

**Corporate Social Responsibility and Natural
Disaster Reduction: Insights from Bangladesh**

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Abbreviations and Acronyms

BGHRC	Benfield Greig Hazard Research Centre
BGMEA	Bangladesh Garment Manufacturers and Exporters Association
CPD	Centre for Policy Dialogue
Crore	One hundred lakhs or ten million
CSR	Corporate Social Responsibility
DCH	Dhaka Community Hospital
DMB	Disaster Management Bureau
EGIS	Environment and GIS Support Project for Water Sector Planning
FICCI	Foreign Investors' Chamber of Commerce & Industry
GDP	Gross Domestic Product
ITDG	Intermediate Technology Development Group
Lakh	One hundred thousand
MDMR	Ministry of Disaster Management and Relief
NGO	Non-Government Organisation
ORS	Oral Rehydration Solution
Thana	An administrative unit below the district and above the union
Tk.	Taka, Currency of Bangladesh

Currency exchange rate: GBP1 = Taka 89 and USD1= Taka 58 approximately in July 2002.

Corporate Social Responsibility and Natural Disaster Reduction: Insights from Bangladesh

CONTENTS	Page No.
1. Introduction	5
2. Research Objectives and Methodology	5
2.1 Research objectives	5
2.2. Methodology	6
2.3. Methodological Limitations	6
3. Natural Hazards in Bangladesh	7
3.1. Floods	7
3.2. Cyclones	8
3.3. Riverbank Erosion	8
3.4. Arsenic Poisoning of Ground Water	9
4. Corporate Initiatives in Disaster Mitigation	9
4.1. Characteristics of the Corporate Sector	9
4.2. State of Disaster Mitigation	11
4.2.1 Experience of disasters	12
4.2.2. Nature of inter-sectoral partnership	13
4.2.3. Funding for mitigation	14
4.3. Evidence of Corporate Initiatives	14
4.4. Forms of Intervention	15
4.4.1 Charity	15
4.4.2 Creation of NGOs	16
4.4.3 Sponsorship	16
4.4.4 Social concern	17
4.4.5 Maintaining business continuity	17
5. Conclusions	18
 Annexes	
Annex 1: CSR and Natural Disaster Reduction: research questions	20
Annex 2: Damages and Losses: Floods 1998	23
Annex 3: SAHCO International Ltd.	24
Annex 4: Square Pharmaceuticals Ltd.	26
Annex 5: The Foreign Investor's Chamber of Commerce & Industry (FICCI)	28
Annex 6: Bangladesh Garment Manufacturers and Exporters Association (BGMEA)	30

1. Introduction

Bangladesh has a long tradition of coping with natural disasters, both individually and through collective efforts. The tradition reveals a history of collective social responsibility that refers to the activities undertaken, particularly by the land-owning gentry, and by informal social groups led by the committed young generation that came under influence of the emerging Marxist ideology during the last century¹. The activities thus undertaken were considerably different from corporate social responsibility in the sense that they were not linked to business or mercantile groups and lacked the articulation that came to be known as typical of the emerging corporate establishments of the present time.

Corporate social responsibility (CSR) is understood to go beyond the business sector's regular operation of producing a certain range of products and services in the most efficient and economical manner. It concerns the relationship of a company not just with its clients, suppliers and employees, but with other groups, and with the needs, values and goals of the society in which it operates.² The relationship can be categorised in different ways: according to the purpose, the scope and content of private sector activity, or the degree of participation in such activity. It may include a broad and diverse form of CSR engagement such as social and environmental impact, business ethics, 'fair trade', labour standards and human rights.³

The typology of corporate social responsibility for this study, however, focuses on private sector involvement in natural disaster reduction initiatives within the wide range of CSR. An initial literature survey has shown that little is known about the extent and nature of private sector involvement in mitigating disasters in Bangladesh and very little evidence is available.

2. Research Objectives and Methodology

2.1. Research objectives

The study aims to:

- Identify and document private sector involvement in disaster preparedness and mitigation work, not commercially but as part of philanthropic/social responsibility programmes;

¹ One such account of collective effort that directly dealt with problems of floods and intrusion of salinity in southwest Bangladesh is found in Ali, Mir Amir 1986 *Dumuriar Krishak Andolon O Bishnu Chatterjee* (Peasant Movement of Dumuria and Bishnu Chatterjee), Khulna.

