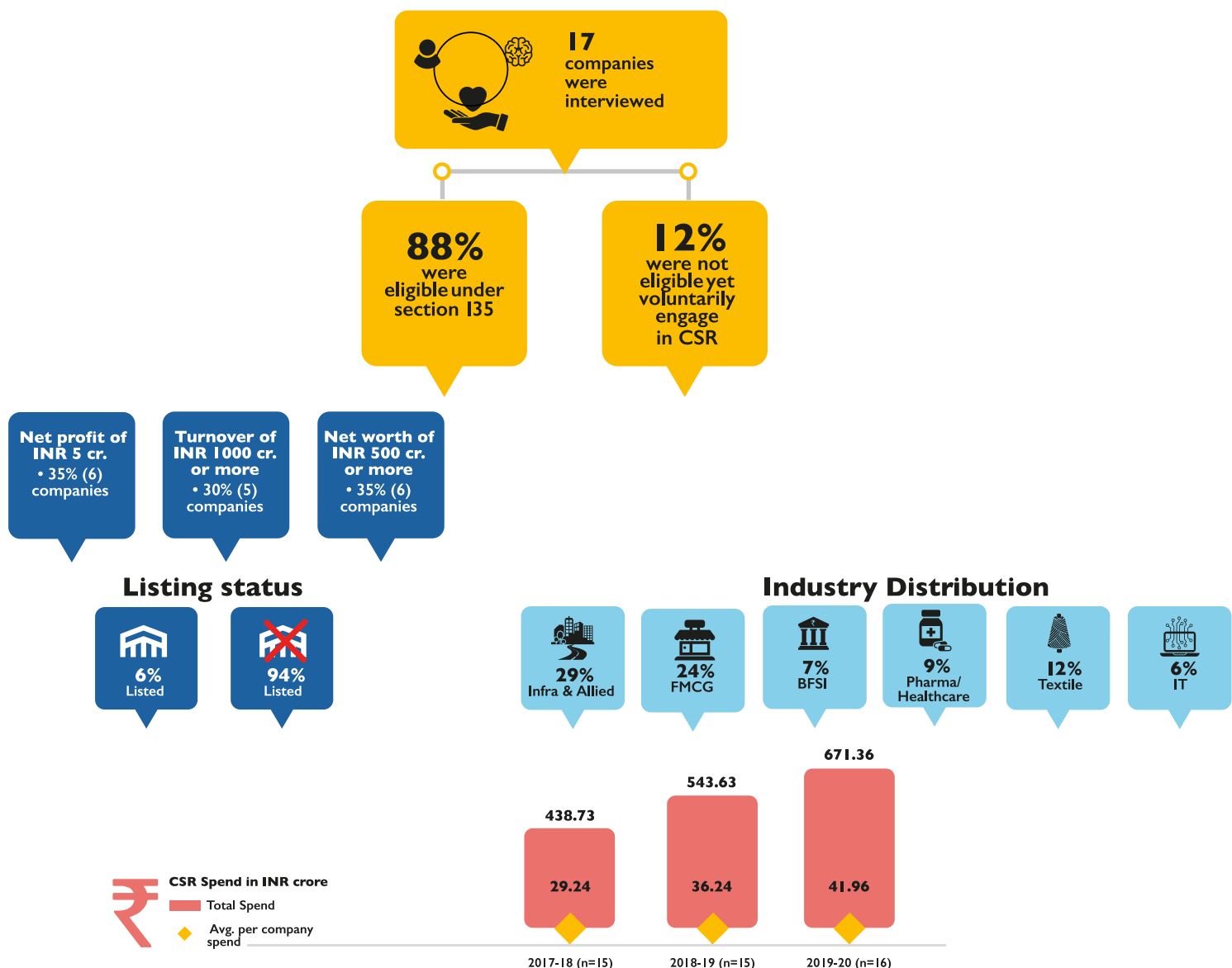Source: Survey administered to Japanese companies

5. Findings on CSR approach among India and multinational companies

5.1. Profile of companies

To identify best practices in CSR adopted by companies across India, qualitative interviews were undertaken with 9 Japanese companies, 11 Indian companies and 6 MNCs, selected to ensure a good mix of different industries, budgets and approaches. In the structure of this report, the quantitative and qualitative findings of CSR practices of Japanese companies have are listed in section 4 of the report.

As indicated below, 88% (15 companies) were eligible to undertake CSR in accordance with Section 135 of The Companies Act, 2013 whereas 12% (2 companies) of the companies voluntarily planned and executed CSR programs. An increasing trend was observed in the total CSR spend and the average spend per company over a period of three years.

Profile of Indian and MNC companies

17 companies were interviewed

88% were eligible under section 135

12% were not eligible yet voluntarily engage in CSR

Net profit of INR 5 cr.
• 35% (6) companies

Turnover of INR 1000 cr. or more
• 30% (5) companies

Net worth of INR 500 cr. or more
• 35% (6) companies

Listing status

6% Listed

94% Listed

Industry Distribution

29% Infra & Allied

24% FMCG

7% BFSI

9% Pharma/ Healthcare

12% Textile

6% IT

CSR Spend in INR crore
Total Spend
Avg. per company spend

	2017-18 (n=15)	2018-19 (n=15)	2019-20 (n=16)
Total Spend	438.73	543.63	671.36
Avg. per company spend	29.24	36.24	41.96

5.2. Types of approaches to CSR

Building on the three types of approaches mentioned in the previous section, this section provides insights into motivations and strategies adopted by select Indian companies and MNCs.

Similar to Japanese companies, even Indian companies and MNCs demonstrated a mix of approaches, with considerable intent and momentum to move towards strategic CSR.

Most Indian companies indicated that they adopted a combination of a philanthropic and strategic approach to CSR. The philanthropic approach was especially prominent among Indian conglomerates. These companies reported that the timeline of their philanthropic efforts predates the current CSR regulation and they continued this legacy of corporate philanthropy, combining it with more strategic and contemporary thinking. For example, one conglomerate reported that it came into existence during India's freedom movement and the company ploughed majority of its earnings during that time into India's freedom struggle. The philanthropy lens to give back to society has continued to be an integral part of the company's ethos. However, the company has been very strategic in terms of selecting its causes, beneficiaries and programs such that they are building a strong linkage with its business expertise in agriculture, beauty and realty industries. Similarly, an Indian construction and manufacturing company shared how it had created strategic CSR programs such as promoting STEM education among school children or imparting high-quality vocational training in construction-related trades, which leveraged business competencies and combined this with philanthropic support to healthcare institutions due to a certain legacy.

MNCs also showed a mix of philanthropic and strategic approaches to CSR. An example of a philanthropic approach was demonstrated by a multinational oil refinery in India wherein the company co-created a comprehensive CSR program to respond to extremely high levels of child malnutrition in Gujarat (where it operated), along with the state government. Another MNC, a global pharma company with a focus on nutrition products, had adopted a strategic, or rather than a shared-value approach, wherein it had undertaken a CSR program to work with dairy farmers in India to produce greater quantities of higher-quality milk. This had helped dairy farmers achieve their potential and helped the company gain high-quality, cost-efficient ingredients to manufacture its products locally. For MNCs, in addition to compliance with the local law, ensuring alignment with the global sustainability and impact agenda of the corporation was important.

A second defining feature of CSR among MNCs and Indian companies, similar to Japanese companies, was the focus on local communities. This approach was observed to be a primary characteristic of companies which operated in infrastructure, mining and metals, manufacturing or automobile sectors. With the local communities being critical stakeholders for the company, addressing their needs and improving their quality of life had a positive effect on the goodwill and

brand of the company and reduced conflicts with local communities. Additionally, the local communities were often a source of labour for the companies. Therefore, investing in them and their families' welfare translated to a healthier and happier workforce for the company.

Compliance with Section 135 was a non-negotiable even for this group of companies, though their approaches and programs were driven by imperatives beyond compliance.

5.3. Findings across CSR lifecycle

5.3.1. CSR planning and management

• Stakeholders involved in planning CSR

In line with the guidelines set by Section 135 of The Companies Act, 2013, all MNCs and Indian companies stated that their CSR committee was responsible for planning and providing oversight on CSR. The Committee provided final sign-off on all critical CSR decisions from cause areas, budget allocation, to design of CSR programs.

The decision-making process was found to be either centralized or decentralized depending on the size and type of company. In the case of smaller companies, subsidiaries or country offices of MNCs, the decision-making process was primarily centralized with the CSR team closely coordinating with the CSR Committee and Board of Directors to facilitate social impact programs. For MNCs, the decisions on cause areas and program design were taken by the local teams but also steered by global guidelines which were broad and allowed flexibility.

Companies with manufacturing operations indicated that given the number of factories and plants, and the role CSR played in maintaining good relationships with local communities, they had adopted a balanced approach between centralized and decentralized decisions. While the CSR Committee and central CSR team decided the overall approach, strategy, and target cause areas, the plant level CSR teams proposed specific project ideas and partners. The annual budget allocation was on the basis of the need of the locations and proposed project ideas. This approach helped the companies design programs that addressed local needs while still feeding into the overall CSR vision of the company.

A major conglomerate in India shared that decisions were taken on the basis of local needs and the responsibility for CSR was divided between locations teams and the central team. The location teams were extensively involved in undertaking needs assessments, defining the problem statement, identifying a theory of change and aligned program ideas. The program ideas were then approved by the business head of the location and passed onto the central committee for their

feedback and recommendations. Once the program ideas were crystallized, the central team worked with locations teams to plan the execution of the programs.

A similar approach was followed by group companies with diversified interests across industries, where each business unit could frame its own CSR within an overarching impact vision and principles set by the Group. An Indian IT company, part of a larger group, shared that aligning at a group level required active culture-building efforts. The promoters' impact philosophy pervaded across all the group companies as it was woven in the organizational culture and reinforced through regular communications between subsidiaries and parent company. A CSR Council at the group level reviewed the CSR initiatives of all subsidiaries and aligned the programs in a way that they were able to prevent duplication of work and coordinate efforts.

• Dedicated CSR team

11 out of the 17 interviewed companies reported having a dedicated CSR team whereas 6 companies reported placing the responsibility on one of their existing departments such as sustainability or marketing. This finding is in line with 2018 data mapped for BSE 100 companies, the 100 largest companies in India by market capitalization, with 24 companies (24%) having their own foundations and 52 companies (52%) having dedicated CSR departments[21]. Large corporations had a 4-10 member CSR team to strategize and execute CSR initiatives while, smaller companies or companies who recently became eligible for CSR had a smaller 1–2-member team or had other departments such as sustainability, finance and compliance, marketing and communication shoulder the responsibility to undertake CSR. Since CSR may be under sustainability at the global level, few MNCs also relied on internal members from their sustainability and marketing teams for CSR.

