Pakistan: Strengthening Corporate Social Responsibility for Development

Project Name: Strengthening Corporate Social Responsibility for Development

Project Number: 48067-001

Country: Pakistan

Project Status: Proposed

Project Type / Modality of Assistance: Technical Assistance

Source of Funding / Amount:
- TA: Strengthening Corporate Social Responsibility for Development in Pakistan
  - Japan Fund for Poverty Reduction
  - US$ 750,000.00

Strategic Agendas:
- Environmentally sustainable growth
- Inclusive economic growth

Drivers of Change:
- Governance and capacity development
- Knowledge solutions
- Partnerships
- Private sector development

Sector / Subsector:
- Industry and trade - Industry and trade sector development

Gender Equity and Mainstreaming:
- Some gender elements

Description:
This TA will help develop best-practice models to strengthen collaboration between government, businesses, and CSOs in the delivery of social services and in poverty reduction. The key development actions that the proposed TA will focus on are:

(i) Bridge the knowledge and awareness gaps relating to CSR in businesses, CSOs, and government;
(ii) Develop CSR frameworks and partnership models for effective linkages between government, business, and civil society;
(iii) Build capacity of key stakeholders to strengthen partnerships; and
(iv) Establish philanthropy and CSO networks to facilitate sustainable governance structures to contribute to inclusive social sector development and poverty alleviation in Pakistan.

Project Rationale and Linkage to Country/Regional Strategy:
Since independence, Pakistan has experienced periods of strong economic growth. However, the resilience of the economy has been tested by exogenous and endogenous shocks and periods of macroeconomic instability. Sustainable social development and poverty alleviation has lagged behind economic growth. Pakistan ranks 146th out of 186 countries on the Human Development Index (HDI), and progress in HDI and achieving the Millennium Development Goals (MDGs) is below many peer countries. Pakistan's expenditure on social sector at 0.8% on health and 1.8% on education is very low by world standards. The result is a large social sector deficit which is a drag on sustainable, inclusive economic growth and poverty alleviation, and creates risks to social stability.

It is clear that the magnitude of the social sector service delivery is beyond the fiscal and institutional capacity of the Government, thus other alternatives must be considered to help achieve sustainable development. In other countries, efforts are being made to create productive and viable linkages with key stakeholders such as the private sector and the civil society to ensure attainment of development goals. This may be a viable option for Pakistan as well.

To mobilize additional CSR and corporate philanthropy and to enhance its effectiveness, it is essential to identify best CSR practices and models, CSO implementing partners, and to form strong and credible linkages between government, philanthropists and civil society. In order to enhance CSR for inclusive growth in Pakistan, it is crucial to generate relevant knowledge, form synergies, and create an enabling environment where these three segments of society work in partnership.

The ingredients exist to strengthen business and CSO contributions to overall social development and sector service improvement. Pakistan is a giving society, as indicated in several studies. There are over 45,000 active CSOs in Pakistan playing an important role as development partners. Government in its Poverty Reduction Strategy Papers (PRSP) has acknowledged the role of private sector contribution for poverty reduction in Pakistan. Reported ‘giving’ by a segment of the corporate sector amounted to PRs4.1 billion in 2012, an eighteen-fold increase over the past 8 years.

The proposed technical assistance (TA) will focus on enhancing CSR for social development in Pakistan by engaging government, business, and civil society. This three-way partnership will provide critical additional financial and institutional resources, and serve as a force multiplier for social sector development and poverty alleviation.

Impact:
Improved social service delivery and corresponding decrease in poverty.

Outcome:
Enhanced capacity for resource mobilization and CSR contribution of private sector and CSOs in Pakistan.

Outputs:
1. Innovative knowledge resources on CSR in Pakistan
2. Improved understanding of government, civil society, private sector, and the public
3. Development of CSR frameworks and public-private partnership models
4. Formation of a national philanthropy network and a CSOs network

Geographical Location:
Nation-wide

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation
During Project Design

Initial consultations with stakeholders took place while designing the TA. Through PCP, the TA team conducted qualitative reviews and interviews of top giving companies in Pakistan to gain a deeper insight into the nature, processes and challenges of the corporate sector’s CSR activities. Consultations were also held with Finance Division, Economic Affairs Division, Federal Board of Revenue, SECP, Pakistan Institute of Corporate Governance, Institute of Chartered Accountants of Pakistan, and Strengthening Participatory Organization. These stakeholders provided valuable input for designing the TA, and assured full support for its implementation. An Aide Memoire documenting the broader outline of the TA and the consultation process was submitted to the government of Pakistan, which was duly endorsed.

During Project Implementation

The TA will be implemented over 2 years after approval. ADB will administer the TA through Pakistan Resident Mission (PRM) in close collaboration with PCP as executing agency (EA). ADB support will be limited to the scope of the TA. The PCP Board will provide overall policy and strategic guidance for the activities of the proposed TA. The board will form an advisory committee headed by the Executive Director with representation from the government and the SECP to oversee the progress on various outputs of the TA implementation, and will meet at least once every 4 months and it will report to the PCP board. The Advisory Committee will lead and oversee the implementation of TA activities to achieve the TA results linked to the design and monitoring framework, and will be responsible for evaluating the outputs.

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Munir Abro

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Executing Agencies
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Timetable

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<td>Concept Clearance</td>
<td>05 May 2015</td>
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<td>Fact Finding</td>
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<td>MRM</td>
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<td>Approval</td>
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<td>Last Review Mission</td>
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