² UN 2000 *Development of Guidelines on the Role and Social Responsibilities of the Private Sector*. Report of the Secretary General to the Preparatory Committee for the special session of the UN General Assembly on the World Summit for Social Development and Beyond. (A/AC.253/21). New York United Nations cited in Twigg, J 2001 *Corporate Social Responsibility and Natural Disaster Reduction: An Overview*. (London: Benfield Greig Hazard Research Centre) <http://www.bghrc.com>

³ Twigg, John 2001 *ibid.* p.11.

- Assess the potential for promoting further private sector work in this field with a view to developing pilot projects.

This study is based on the country experience in Bangladesh and is part of a larger research project managed by the Benfield Greig Hazard Research Centre (BGHRC), University College London. The research project has two main elements. First, a global overview has been carried out based on a literature review and interviews with key informants.⁴ Second, it comprises a set of country studies from Bangladesh, India, Nepal, Pakistan and Sri Lanka.

2.2. Methodology

The research method used for this study includes:

- Contact and discussions with private sector members to gather evidence and information on private sector involvement. More than 50 contacts were made to find out the nature of activities in this area. Contacts were made through phone calls, personal visits and letters.
- After this initial screening, semi-structured interviews were carried out with key informants involved in some form of disaster relief or mitigation work. Six face-to-face interviews were held. They were with: Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Square Pharmaceuticals Ltd., TITAS Gas Employees Union, the Federation of Bangladesh Chambers of Commerce and Industry, Society for Health and Environment, SAHCO International Ltd., and Foreign Investors' Chamber of Commerce and Industry.
- In addition to the above, a literature survey was carried out to identify business responses to disasters. Though a few global studies were found on corporate social responsibility, studies in the context of Bangladesh were found to be virtually non-existent.

2.3. Methodological limitations

The methodological difficulties that the research encountered are worth noting here. Often it was difficult to get hold of people for interviews. This difficulty seemed to be a result of two interrelated factors.

First, in general, business people tended to be busy. It was difficult to get time from senior level officials or directors for an in-depth discussion. Scheduled meetings were often cancelled in response to other business priorities. In many cases, junior level officials were assigned for the interviews. The latter, though they tried their best to help, often lacked sufficient understanding of business operations to respond to the research questions and consequently felt uncertain about making any decisive statements or providing opinions.

Second, in many cases, businesses felt that the research was too distant from their day to day activities. Short-term one-off relief activities during and after a disaster were largely

⁴ See Twigg, John 2001 *ibid*.

believed to be sufficient for responding to, as it was often termed, the 'humanitarian' need. The details of the research questions thus seemed to belong to the distant domain of research and were not considered to be linked to the realities of business and, therefore, could be disregarded as such. The study, consequently, lacks sufficient factual explanations and elaboration, and tends to rely on piecemeal and fragmented information about the enterprises, and on knowledge of the society and economy overall.

The research questions that were used as an indicative guideline for the interviews are presented in Annex 1.

3. Natural Hazards in Bangladesh

Bangladesh is one of the largest deltas in the world, situated at the eastern end of the Indo-Gangetic plain with the Bay of Bengal in the south, the Assam range and Shillong plateau in the north-east, and the Himalayas in the north-western corner of the country. Three major rivers, viz. the Ganges-Padma, the Brahmaputra-Jamuna and the Meghna, pass through Bangladesh. The total catchment area of these rivers is 1.7 million sq. km, but as much as 93 per cent of this area lies outside Bangladesh, in India, Nepal, China and Bhutan. The country has a rainfall ranging from 2300 mm up to 5000 mm. The coastline with the Bay of Bengal is conical in shape and results in a higher sea level during the monsoon months. The unique geographical position of Bangladesh has made it vulnerable mostly to water-related natural hazards like floods, coastal cyclones and river erosion. Recently, arsenic contamination of ground water has emerged as a serious nationwide crisis of mass poisoning.