Companies shared that, in addition to the CSR teams, members from other departments such as sustainability, marketing, legal and compliance contributed their ideas and feedback. 16 companies stated that they outsourced limited functions to social sector consultants, to supplement their own internal teams, while one MNC highlighted that their end-to-end CSR was managed by external consultants. Some companies shared that they employed CSR and social sector experts for very specific tasks such as formulating CSR strategies, conducting needs assessments, etc.

5.3.2. Selection of cause areas

A common theme that echoed across all interviews was the selection of cause areas on the basis of overlap between three factors – i. needs of local communities ii. national development needs or SDGs and iii. business needs or stakeholders' expectations.

21. Samhita Social Ventures. (2020). 'Decoding CSR Trend In India – Looking Back to Look Forward'

For example, a paint company highlighted that due to the nature of their products, stakeholders such as customers and society expect them to address the cause area of water and sustainability. Another example was the case of a realty equity fund that identified gaps for construction workers (a key stakeholder group for them) and decided to execute an intervention that could help construction workers gain access to health and life insurance, among other eligible government schemes. Refer to the case studies below. A pharma MNC shared that it undertakes a strategy exercise every three years to identify the top social issues of the country, find a broad alignment with their own business portfolio, and then identify different beneficiary communities who they can support through their programs. Many MNCs reported that while they continued to adopt the specific Sustainable Development Goals (SDGs) espoused by their parent company globally, their interventions and programs to achieve these SDGs were informed in the local context and need.

Asian Paints' water conservation program

Asian Paints, a protective and decorative coatings and home décor company, engages in water conservation and rejuvenation efforts in states such as Karnataka, Rajasthan, Gujarat, Andhra Pradesh, Tamil Nadu, Uttar Pradesh and Haryana. These programs are focused on improving the water facilities of local communities for drinking, domestic and agricultural purposes by using methods such as rooftop rainwater harvesting, integrated watershed development, desilting of lakes, ponds and check-dams and constructing check-dams. The program also aims to raise awareness among locals regarding the importance of water conservation and sustainability of adopting the above methods. The program gives high importance to strengthing water governance in local communities in order to build the ownership of the communities over maintenance of the structures. Asian Paints partners with organizations such as the National Agro Foundation, Ambuja Cement Foundation, Aga Khan Foundation, Dhan Foundation, Hand in Hand and Vanarai for the implementation of the program.

National Investment and Infrastructure Fund (NIIF)'s accessibility to government welfare schemes program

NIIF, an infrastructure and private equity fund manager, recognised the limited accessibility of government schemes for people from lower income and vulnerable community backgrounds such as workers at construction sites. While multiple government welfare schemes are available for such communities, they are seldom availed by them and their families. As part of their CSR program, NIIF partnered with Haqdarshak Empowerment Solutions, to run programs in the states of Telangana and Maharashtra to facilitate access to government welfare schemes for communities of construction workers and their families. The program aims to benefit more than 2,100 individuals in Dichpally, Telangana. On account of the COVID-19 pandemic and the consequent hardships, NIIF extended the ambit of their program to connect underprivileged individuals from around 3,000

households to COVID-19 specific government welfare schemes in Maharashtra. NIIF is tracking the economic benefits accrued by communities through unlocking these schemes.

5.3.3. Selection of geographic location

All companies interviewed voiced that they undertake CSR in their local communities. Companies in infrastructure and allied industries shared that they spend more than 70% of their CSR budget in areas near company operations. Similarly, companies in other industries that have factories across the country shared that they spend between 50-70% of their annual CSR budget in catchment areas around their office/sites. Some companies shared that they spend a minimum of 20-25% of their CSR budget on areas near operations, and utilize the rest of the budget to address district and national needs based on the cause areas identified by them.

While local spending was a common practice, many companies had consciously combined that with spending in states based on their needs. For example, a construction and engineering company had undertaken a four-year watershed management program in four drought-prone locations despite not having any corporate presence nearby. Similarly, a healthcare MNC shared that it was location agonistic most of the time and worked in states where the need was the highest. For example, it had undertaken a malaria elimination program in Odisha and Karnataka, even though it had no physical presence there but because those states account for 40% of India's malaria caseload. Refer to the case study below.

Abbott's Malaria Elimination Program

In 2019, a global healthcare company Abbott supported a partnership between the Government of Odisha and Malaria No More, an implementation partner, to reduce Odisha's malaria burden by providing technology, expertise and funding support to advance efforts to end malaria in the state. As per the World Malaria Report 2017 and NVBDCP data, Odisha accounted for 40% of India's Malaria cases, and therefore, had to play a lead role in achieving India's goal to eliminate malaria by 2030. Through this partnership, Abbott supplied one million rapid diagnostic tests (RDTs) using antigen-based screening, and technical expertise to strengthen Odisha's malaria detection and surveillance systems. In addition, Abbott also supported the program with a cash grant of INR 5.2 crore to develop a comprehensive malaria elimination strategy that can be used as a model for other malaria-affected states to follow.

5.3.4. Types of programs

Two types of programs were designed and executed by MNCs and Indian companies – community-based programs that responded to the local needs and flagship programs.

Majority of the companies interviewed stated that they co-created their flagship programs with NGOs or consultants/experts and aimed to implement these at scale. Flagship programs were typically found to leverage business competencies or stakeholders while having a deep focus on a specific issue with a comprehensive solution, creating measurable change and requiring a long-term commitment. Examples included a paint company running a flagship program in vocational training and upskilling for painters, a construction and engineering company supported a flagship for STEM education in schools, an FMCG company running a beauty training program for women and a public sector bank training Persons with Disabilities, etc. in banking related job roles and engaging in public policy advocacy with the Ministry of Social Justice. Refer to the case study below. In certain cases, such as an oil refinery supporting a malnutrition program, flagship programs were not related to business interest, but still demonstrated other characteristics such as long-term commitment, comprehensive theory of change, etc. .

SBI Foundation's Project SAMEIP

SBI Foundation launched the SBI Foundation and Microsoft Employability Initiative for Persons with Disabilities (SAMEIP) with Microsoft India to create opportunities for persons with disabilities in the Banking, Financial Services and Insurance (BFSI) sector. Through this collaboration, SBI Foundation and Microsoft India are equipping 500 youth with disabilities with the right technology infrastructure, curriculum and training to be ready for the job and better prepared to be integrated into the BFSI workforce. The program also drives on cross-industry advocacy efforts to build awareness and create a coalition of like-minded BFSI organizations committed to building capabilities and hiring people with disabilities.

In addition to the cross-industry advocacy efforts, SBI Foundation is encouraging SBI's group companies to support the collaboration with Microsoft India and consider the possibility of employing these youth with disabilities in their organization. Efforts include helping like-minded BFSI organisation to identify job roles for which potential candidates with disabilities can be trained as per the requirements. With the training imparted to them, they can be an asset to the organization and are fully capable of contributing to the roles.

5 training partners were on-boarded to implement the project in Delhi NCR, Chennai, Bangalore, Mumbai and Kolkata. A total of 469 candidates (29% female and 71% male) have been trained and 120 candidates have received job placements as of 31st May 2021, with the average salary achieved being INR 18,200 per month. Employers include organizations such as EY Global Delivery Services India, BNY Mellon, All State and Naksha Tech

An oil company's disaster responsiveness program

During severe floods in Kerala, an oil company, found that their staff at petrol pumps across the state leveraged available resources to save and protect a large number of locals. Recognising the potential of their staff to aid disaster management efforts and help during emergencies, the company conceptualized a program wherein their staff across 6,000 outlets in India will be trained on disaster preparedness and response to events such as floods, forest fires, earthquakes, droughts and chemical blasts as well as the rescue of people in road accidents. Along with its partners, the National Institute of Disaster Management and the Institute of Road Traffic Education, the company aims to train 10,000 responders to emergencies, calamities and accidents.

Larsen & Toubro (L&T)'s STEM education program

L&T, a manufacturing, construction and IT company, has designed and implements a STEM education flagship program titled 'The Engineers Futures' program. The intervention focuses on digital learning in STEM and addresses the local and regional needs of 103 schools in Gujarat, Tamil Nadu, Rajasthan and Haryana catering to students from lower income backgrounds. L&T implements the program in partnership with the America India Foundation. As part of the program, teachers of the targeted schools are provided necessary training sessions to orient them with the use of technology and new learning material. The headmaster and teachers have reported that the educational materials received have been extremely useful in engaging the students till date and in delivering quality education. Since the onset of the COVID-19 pandemic in March 2020 and the subsequent lockdown, the schools have endeavoured to switch to online learning with the support of the project implementation team.

As CSR is still at a nascent stage in India, many companies interviewed were careful about supporting innovative programs. Some of the reasons cited by them were restrictive funds, lack of flexibility, less manpower to closely monitor execution and progress, reputational risks etc. An oil refinery shared that they have limited flexibility to experiment with innovative programs due to stringent procurement and commercial processes. However, they were trying to integrate innovation by budgeting 5% of their CSR budget towards innovative ideas and programs.

For the few companies that supported innovative programs, 'pilot and scale' was the preferred approach. An advanced approach of 'pilot-demonstrate-exit' was alluded to by an MNC pharma company. It indicated a preference to pick areas where there was a need for re-imagining and re-thinking, over investing in proven models and design a novel model from the ground up. Demonstrating the scale and sustainability of the model paved the way for replication and their subsequent exit from the model.

5.3.5. Choice of implementation partners

Companies adopted one or more of the following approaches to select implementations partners – sourced recommendations from other group companies or CSR Committee, obtained assistance from sector experts/consultants to identify partners, float a Request for Proposal (RFP) and seek responses from organizations. The RFP responses can either be reviewed internally or by an external agency/social sector consultant.

Regardless of the approach adopted, all companies highlighted a standard set of criteria on the basis of which they evaluate and select implementation partners. The criteria includes credibility of the organization, qualifying through the legal and financial due diligence, history of undertaking CSR programs, strong internal systems and processes, and strong references. Companies emphasized they gave considerable weightage to the expertise of the organizations in their field and the value they add because of their own knowledge, insights, experiences, and capabilities. Companies shared that they look for organizations that complemented their operations, bringing with them competencies which the companies themselves did not possess. Few companies also revealed that they looked for partners who had implemented programs in the same locations as they would have already built relationships with the local communities and secured their trust and have existing partnerships with the local government bodies. Factors such as professionalism of the implementation partner, similarity in culture, a more natural alignment with the company's processes and CSR approach were also highlighted.

A few companies shared that they actively engaged in building the capacities of their implementation partners, such as enabling NGO partners to utilize tech platforms to improve the efficiency of monitoring and reporting, sharing learnings on processes and better accounting

practices, connecting them to other organizations that can enhance or complement their work. One paints company shared that invest in technology to support their implementation partners so that they are able to document and track the impact of their activities online instead of documenting it on paper. Refer to the box below for further details. A pharma company elaborated that they specifically host seminars and workshops for their implementation partners to build their management capabilities and account for the costs in their project budgets.

Usage of technology platforms to monitor CSR activities

The use of technology platforms in CSR programs has become increasingly popular in the last decade. These platforms have the following features in common:

1. They support companies in onboarding their implementation partner to understand key activities and milestones of the program
2. They allow implementation partners and CSR managers to track the activities which allows for more efficient monitoring, and also keep track of the planned versus actual activities implemented
3. They enable transparency in terms of allowing implementation partners to upload budget utilization statements and certificates
4. Some platforms allow implementation partners to upload beneficiary level data as per a pre-decided format onto a dashboard which can be monitored by CSR managers

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In terms of non-profits vs for-profit social enterprises, many companies did show a preference to work with NGOs over working with social enterprises. An apparel MNC shared that, as a company, it made a conscious choice to partner with multiple small NGOs as they consider them to be the backbone of India's social sector. Reflecting on their experiences, companies highlighted a few advantages of working with NGOs – sector expertise, in-depth understanding of demographic landscape, trust of the local communities and no conflict of interest. They also shared that it is easier to find NGOs across the diverse geographies and remote locations where companies have their operations. On the flip side, a few companies shared that NGOs may have less structured systems and processes.

On working with social enterprises, companies highlighted the following advantages – product/service expertise, professionalism, and structured processes. The disadvantages as highlighted by the companies were the execution history of organizations that may not exceed three years, limited local community connect, and restriction in scaling the program across multiple local areas. Some companies shared that they perceived the drivers of social enterprises to be business and profitability and therefore partnering with a social enterprise would translate to their CSR funds being used to fund another organization's profitability rather than create on-ground

impact. Few companies indicated the levy of GST tax on service fees of social enterprises to be a hurdle to gain internal approvals. Two companies shared that they were not able to partner with social enterprises as they experienced difficulties in getting buy-in from their senior management owing to credibility concerns and fee structures. An FMCG company stated that it had a policy which prohibits them to partner with another for-profit entity under CSR that translates to the subsidization of that entity's products or services.

Above all, companies stated that there is ambiguity as to whether they can partner with social enterprises as per the CSR amendments introduced in January 2021 and shared that, in their experience, the government perceives social enterprises to have an agenda beyond social good.

5.3.6. Industry and government partnerships

Nine companies revealed that they collaborated with government and local government bodies either directly or through their implementation partners to execute CSR programs.

Few companies shared that they collaborate with other companies, industry chambers, and/or international organizations. As part of industry chambers such as the Confederation of Indian Industry (CII), companies were more likely to partner with other companies within the chamber for programs related to water and climate change. An FMCG company shared that they have over 50 partners for CSR such as the Federation of Indian Chambers of Commerce and Industry (FICC), the British Council, and the UK India Business Council. The company stated that before finalizing on their partnerships, they conduct due diligence or assessment of the partner to ensure their alignment with the company and the company's shareholder and customer expectations. Similarly, a public sector bank shared that once they have decided upon a program for execution, they invite other companies that can add value to the program through their business competencies and skillsets. Another company shared that they attempt to form partnerships with companies who are their customers after assessing their CSR policies for alignment with their own policy.

Many companies commented that working with government bodies brought credibility to their CSR programs along with a greater level of acceptance and recognition. Companies shared that partnerships with the government often helped them achieve impact at scale as government bodies were able to facilitate replication of the programs. Interestingly, companies stated that partnerships with government bodies worked most smoothly within the domain of health and nutrition. They elaborated on examples of setting up intensive care units, immunization clinics, health and TB clinics, post which the operations and maintenance were handled by the local government bodies.

Companies cautioned that while collaborating with government agencies had its advantages it also had challenges such as slow pace, uncertainty due to change in government leadership. Some of the companies indicated that attempts to co-create with government bodies have often led them to carry out traditional tasks such as direct service delivery due to the government bodies being overwhelmed with on-ground situations. Companies shared that approaching the government with a working plan and having complete clarity on the program helps in ensuring that the company does not deviate. They added that having a sector expert back the program idea could help with the government's receptivity towards it.

5.3.7. Impact measurement and monitoring

Companies indicated that defining impact was often difficult as there is no common understanding of impact or social value, standardized impact measurement tools and benchmarks. A few companies shared that they tend to define the impact of their CSR programs against the Sustainable Development Goals (SDGs). These companies use the 17 goals articulated in the SDGs to map their own programmatic interventions. They use the specific targets mentioned under each goal to help decide the impact metrics of each of these programs. For example, a company supporting a malnutrition program will map the program against SDG 2- Zero Hunger and SDG 3- Good Health and Well-Being, which have further specific targets such as ending hunger and making sure that those most vulnerable have access to nutritious food by 2030 and reducing the maternal mortality ratio to below 70 per 100,000 births by 2030, respectively. Companies further define their own impact framework while referring to the relevant targets laid out under the SDG goals. This SDG mapping is then publicly reported to all stakeholders.

MNCs have also stated that they define their CSR impact in alignment with the impact vision, principles, and goals of the global corporation. Majority of the companies shared that they tend to use quantifiable indicators to both define and measure their impact such as the number of children educated, the percentage reduction in malnutrition, the number of patients treated. A paints company shared that internally it had determined that an increase in income among low-income communities was a prime impact objective and all programs would strive to achieve that. Some companies shared that they evaluated their programs on social outcomes, scale, and compliance with regulations. Two companies stated that they also measure the impact of their CSR on the basis of the sustainability of the program and the extent to which communities have begun to take ownership.

A few companies stated that prior to the start of the CSR programs, they conduct a needs assessment to determine where the intervention would be most beneficial and clearly outline a theory of change. The programs' inputs, outputs, outcomes, key performance indicators were

periodically assessed. The assessments were either commissioned as third-party impact evaluations or collaboratively undertaken with implementation partners. The impact evaluations mostly involved pre-post surveys, with a handful of companies reporting advanced methods such as quasi-experimental methods, social returns on investment and semi-longitudinal studies. The responsibility of monitoring impact was either borne by the companies' internal teams or by an external agency. Many companies shared that their internal teams undertook regular site visits and monitors all programs through an online Management Information System (MIS) that captured updated information from implementation partners. A few companies stated that they utilized online platforms and dashboardS to monitor the impact of programs on a real-time basis.

5.3.8. Communication of impact

All companies agreed that communication of impact to stakeholders was important but differed on the medium, intensity, and frequency of communication. A power company shared that communicating the CSR impact to local communities was important to them and they preferred the regional print media and local radio as the medium of communication. The communication strategy was generally guided by the internal marketing, communications, and PR teams. An apparel MNC shared that they were guided by their global parent company on the communication of impact.

Internal newsletters, bulletin boards and posters, and communication through the intranet portal were the most common ways for companies to communicate the impact of their CSR activities to internal stakeholders. Almost all companies reported their CSR activities in annual reports in accordance with the CSR mandate.

On communication to external stakeholders, almost all companies stated that they communicate the impact of their CSR programs on the company website. Some added that they amplified the impact information through regular posting on social media while some indicated that they attend conferences and workshops and communicate their CSR impact. A few companies commented that they tend to steer away from frequent social media posting of impact and focus on sharing their progress when they have been able to achieve transformative impact.

5.4. Challenges faced by the companies

Based on the interviews, some common challenges have been highlighted below:
- CSR regulations:
  - Frequent changes in CSR regulation and rules made it difficult for the internal teams to adapt and deliver in line with the new regulations in a stipulated period of time

- Internal challenges:

  - Alignment among all internal stakeholders on CSR vision and objectives

  - Finding and retaining the right kind of talent for internal CSR teams who understand both the corporate culture and the social sector including long-standing challenges of implementing CSR programs and ground realities of execution

  - Furthering the capacity of internal teams and nurturing their growth due to limited budgets

  - Lack of flexibility afforded to CSR Heads in the form of stringent processes such as procurement processes for CSR programs

- External challenges:

  - Identifying the right set of implementation partners for a CSR program, especially for remote locations

  - Capacities, processes, and delivery mechanisms of implementation partners such as NGOs

  - Designing CSR interventions that can be scaled across diverse geographies given that the needs of local communities and priorities for development may differ from one location to another

  - Lack of availability of data which can inform interventions and activities across locations, especially remote areas coupled with the absence of a culture in the social sector ecosystem to share available data

  - Risk of duplication of efforts given lack of information on programs that are being implemented at the location at any given point in time