3.1. Floods

The unique river system and rainfall pattern of Bangladesh cause regular floods. This frequent flooding, however, is a part of life and livelihoods in Bangladesh. Usually four types of floods are experienced. Normal monsoon floods occur when the water in the major rivers rises due to heavy rainfall in the upstream basins that spills on to the flood plains. This type of flood is perceived as important for agriculture, particularly for monsoon crops, as inundation during flooding deposits alluvial organic soil. In normal years about 30 per cent of the land area is inundated, while in the case of severe and catastrophic floods, like those that occurred in 1988 and 1998, up to 70 per cent of the land area goes under water. In those years, floodwater submerged croplands, reached inside homes, and forced people to evacuate and take refuge on higher ground.⁵ Localised rainfloods may occur due to excessive and prolonged rainfall, particularly in the low-lying rural areas, causing over-spill of water bodies. Flash floods occur particularly in the regions of North and North Eastern areas where water levels rise and fall sharply during April-May as a result of early rains in adjacent hills. Tidal floods occur during the spring tide in the monsoon when the entire coastal area becomes susceptible to flooding; the situation becomes worse when storm surges occur along with tropical cyclones.

⁵ Damages and losses due to the floods of 1998 are provided in Annex 2

3.2. Cyclones

The unique topographical position of the country has also made it vulnerable to cyclones and tidal surges generated by atmospheric depressions in the Indian Ocean. The adjacent coastal areas along the Bay of Bengal are termed a geographical death trap as about 40 per cent of global fatalities due to storm surges occur in these areas.⁶ On average, Bangladesh is hit by cyclones of varying severity two to three times a year. The worst cyclone in recent times occurred in 1970, claiming 500,000 lives. During this fatal cyclone, wind speeds reached 220 km. an hour and the tidal surge topped ten meters. Five enormous cyclones occurred in the 1990s, when an estimated 2.5 million people had to evacuate their homes, and up to 140,000 people died, most of them during one cyclone in 1991.⁷

3.3. Riverbank Erosion

The major rivers of Bangladesh are in a constant mode of change, often to unpredictable courses, making the riverbanks notoriously unstable. A common phenomenon in the Brahmaputra, Ganges and Meghna rivers is the erosion of riverbanks in some areas and formation of new lands in other areas. The hydro-morphological features of these rivers vary widely, which also influences the characteristics of erosion and accretion.⁸ The Brahmaputra-Jamuna River is a braided river, the bank material consists of loosely packed silt and fine sand that is highly susceptible to erosion. The Ganges-Padma River is classified as a wandering river (between braided and meandering) and the sweeping of the meandering bends and formation of the braided belt are limited within an active corridor. One-third of the annual sediment transport consists of sand while the remainder is silt and clay. The Meghna River represents dual characteristics. The Upper Meghna River is a stable and seemingly inert river while the Lower Meghna is subject to tidal influence and has been found eroding both of its banks. The average bank erosion rates of these three rivers show that during the period of 1984-1993 the highest erosion took place in the Lower Meghna River (248m/year) followed by the Brahmaputra-Jamuna River (184m/year) and the Ganges-Padma River (159m/year).

⁶ Murty, T.S. 1984 Storm surges - meteorological ocean tides. *Canadian Journal of Fisheries and Aquatic Sciences*. Bulletin 12 p.897 cited in Warrick, R.A. et al 1994 *Sea-level Changes in the Bay of Bengal. Briefing Document No 2*. Dhaka: Bangladesh Unnayan Parishad (BUP); Hamilton: Centre for Environmental and Resource Studies (CEARS); Norwich: Climatic Research Unit (CRU).

⁷ International Federation of Red Cross and Red Crescent Societies 2002 *World Disasters Report 2002. Focusing on Reducing Risk*. Geneva.

⁸ The description is based on EGIS 2000 *Riverine Chars in Bangladesh. Environmental Dynamics and Management Issues*. Dhaka: University Press Ltd.