  - Obtaining community buy-in at the start of the program and community ownership during the implementation phase
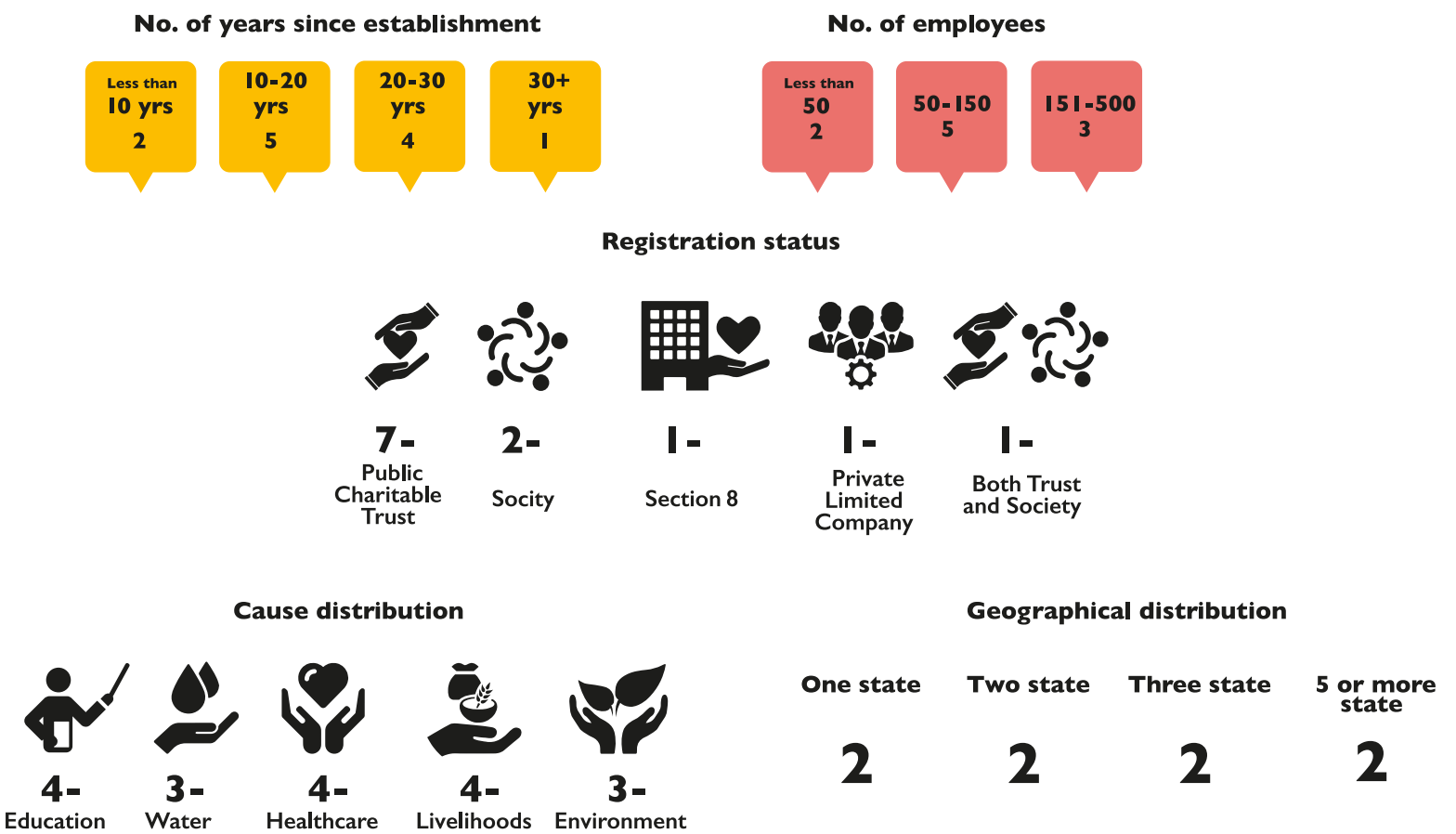
6. Insights on CSR from implementation partners

To gather a holistic understanding of CSR from the perspective of implementation partners, a total of 12 social organizations, including both not-for-profits and social enterprises, were interviewed. The goal was to assess their acceptance of CSR, gain their perspective on its role and potential, and bolster the understanding of the ecosystem from their point of view.

6.1. Profile of social organizations studied

The selection of the organizations interviewed was done in close collaboration with JICA with the aim of ensuring that the experience of a diverse group of organizations was understood and covered as part of the study.

Profile of social organisations

No. of years since establishment

Less than 10 yrs	10-20 yrs	20-30 yrs	30+ yrs
2	5	4	1

No. of employees

Less than 50	50-150	151-500
2	5	3

Registration status

7 - Public Charitable Trust	2 - Socity	1 - Section 8	1 - Private Limited Company	1 - Both Trust and Society

Cause distribution

4 - Education	3 - Water	4 - Healthcare	4 - Livelihoods	3 - Environment

Geographical distribution

One state	Two state	Three state	5 or more state
2	2	2	2

6.2. Key findings

6.2.1. Approach to funding and CSR partnerships

All social organizations had a deliberate approach to funding and CSR partnerships and stated that partnerships were sought out and maintained on the basis of vision and strategic alignment with the companies.

All organizations stated that they approached companies through existing networks – board members, advisors and leaders. The existing credibility of the organization and well-connected and influential leaders were seen as enablers in seeking and building partnerships through this method. This was aligned to what companies shared as their preferred methods to identify partners through known networks and references. One NGO stated that given its credibility, they no longer had to seek out funding opportunities with companies because they experienced high renewals and organic connections through their Founder and President. Another education NGO also reported that their board members supported them in a substantial way in all fields – capacity building, monitoring and evaluation and especially fundraising and strategic partnerships. Many organizations stated that they connected with companies based on sector-specific alignments. For instance, a healthcare NGO stated that to expand their digital health services they found alignment with tech companies who were open to not only funding their projects through CSR but also collaborating towards a shared vision. Very few organizations stated that they had established CSR partnerships through third-party intermediaries.

Alignment of vision between corporate and implementation partner was stated as essential by all organizations. For instance, an NGO in healthcare mentioned that their most successful CSR partnership came from a high alignment for 'nutrition' as a focus area from the beginning and funds were committed for a substantial number of years. For a water NGO, this alignment in vision was centered around the approach of the program as well. It spoke about how CSR donors are highly concerned and rightly so about the on-ground impact of money invested which is aligned to their own thinking as they too focus on the service delivered (outcome) more than the assets created (output). Another water and sanitation NGO provided an example of sector alignment where it felt that CSR partners' sharp focus on data and evidence had pushed them to acknowledge sanitation as a big issue much before the government and drive funds into the sector.

Once partnerships were sought out, it was found that there was a high need for alignment with respect to the vision and goal of the partnership and the nature of the program supported. A few well-established organizations with substantial years of experience and proven program models did not see a need to customize their programs for corporate partnerships. A few other organizations preferred to understand the key requirements of donors and their

interests/focus-area and thereafter design use-case specific solutions. Smaller organizations were seen to be balancing their own vision and corporate mandates. For instance, an environment NGO stated that corporates do not often fund policy and advocacy efforts and prefer funding programs that support end-users and communities directly, which is why their current dependence on CSR funding has been limited.

6.2.2. Benefits of engaging with CSR

• Expansion in funding opportunities

All organizations stated that funding opportunities had expanded because of CSR. 7 out of the 9 organizations had more than 50% of their funding coming from CSR partnerships and the dependence on CSR funding was seen to be as high as 90%. One education NGO mentioned that as the CSR funding landscape developed, local funding partnerships became more commonplace. And as CSR companies started developing their strategies for target geographies, they interacted with other stakeholders in the community and this allowed the NGO to expand its network of connections and funding pool. Many organizations also mentioned how CSR was there to support them for immediate relief programs during COVID-19 in providing food and medicines to their communities.

• Employee volunteering

Many organizations spoke of meaningful contributions to their cause through employee volunteering especially when it was based on certain skills that were not present within the organization as opposed to one-time volunteering or site visits. Volunteering becomes an essential source of contribution especially because of limited resources available to NGOs.

An NGO in healthcare stated an example of how one company was extremely focussed on employee engagement in WASH from a strategic perspective and brought together 80 employees to sweep the streets which led to community members also joining the efforts. An education NGO also mentioned how the employees of one of their CSR partners co-created a curriculum around robotics and trained their employees over time as part of their volunteering program which can now be taken to students at government schools or private schools. A livelihoods NGO mentioned that there exists volunteering opportunities within the design of their livelihoods program that aims to make people "career ready". CSR donors in particular have the scope to engage in multiple ways – mentorship, exposure visits to corporate offices, and guest lectures. Another education NGO spoke about how some CSR partners created short and long-term assignments to help them address certain gaps such as the creation of digital data sets to organize information received for the communities, designing a fundraising campaign and developing solutions for upcoming program needs.

• Strategic clarity and innovative program design

Some organizations mentioned that partnerships with CSR entities had supported them in achieving strategic clarity and designing innovative programs. For instance, A healthcare NGO stated that exploratory meetings with CSR partners led to a more robust program model as they supported them in exploring a range of impact metrics within their primary and maternal health, allowed time to execute and understand the impact of a 1-year pilot, publish scientific research based on the findings and subsequently scale-up program models that were most impactful. A large education NGO spoke about how some of their corporate partners supported them in designing a strong impact narrative for their programs along with setting up more innovative impact measurement systems.

• Cross-fertilization

Few spoke about cross-fertilization through CSR partnerships leading to expansion of implementation partner's capacities. For instance, one education NGO spoke about a funder who had been engaged with them for the past 10 years and had their own management development programs. They supported the NGO in the capacity building of their management and leadership. Funding partnerships with an engineering institution has also helped to expand the knowledge and skill set of their staff on digital technologies.

• Visibility

Few organizations spoke about how donor's expertise and focus on branding and communications expanded the visibility of the organizations and their programs. Any marketing and communications for not-for-profits was difficult to fund which is why when donors took interest and responsibility it expanded their image. CSR comes with a robust communication framework and this helps NGOs increase intervention visibility not only amongst the community but also the larger CSR ecosystem.

• Building and growing networks

Few spoke of more networking opportunities through engagement with corporate partners which opened doors for further funding, collaboration and strategic partnerships for NGOs. For instance, a livelihoods NGO shared that partnerships with companies had not only led to connections with other companies and donors but also supported them in delivering value through their programs as they placed their students within companies post-training.

6.2.3. Challenges faced in building and maintaining CSR Partnerships

• Misalignment of vision

As mentioned above, vision alignment was a big enabler of successful CSR partnerships. However, the lack of the same often proved to be a challenge for many organizations. And this misalignment oftentimes led to the implementation partners having to change their programs and offerings in ways that disrupted operations or diluted impact. One respondent reported that only established organizations with a dependable funding pipeline had the "power to say no in these situations" while most of the organizations had to compromise.

Factors leading to misalignment were identified as below -

• Lack of internal clarity –

Many times, this misalignment stemmed from a lack of internal clarity in the company's CSR vision, especially with players who entered the domain post the CSR Act. The main reason for this according to a few NGOs was that it has not been enough time for companies to solidify their social impact vision and then seek partners on the basis of that vision. One NGO provided an example of how such a misalignment came about from a change in corporate leadership. While this NGO was depending on funds from a company for a period of 3-5, a change in leadership within the company's CSR team led to a drastic shift in their focus area from health to financial empowerment.

• Rapidly changing focus to respond to national calls to action -

Some spoke about changing focus on causes based on a desire to align with the national agenda, interfering with long-term goals. A water NGO stated that CSR companies felt a need to define relevance by aligning their vision to the government's priorities and sometimes force partnerships on that basis. Since the company did not have a strategic interest in that cause and was not vested in it, it was more likely to change focus rapidly, leading to uncertain and short funding cycles for NGOs.

• Geography based misalignments –

As CSR often times focused on local communities in proximity to their business centres, they adopted a very geography specific vision which conflicted with the implementation partner's model and processes when these needed to work at scale for optimum impact and were not suited for 2-3 villages. This approach also led to disproportionate resources concentrating in very small areas (mostly around industrial zones) and undervaluing of the need in other locations, leading to a mismatch in where funds were deployed.

• Uncertainties with the duration of funding

The uncertainty of the duration of funding and support led to challenges for implementation partners. All organizations stated that long-term engagement with partners was most successful as social development projects required longer gestation periods to achieve meaningful impact. However, CSR preferred one-year contracts and funding as budgets were dependent on the next years' profit figures. Many companies did not have a problem-solving mindset behind undertaking CSR, thus failing to make sustained commitments to addressing specific problems. This lead to a large amount of uncertainty for implementation partners and the execution of their projects.

• Hierarchical relationship between donor and implementation partner

Many organizations spoke about being treated as a 'vendor' (executing tasks) by their donors and not a 'partner' (working towards a shared vision). This was reflected mostly in the nature of contracts and MoUs where they had to raise invoices to claim fund disbursement or could not move between line items in budgets or indemnity clauses. This type of relationship lead to funders seeing themselves as the leaders within the partnership, overshadowing the implementation partner's domain expertise and understanding of the communities and contradicting the view the company themselves valued.

• Limited understanding of impact

Many social organizations spoke of companies' limited understanding of social impact which needed partners to have a long-term vision. Companies often saw impact in the short frame of one year and counting the 'reach' of their projects. Companies sometimes restricted themselves to for-profit management and marketing principles even in the not-for-profit space which often proved to be a challenge as social impact is a longer, harder and more connected engagement. Many companies viewed impact as more physical infrastructure creation and were not keen on long term solutions that required time for community ownership to be built into program design.

• Branding as the sole goal

While NGOs acknowledged the added visibility that companies can generate for them, some of them were wary of CSR being seen as mainly a marketing/branding exercise. This hindered and interfered with a deeper engagement and execution of the project. For instance, one NGO mentioned how a company put undue focus on its logos on its partner's paraphernalia as opposed to the overall impact of the program. Some NGOs reported seeing higher involvement from the communications team who did not come with a complete understanding of CSR and social impact.

7. Defining features of an ideal CSR program

In order to unearth certain defining features of model CSR programs, the study reviewed seven programs, ranging across different sectors (health, education, environment, livelihoods), funded by different CSR companies and executed in partnership with a variety of implementation partners. The findings emerging from this review, combined with Samhita's learnings and experience of evaluating CSR programs and project details and best practices mentioned during interviews with both companies and social organizations as part of this study, has led to an overarching framework for an ideal CSR program (flagship program), as shown below. Short case studies for each program are in Appendix III.
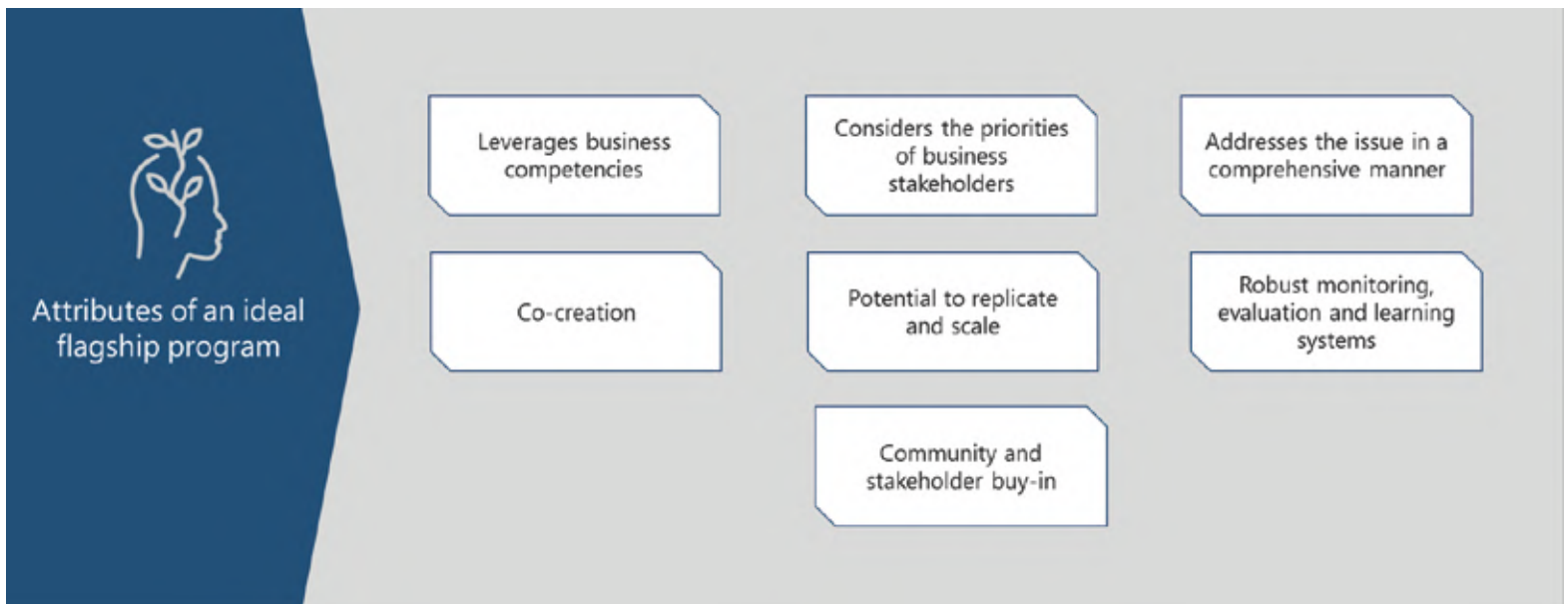
Strategic to a company

While not absolutely essential, many flagships leveraged a business competency or addressed the needs of a business stakeholder. This strategic approach helped companies to justify their CSR programs internally and build stronger buy-in, which protected them from ad-hoc changes in cause areas and programmatic strategy. As observed by a CSR Head, when designing CSR programs, he asked himself which programs and cause areas the company would invest in if the Indian government were to rescind the CSR mandate tomorrow i.e., what made sense from a strategic perspective.

Addresses the issue in a comprehensive manner

All flagship programs focused on addressing well-defined problems with comprehensive solutions that attempted to address some root causes along with more immediate concerns. While not always documented, these programs did follow a theory of change, with a clear causal path between inputs outputs and outcomes, which were generally informed by extensive evidence, data and insights.

For example, the livelihood program aimed at supporting income generation among vulnerable women from tribal communities and reviving Warli art was designed to include end-to-end support from strategic targeting of beneficiaries to contemporary designs to market linkages and training women in soft skills to be self-sufficient in the future. Similarly, the STEM education program addressed the issue in a holistic manner by identifying baseline benchmarks and gaps in each school before launching the intervention, developed digitised content for identified grades in region-specific language and provided training and consistent support to teachers to be able to deliver that content to the students.

Co-creating the program design

Many flagship programs were co-created between the CSR department of a company and NGO partners, though there were a few instances of programs that were developed by NGOs over a long period through many iterations and hence did not merit much change. In cases of co-creation, the CSR department generally brought the business perspective and skill that could be utilized for social good, and the implementation partner brought the domain understanding and community connect. This type of partnership led to co-ownership of the program (including its successes and failures), though it implied a more hands-on role from the CSR department, not just as a funder but as a strategic partner. Open and honest communication between parties was seen as critical to providing clarity to both parties at the time of forming the partnerships in terms of expectations, practical goal setting and delivery mechanisms. Continuous and open channels of communication through the duration of support, thought partnership on new ideas and troubleshooting, openness to learning from each other, and prioritization of the end social objective over everything else were some features of co-creation.

Potential to replicate and scale

Many flagship programs were designed for scale i.e. the model could be replicated in other locations with adequate flexibility for location and context-specific modifications. Such models usually entailed standardized processes, protocols and training interventions focussed on one unit, and expandable to a large number of units. Standardized processes helped in ensuring quality and consistent delivery of interventions when scaling. Best practices on standardized processes were seen in a few of the programs assessed. Both the health programs studied displayed extremely well-designed protocols with codified reporting mechanisms and data templates. Similarly, even the STEM program was based on a standard curriculum, TLMs and practices. It should be noted though that while the programs were designed for scale, most companies started out implementing smaller pilots, testing their effectiveness and then scaling them.

Robust monitoring, evaluation and learning systems

Flagship programs involved elaborate and comprehensive monitoring and evaluation systems, with

SMART indicators that captured both inputs and outputs. Many programs had been evaluated to assess the social outcomes or impact being achieved, internally by NGOs and in some cases through third parties. Many of the NGOs running such programs have displayed a culture of evidence and learning at an organizational level, with separate M&E teams supporting the program team. This was also a function that was emphasized by most CSR teams to keep track of timelines and milestones and undertake course corrections if needed.