People in the erosion-prone areas generally consider river erosion as a more devastating disaster than floods. While flooding destroys crops and properties, riverbank erosion often results in complete loss of farm and homestead land. The *World Disasters Report 2001* estimated that on average one million people are affected and nine thousand hectares of cropped land are eroded each year in Bangladesh.⁹

3.4. Arsenic Poisoning of Ground Water

Arsenic poisoning of ground water has recently emerged as the most dreadful public health hazard in Bangladesh. The problem is associated with the promotion of tubewell water since the 1970s to curb diarrhoeal diseases. Today, 95 per cent of the 125 million people of Bangladesh depend on an estimated 13.5 million tubewells as their main source of domestic water supply. Nearly one-third of the tubewells in the country contains arsenic above the accepted government limit of 0.05 mg/l¹⁰. According to a government estimate, 32 per cent of the population are exposed to arsenic concentrations above 0.05 mg/l; among the exposed, 28 per cent are exposed to levels exceeding 0.20 mg/l.¹¹

Arsenic, a toxin and carcinogenic element, initially manifests itself in the human body in the form of skin problems. Dermatological symptoms primarily begin with changes in skin pigmentation (melanosis) on the chest and back or hardening of the skin (keratosis) on the palms and soles of the feet. At the secondary stage, black and white spots spread to other parts of the body and internal organs can become affected. Cardiovascular problems and diabetes may develop at this stage. More serious patients can also develop cancers of skin, lung, bladder, liver, prostate and kidney. At an early stage, the symptoms can be reversed by using arsenic-free water, improved diet (leafy vegetables and fruit) and the use of nutritional supplements like spirulina and anti-oxidants. More advanced clinical symptoms that require complex forms of treatment such as surgical amputation and treatment of cancer are not available to the majority of patients in Bangladesh.

4. Corporate Initiatives in Disaster Mitigation

4.1. Characteristics of the Corporate Sector

The growth of the industrial sector in Bangladesh¹² has been modest. During the 1973-74 to 1999-00 period, manufacturing GDP has increased at an annual compound rate of only

⁹ International Federation of Red Cross and Red Crescent Societies 2001 *World Disasters Report 2001. Focusing on Recovery*. Geneva.

¹⁰ Alam, Sultana and Nilufar Matin 2002 *Mitigating Natural Disasters. Experience and Needs in a Delta-in-Formation*. ITDG-Bangladesh (mimeo). It is to be noted that current Bangladesh standards are more liberal than the WHO standard (0.01 mg/l) and the US standard (0.005 mg/l).

¹¹ Government of Bangladesh Draft National Strategy. National Water management Plan p.12.

¹² The discussion here is limited to the industrial and trade sectors and does not include the informal private business and services sector. This is due to a lack of comparable data.

3.8 percent. However, the 1990s experienced some upturn in the sector's performance.¹³ Between 1988-89 and 1994-95 the annual growth rate was estimated to be nearly 8.2 per cent with some decline in the second-half of the 1990s when the growth rate came down to 5.5 per cent. This deceleration in growth is attributed mainly to the floods of 1998 that resulted in the fall of the growth rate to the level of 3.2 per cent in 1999.

A disaggregated picture of the sector shows that large industries have played an increasingly important role in recent years. In 1999-2000, the contribution of large-scale industry to GDP accounted for 11.1 per cent. More than four-fifths of the growth in the 1980s was accounted for by 5 industries: readymade garments, fish and seafood, leather goods, fertilisers and pharmaceuticals. In the 1990s industrial growth became more broad based, and small-scale industries registered a robust performance. The latter, however, have been particularly vulnerable to natural disasters compared to medium and large-scale industries. During 1997-98, the year preceding the catastrophic floods of 1998, the growth rate for large-scale industries was 9.3 per cent and that of small industries was 6.8 per cent. During the catastrophic floods of 1998-1999, both industries suffered from the flood damages but while the growth rate for large industries dropped to 4.2 per cent, for the small industries it declined sharply to 0.75 per cent.

Following the floods of 1998, a study¹⁴ was carried out to find the nature and extent of damages caused to four economic sectors, viz. industry, trade, office and public buildings, and agricultural sector in Dhaka city. The industry sector was again divided into cottage industries, small and medium industries, and large industries.¹⁵ Of the total loss, the output loss (in the form of value added and linkage effects) was found to be the most significant component accounting for 83 per cent of the total. This was followed by the damage to the stock of goods (9 per cent) and structure or machinery/equipment loss (8 per cent). Out of the four sectors, the urban industry sector was found to be the most adversely affected sector, accounting for 83 per cent of total loss. Within the industry sector, the small and medium industries sub-sector suffered relatively more than the large industries.