Community and stakeholder buy-in

All flagships without fail demonstrated the criticality of buy-in from the communities and stakeholders it hoped to benefit, whether it was the village population or schools or groups of women. The process to create a buy-in started with the company and the NGO consulting and involving the community across the program lifecycle, starting from design to implementation to review and exit. Community buy-in was critical not only for the smooth execution of programs but also for sustainability after the company and NGO exited the program. A few different practices that were observed to build community buy-in include the constitution of local committees, such as village sanitation or health committee, made up of members of the community to democratize the decisions taken at the village level and working with the local panchayat to leverage government resources, the recruiting of local talent as trainers and frontline health workers, conducting regular meetings to gather feedback on the program, the development of youth leaders, etc. However, as noted in section 4 of this report, creating community buy-in was also reported as one of the main challenges facing the CSR community.
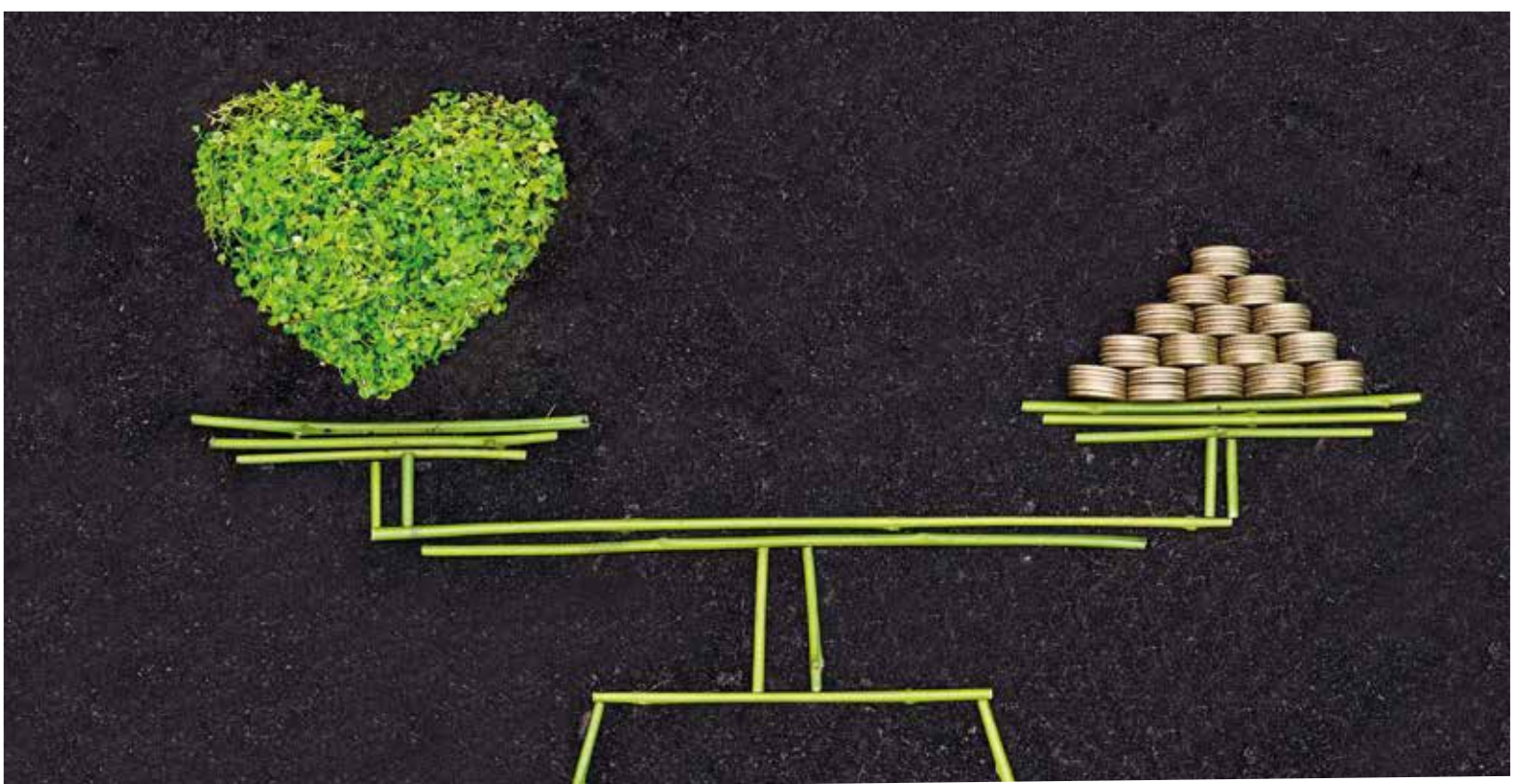
8. CSR trends in the near future

Based on the insights shared by companies and social organizations during this research, wider observations and new CSR rules announced recently, the following five trends in CSR are expected to become prominent in the next few years.

8.1. Thematic priorities to center around effects of COVID-19

Supporting COVID-19 measures will remain a focus and trend for CSR in the upcoming year. While many companies continue to support the need of the hour in terms of immediate healthcare and livelihood relief, some will also strategize and support long-term recovery from COVID-19 – investment in public health systems, recovery of livelihoods, etc.

- According to one NGO, both because of COVID-19 highlighting the gaps in our existing public health infrastructure and the Ayushman Bharat scheme, focus on healthcare is going to be a big trend in the coming years, including a focus on maternal and child care and non-communicable diseases as there are risks on those gains wasting away.

- Within livelihoods, hybrid models for vocational training in sectors buoyed by COVID-19 such as e-commerce, logistics, warehousing, healthcare etc. could become popular, along with a focus on strengthening small businesses through digitization, working capital and training. Overall, one foresees an increase in alignment with larger government initiatives around COVID-19.

- Addressing the pandemic's impact on education and the environment (especially plastic waste management) will become imperative as the infections start getting under control.

8.2. Focus on innovations

As CSR becomes more mature and experienced, and CSR rules more flexible, companies will become more open to supporting new and innovative ideas. This will reflect in their programs, partners and financing mechanisms. A few companies have already supported innovative financing instruments such as Development Impact Bonds, loss guarantees, returnable grants etc., with many more joining in. This is driven by two factors – a growing realization that CSR needs to become more results-oriented, and the drying up of CSR funds due to the impact of COVID-19 that needs the existing funding to stretch further.

8.3. Focus on technology

The pandemic has driven the use of technology in the CSR ecosystem at three levels, which is expected to continue rising -

• As an integral part of interventions

In the present digital age, with increasing penetration of tech infrastructure and corresponding, IT-enabled services to remote corners of the country, interventions around digital literacy and inclusion, digitization of small businesses, telemedicine etc. have become popular.

• To enable program delivery

Programs that were traditionally delivered physically have benefitted from the adoption of technology at both the level of an individual and a community in sectors such as education, vocational training, healthcare etc. The infusion of technology in intervention design can improve scale and uptake, reduce costs and also integrate digital literacy as one of the impacts achieved.

• As a tool to manage, monitor and report on program performance

The pandemic has compelled CSR to adapt its program management to a hybrid model, using digital platforms and tools to track fund utilization, project delivery milestones and timelines and gather feedback from end beneficiaries.

8.4. Focus on impact measurement

Due to the focus placed on impact measurement within the CSR rules and recommendations on social audits within the proposed Social Stock Exchange in India, corporate management strategies will find their way into CSR compliance systems making financial reporting, impact evaluation, outcome measurement more standardized. This may help standardize, grow and stabilize impact measurement systems. Implementation partners are also expecting to see a rise in third-party assessments to understand the value of money input into the landscape.

9. Recommendations

The CSR ecosystem in India has witnessed tremendous growth in the last 7 years. While the MCA has driven some of these changes through various amendments and rules aimed at making the ecosystem more transparent, effective and accountable, the companies themselves have also evolved their CSR approach from compliance-driven to strategic and, more recently, to catalytic. The evolution of approach helps them translate CSR into an opportunity to create sustainable impact at scale and unlock supplementary benefits such as competitive advantage.

The insights obtained during the research study indicate that Japanese companies operating in India are still at a nascent stage in their CSR journeys, with tremendous capacity and potential to enhance their approach. While Japanese companies work to improve their CSR approach and strategies, JICA, as an influential collective body, can create an enabling environment for their member companies to undertake CSR in India. This section lays out some broad recommendations for Japanese companies and JICA.

9.1. CSR recommendations for Japanese companies operating in India

Insights obtained from interviews with companies have been translated to provide recommendations to Japanese companies operating in India across the CSR lifecycle. It is advisable for companies to contextualize these recommendations as per their nature of business, size, budget, priorities etc.

i. Creating a structured and systematic CSR strategy

Depending on the industry, business operations, and relevant stakeholders, a strategic approach to CSR, where companies try to use their business competencies or expertise for social good, may help Japanese companies create long-term impact through their CSR and at the same time create value for relevant stakeholder groups and addressing business objectives. Companies could also adopt a more philanthropic or impact-focused approach, which may not speak to their business skills, but instead address deep-rooted social or environmental issues of the country.

Based on the approaches, Japanese companies should create more focused and structured CSR strategies or CSR vision to have a North Star which channelizes CSR activities in a purposeful way to achieve their vision over a definite period of time (three-five years). An ideal CSR strategy would sit within the overlap of i. company's objectives/ competencies ii. Local needs iii. India's development needs. The CSR strategy should include a clear articulation of the overall CSR vision and goals, choice of cause areas and rationale, success metrics for overall CSR goals as well as each cause area, partnership strategy and budget allocation principles. This strategy should guide the

concrete CSR action plan for a particular year. This recommendation is also pertinent in the light of new CSR rules of January 2021 that have stipulated that a company's CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, including the list of CSR projects or programs, manner of execution, implementation schedules, monitoring and reporting mechanism and details of need and impact assessment if any.

ii. Adopting a long-term, problem-solving lens to CSR programs

When selecting cause areas or designing CSR programs, companies are encouraged to use a problem-solving lens, which entails deeper engagement with a smaller and more specific set of causes over a longer period of time. Such a lens would translate into more impactful programs as companies are motivated to systematically support solutions that address different aspects of the problem at hand over a sustained time period, mitigating the risks of frequent or random changes to cause areas year on year or very short project cycles. It would also bring to bear a degree of rigour in planning and management of CSR programs, with a sharper focus on outcomes or results. The defining features of an ideal CSR program articulated in this report could also be used as guiding principles when selecting or creating CSR programs.

iii. Augmenting internal CSR capacity and capability

Japanese companies could consider more effective resourcing for their CSR functions, such that the individual(s) brings the right set of skills and competencies to guide CSR decisions, based on the company's priorities, India's development needs, civil society's needs and practicalities of on-ground execution. Standardized operating procedures for common and routine CSR activities such as selection of partners and programs, monitoring system, reporting templates, templates for grant agreements etc. could be considered to achieve efficiency and consistency in CSR execution. Creating internal guidelines for various corporate functions that usually support CSR, such as procurement, legal, finance, communication etc. may help to sensitize these departments to the realities of the social sector, reduce conflicts and improve the quality of their engagement. A company could also consider partnering with sector intermediaries for specific functions to complement their in-house capabilities wherever needed.

iv. Exploring different types of partnerships

While designing CSR programs, companies should identify points of collaboration and determine the type of partners required i.e. NGOs, social enterprises, community bodies, local government bodies, incubators etc. based on the nature of the program and suitability of the partner to execute these.

Partnership with government bodies may be essential to execute programs in local areas or execute programs at a national scale. Such partnerships with the government can help mobilize government resources in a strategic and catalytic way. Partnerships with bi-lateral/multi-lateral

agencies can be explored to mobilize their resources or leverage their competencies for the execution of the program. While forging strategic partnerships can help create impact at scale, treating communities as partners of the program can lead to sustainable impact. Community ownership is an important component which ensures that the program is adopted by the communities and they have a vested interest in the continuity of the program. The impact of the program can thereby sustain long after the company exits.

v. Strengthening monitoring, evaluation and communication processes

Companies should consider putting structured systems in place to monitor the progress of the programs and report impact. Regular monitoring and reporting would help check gaps in the program design, if any, and allow for the refinement of program design and increase efficiency and effectiveness. If the CSR team is small, companies can explore technology platforms that could provide project monitoring and reporting solutions on a real-time basis. Evaluating the results of the programs from time to time is recommended to ensure that CSR budgets and activities are ultimately resulting in social change that the company desires. The evaluations could be done by NGO partners for learning and improving purposes and complemented by third party assessments for higher accountability and objectivity. The new CSR Rules of January 2021 also mandate an external impact assessment for a company having an average CSR obligation of INR 10 crore or more in the 3 immediately preceding financial years for CSR projects with a budget of INR 1 crore or more.

While the CSR mandate requires companies to report their CSR activities and impact every year as part of their annual report, it is also a good practice to periodically communicate impact with internal and external stakeholders on a more regular basis. Various channels can be leveraged to communicate impact to internal stakeholders such as employees, the board of directors, and external stakeholders such as customers, shareholders, suppliers, and the larger society. Considering the current wave of responsible consumerism and the inclination to be employed at socially responsible companies, regularly communicating impact can unlock a host of benefits for the companies.

9.2. Recommendations to JICA for creating a more enabling ecosystem

i. Creating pathways for information and knowledge sharing

CSR is a crucial aspect of the larger development ecosystem in India, which is rapidly changing and evolving. In order to ensure that Japanese companies are abreast with the latest regulations, trends, innovations and challenges in the social sector, JICA could consider hosting sessions or webinars for their member companies on varied thematic areas such as education, skills and livelihood, environment and healthcare with sector experts and help identify specific opportunities

and roles that can be explored by CSR within these. An example of immediate relevance would be JICA arranging a session with sector experts to help companies navigate COVID-19 relief and recovery responses, in terms of urgent priorities in healthcare and livelihoods but also important issues such as the impact on education and the environment.

ii. Training programs for CSR teams

Among the key challenges highlighted by companies during qualitative interviews, a common one was lack of internal capacity and limited talent pool that could understand both private and social sectors. JICA can support member companies by building the capacity of their CSR teams. Training programs to impact knowledge on best practices and activities undertaken across the CSR lifecycle can be organized by JICA for the CSR teams of Japanese companies operating in India. The training programs can be held as an education course annually or bi-annually and conducted in collaboration with CSR consultants and academia from institutes such as TISS, Azim Premji University, SP Jain Institute of Management, Indian School of Development Management (ISDM) etc.
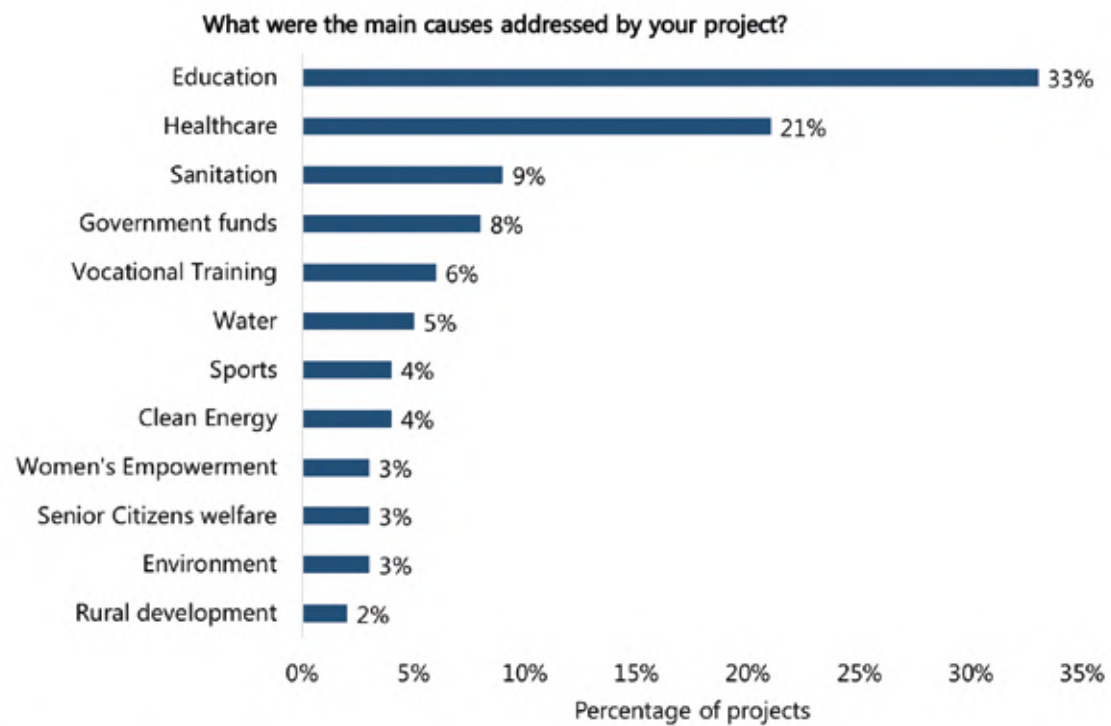
iii. Periodic newsletters and updates

The CSR landscape is still evolving in India and that translates to new approaches, new mechanisms, new rules, among other developments. As CSR is one participant in the larger movement to create impact in India, it is imperative for companies to be abreast of developments that are not only restricted to CSR but also pertain to the other participants in the ecosystem such as foundations, NGOs, for-profit social enterprises, and multi-lateral agencies. With different regulations governing the work of different participants, it can be difficult for CSR teams to keep themselves up to date with all developments and interpret the consequences on CSR activities. Therefore, JICA must periodically share social sector developments and updates with their member companies as well as share opinions from sector experts and consultants on the implications of the development on CSR activities.
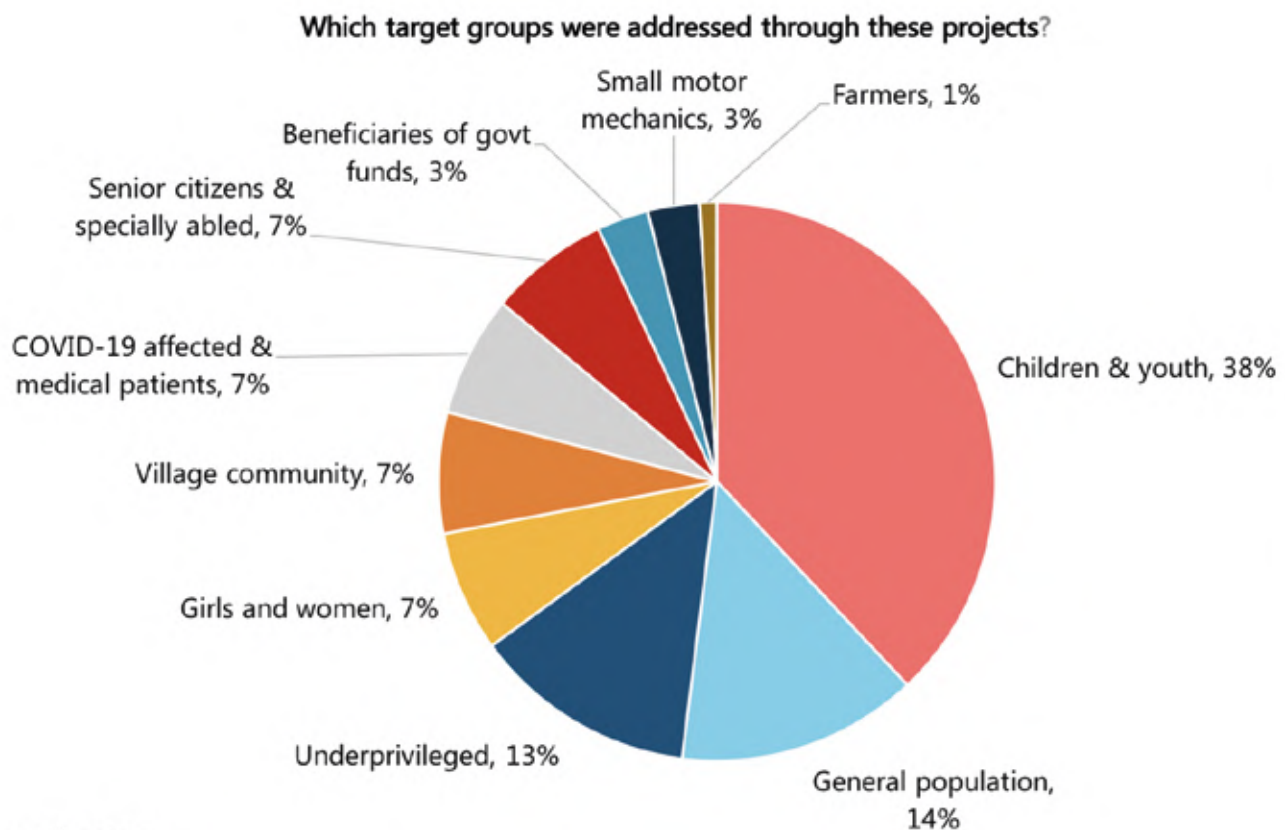
Appendix 1

Analysis of top 3 projects reported by Japanese companies

As part of the survey Japanese companies shared details of the top 3 projects implemented by them. Analysis of the information reflected similar to those highlighted in 4.3.3 'Cause area selection', 4.3.4 'State wise spending' and 4.3.5 'Average duration of CSR programs'.

What were the main causes addressed by your project?

Cause	Percentage
Education	33%
Healthcare	21%
Sanitation	9%
Government funds	8%
Vocational Training	6%
Water	5%
Sports	4%
Clean Energy	4%
Women's Empowerment	3%
Senior Citizens welfare	3%
Environment	3%
Rural development	2%

Percentage of projects

n = 106 projects
Source: Survey administered to Japanese companies

Which target groups were addressed through these projects?

Target group	Percentage
Children & youth	38%
General population	14%
Underprivileged	13%
Girls and women	7%
Village community	7%
COVID-19 affected & medical patients	7%
Senior citizens & specially abled	7%
Beneficiaries of govt funds	3%
Small motor mechanics	3%
Farmers	1%

n = 72 projects
Source: Survey administered to Japanese companies

In which states were the CSR projects implemented?