The Industrial Policy of 1973 promoted a large public sector, while the policies of 1982, 1986 and 1999 have emphasised a gradual dismantling of the public sector and promoted private sector-led industrialisation strategies. However, despite liberal policies, many factors inhibiting industrial investment remain: poor infrastructure, absence of skilled labour and mid-level technical expertise, an underdeveloped legal system, constraints originating from the limited size of the domestic market, the law and order situation,

¹³ This section is based on CPD 2001 Policy Brief on "Industry and Trade". CPD Task Force Report. Dhaka (mimeo).

¹⁴ Nishat, Ainun et al 2000 *The 1998 Flood: Impact on Environment of Dhaka City*. Dhaka: Department of Environment, Ministry of Environment and Forest, Government of Bangladesh & IUCN - The World Conservation Union, Bangladesh Country Office. The study was based on 10 large industries, 101 small and medium industries, 15 cottage industries, 100 business units, 10 service units and 71 agricultural householders in Dhaka city.

¹⁵ The large industries included ready-made garments, leather, salt, and cold storage. The small and medium industries were food and agro-based, cotton and textiles, timber and furniture, engineering and electrical, and miscellaneous services.

bureaucratic red tapism, and weakness of institutions. Corruption, bad governance, and lack of timely access to loans have contributed to a situation where the performance of the industrial and financial sectors has been seriously affected. The proportion of non-performing loans remained as high as nearly 40 per cent as of June 2000. Given this problem, two challenges remain: undertaking appropriate measures to reduce the cost of capital investment for entrepreneurs, and enhancing the flow of loanable funds to ensure an accelerated growth in the private industrial sector.

The growth rate achieved and the emerging challenges suggest that the industrial sector has not yet reached a stage of adequate economic prosperity where it would be possible for industries to shift their focus, to a certain extent, away from commercial concerns and towards servicing the needs of an economy devastated by a regular cycle of natural disasters of one kind or the other. The sector seems far less prepared for responding to the requirements of a long-term and broad-based strategy that is needed for mitigating natural disasters.

4.2. State of Disaster Mitigation

Private sector involvement in disaster mitigation does not take place in isolation from the work of other actors and from current thinking about risk and mitigation.¹⁶ This remains true for all inter-sectoral collaboration and partnerships. In Bangladesh, the government has traditionally assumed a major role when it comes to providing services that bring little direct commercial return. Side by side, during the last two decades, there has been a notable proliferation of the NGO sector that has overshadowed all other actors in the field of social activities aimed at the welfare of the wider community¹⁷. The NGOs are supported by international aid agencies, and responding to disasters has been an important aspect of their engagement with local communities. A recent study noted that NGO contributions have often been found commendable in coping with recurring natural disasters alongside creating a base for community participation.¹⁸

The traditional view of risk and mitigation of disasters has been dominated by fatalist (nothing can be done against Nature), welfare-oriented (philanthropy and one-off charity) and political economy (peasant movements that focused particularly on disasters like floods and water logging problems) approaches. These views have continued to inform current thinking on mitigation responses and responsibilities. Thus popular discourses on the subject do not tend to view the corporate sector as a responsible actor that could harness relationships beyond its immediate commercial interventions and interests.

¹⁶ Twigg, John 2001 op.cit. p. 39

¹⁷ Since the emergence of the NGOs in the aftermath of the Liberation War in 1971, the NGOs have consolidated their position, initially in the relief and rehabilitation activities needed in the war-affected communities, and later as partners in development. (See Hashemi, S and Mirza Hasan, Building NGO Legitimacy in Bangladesh, in Lewis, D ed. 1999 *International Perspectives on Voluntary Action: Reshaping the Third Sector*. London: Earthscan.) While in 1970 there were only 40 NGOs in the country, a study in 1999 estimated the figure as 22,000 among which 150 NGOs were of foreign origin. (See Ahmad, Mohiuddin 1999 *Bottom Up: NGO Sector in Bangladesh*. Dhaka: Community Development Library.)

¹⁸ Matin, Nilufar and Muhammad Taher 2000 *Disaster Mitigation in Bangladesh: Country Case Study of NGO Activities*. London: British Red Cross Society. <http://www.redcross.org.uk/dmp>

Similarly, private businesses have also never explicitly owned the responsibility of disaster mitigation as a corporate activity. This, however, is not to overlook the considerable charitable responses of individual members of the corporate sector made in times of crises, though it should be noted that these responses are categorically different from 'corporate philanthropy' and may be described as collective social responsibility.