Bar chart showing percentage of projects:
- Harayana: 30%
- Delhi: 28%
- Karnataka: 17%
- Tamil Nadu: 17%
- Rajasthan: 13%

Y-axis: Percentage of projects (0% to 35%)

n = 106 projects
Source: Survey administered to Japanese companies
Totals add up to more than 100% as companies were allowed to select multiple responses

What was the duration of the projects?

Bar chart showing percentage of projects:
- Less than 6 months: 45%
- Between 6 months and 1 year: 36%
- 1-2 years: 10%
- More than 3 years: 8%
- 2-3 years: 1%

Y-axis: Percentage of projects (0% to 50%)
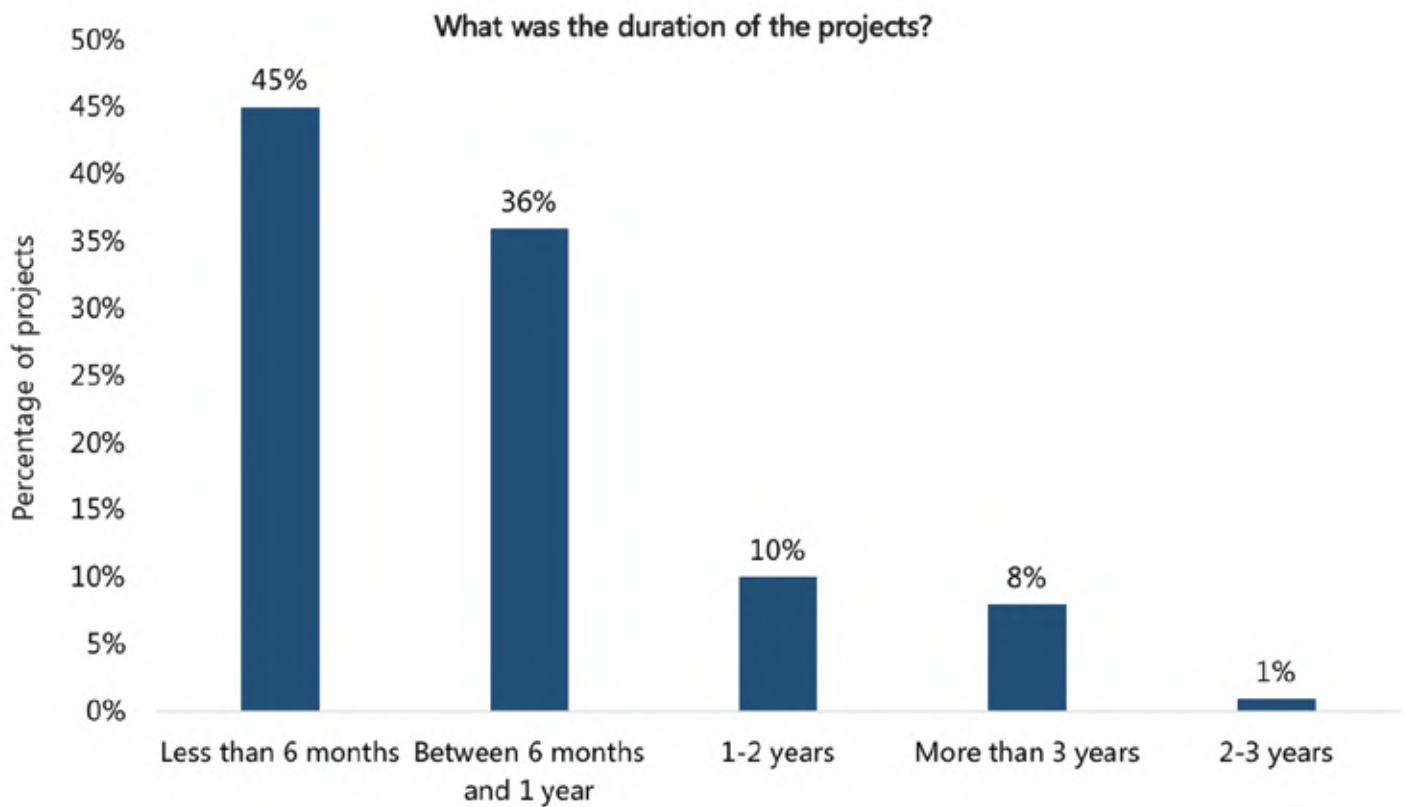
n = 73 projects
Source: Survey administered to Japanese companies

Appendix II

List of organizations interviewed

S.No	Name of Japanese companies (alphabetical order)
1	A banking company (name withheld)
2	A trading company (name withheld)
3	A trading company (name withheld)
4	Eisai Pharmaceuticals Private Limited
5	Mitsubishi Electric India Private Limited
6	Mitsui Chemicals India Private Limited
7	NEC Corporation India Private Limited
8	Toyota Kirloskar Motors Private Limited
9	Toyota Material Handling India Private Limited

S.No	Name of Indian companies (alphabetical order)
1	Arvind
2	Asian Paints
3	Cipla Foundation
4	Godrej
5	HDFC Capital
6	JSW Foundation
7	Larsen and Toubro
8	National Investment and Infrastructure Fund (NIIF)
9	SBI Foundation
10	Tata Power
11	Tech Mahindra Foundation

S.No	Name of MNC companies (alphabetical order)
1	Abbott
2	An apparel company (name withheld)
3	An oil company (name withheld)
4	Kimberly Clark
5	Reckitt
6	RBL Bank

S.No	Name of implementation partners (alphabetical order)
1	Agastya International Foundation
2	Antarang Foundation
3	Mahila SEWA Trust
4	Mann Deshi Foundation
5	Piramal Sarvajal
6	Pratham
7	Society for Nutrition, Education and Health Action (SNEHA)
8	Shelter Associates
9	Swasth Foundation
10	Teach to Lead (Teach for India)
11	The Clean Network
12	Wadhwani Initiative for Sustainable Healthcare (LEHS|WISH)

Appendix III

List of projects reviewed or assessed

Project	Company	Implementation partners	Sector	Objectve	Duration	Reach	Outcomes
Reviving Warli Art: The Women Artist Skill Enhancement Program	Indian IT company	A multi-lateral agency and two NGOs	Livelihoods, women empowerm-ent	• Build capability and competence of underprivileged women beneficiaries in and around Mumbai and Thane to produce a wide range of high quality Warli products. • Provide skill training and facilitate women beneficiaries with market linkage opportunities where their products can be sold. • Creating a sustainable eco-system for skilling these women artisans.	December 2017 to March 2020	2045 artisans in Maharashtra	• 93% women offered work opportunities after training • 53% currently working on different orders for Warli art • Proportion of women saving a fixed amount regularly increased from 10% to 27% • 80% women 'strongly agreed' that their confidence had increased
STEM Education Program	Indian construction and engineering company	Large NGO	Education	• Establish infrastructure and capacity among schools and teachers for digital learning in STEM across Indian states in a contextual manner. • Enhancing student learning outcomes in STEM.	March 2020 to March 2021	25 schools in Gujarat	• Creation of a holistic learning environment and increase in student engagement • Teachers felt equipped to deliver science and math curriculums and in turn felt more motivated too • 70% of students stated that curriculum was 'comprehensively' covered • 70% of students rated its execution 7 or more out of 10 • Improved performance in Math and Science
Knowledge on Wheels	Indian banking and financial services company	An Indian NGO	Education, community engagement	• Providing school going children, from semi urban/rural areas a holistic scientific education by exposing them to experiential learning. • Developing an interest in reading among children. • Spreading awareness in communities on selected topics and increasing youth participation in the community activities. • Capacity building of all stakeholders involved.	2019 to 2021	52 schools and 29 communities in Maharashtra	• 11 percentage point increase in average score of students in one location • 77% students reported that they would like the KOW program to continue next year • 51% of the students reported a significant benefit from KOW class • The KOW has also been very helpful to the communities to facilitate the addressal of any gaps in educational needs faced by students especially in the lockdown

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SCALE Program	Indian banking and financial services company	Health focussed NGO	Health	• Improve quality of healthcare by managing well-functioning PHCs and SCs, making good quality primary care more accessible • Reduce out-of-pocket expenditure of community on healthcare through remote doctor consultations. • Conduct regular health camps for further outreach and maintain an ongoing health engagement with community members	2018 to 2021	Supporting 53,000 people in Rajasthan	• 98% institutional delivery rate among deliveries during the time of the intervention • 93% pregnant mothers were registered for ANC services • The avg. number of vaccines received by children (<5years) rose from 3.67 to 4.35 • 97% respondents sought institutional healthcare for non-minor diseases • 50% of the respondents found the fee charged at PHCs and SCs to be inexpensive
Community Health Care for Women and Children Program	Indian banking and financial services company	A grassroots professional development NGO	Health	• Improve knowledge of anaemia to reduce its prevalence • Improve knowledge of 1000 days care and the adoption of maternal and child care among pregnant mothers • Reduce low birth weight, underweight and stunting amongst children • Enable convergence of services of community institutions • Attain sustainability of initiatives through capacity building of the community	Phase 1 (2016 to 2019) and Phase 2 (2019 to 2021)	Three blocks in Tamil Nadu	• Substantial improvement in knowledge of anaemia among girls and women and knowledge of maternal care among pregnant mothers • The percentage of girls wearing slippers (to prevent hookworm infestation) 'Always' has increased from 4% to 98%. • All mothers had registered for Maternal and Child protection card during first trimester • 97% mothers had gone for more than 3 ANC visits • 94% mothers had gone for PNC visits.
Compre-hensive Community Develop-ment-Watershed Plus Program	Indian technology services company	Agricultural focused NGO	Community Development	• Provide comprehensive community development services across the following - sanitation, agricultural production, renewable energy, income generation, and capacity building	2019 to 2021	Village in Maharashtra	• Increase in availability of water for irrigation for at least one additional month every year • Toilet construction commenced for 25 households (of 38 needed) • The community has also benefited from the installation of the solar pump as the challenges of interrupted access to water owing to inconsistent power supply are mitigated. • Access to finance and exposure trainings provided to set up enterprises was provided

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Miyawaki Afforestation Program	Indian construction and engineering company	A public industrial corporation	Environment	• Plantation of trees in an otherwise heavily industrialized area • Improve forest cover and greenery and restore natural vegetation	One time activity in 2020	1200 saplings planted in an area of 400 square meters in Maharashtra	• The intervention was successful in adding to the country's forest cover, leading to numerous benefits reaped by all • The Miyawaki technique employed was proven to be an effective method to conduct this kind of project.