4.2.1. Experience of disasters

Experiences of disasters often provide important stimuli to creative approaches in disaster mitigation. In the case of Bangladesh, however, the innovations sparked by the major disasters, like the floods of 1988 and 1998 and the cyclone of 1991, mostly took place in the government and NGO sectors¹⁹. Till the decade of the 1980s, macro policies showed reliance on technical measures for disaster mitigation that emphasised building of large-scale embankments, groynes and revetments for controlling floods and river erosion. Further, both government agencies and NGOs often concentrated on post-disaster response and were generally driven by a 'hardware approach', like stockpiling relief supplies, procuring equipment and vehicles, etc.

In recent times, the experiences of coping with floods and cyclones, the lessons learned from various flood control programmes, and the ideas generated during the International Decade for Natural Disaster Reduction (1990-2000) have influenced the prevailing mitigation approaches in favour of a community based approach. The policy documents of the government and NGOs have now started recognising the need for longer-term initiatives like capacity building and enhancement of livelihood opportunities of the people for reducing disaster-related vulnerabilities. This development seems to have largely by-passed the corporate sector.

Though major disasters are believed to have stimulated insurance companies elsewhere to think more creatively about risk reduction,²⁰ in Bangladesh the recent discussion in this respect is usually led by the micro-credit providing NGOs²¹. The insurance industry in Bangladesh is largely underdeveloped, and the approach of private insurance companies is still geared towards providing general insurance schemes, such as life insurance, vehicle insurance, and property insurance. Property, however, is usually not insured for floods. The high incidence of floods has deterred insurance companies from considering flood insurance a viable option. The government, too, has not been active in promoting flood insurance schemes, as evidenced by the inadequate legislation on the issue, and its unwillingness to encourage companies to draw up flood insurance schemes.²²

¹⁹The Ministry of Relief which was renamed as the Ministry of Disaster Management and Relief (MDMR) in 1993 adopted a wider definition of disaster that referred to an event natural or man-made, sudden or progressive, that seriously disrupts the functioning of a society, causing human, material or environmental losses of such severity that the affected community has to respond by taking exceptional measures. The disruption including essential services and means of livelihood is on a scale that exceeds the ability of the affected society to cope with using only its own resources. See Government of Bangladesh (1999) *Standing Orders on Disaster Mitigation*. Disaster Management Bureau, Ministry of Disaster Management and Relief.

²⁰ Twigg, John 2001 op.cit. p.34.

²¹ Nagarajan, Geetha 1998 *Microfinance in the Wake of Disasters: Challenges and Opportunities*. Bethesda: Microenterprise Best Practices Project. <http://www.mip.org/pubs/MBP/Disas.htm>

²² Nishat, Ainun et al 2000. p. 182

4.2.2. *Nature of inter-sectoral partnership*

Inter-sectoral partnership in general and particularly in the case of disaster mitigation has been a problematic area in Bangladesh where independent action by each sector remains the dominant mode of response. Though in recent years there have been attempts in promoting collaboration between government and NGO sectors, as reflected in individual projects²³ and in the government document on Standing Orders on Disaster,²⁴ partnership between the government and the private sector has remained largely unexplored. At the level of rhetoric, though national policy makers often make general statements inviting private organisations to cooperate in government-led initiatives,²⁵ not much actual effort is noticed on the part of the government in evolving a partnership with private businesses.

Further, it is sometimes noted that in countries where government-NGO relations are poor, e.g., in the Philippines, business-led initiatives "may be seen as more neutral and hence have more freedom to operate."²⁶ The experience in Bangladesh does not seem to corroborate with this observation. The relationship between government and NGOs has not always been congenial and at times there has been considerable tension between them on account of "freedom to operate" on the part of the NGOs and "ensuring accountability" on the part of government. Despite this, no substantial attempts are noted on the part of the government to bring the corporate sector within its disaster management purview. One may again cite the example of the Standing Orders where there is no mention of the role of business or collaboration with it in management of disasters. Partnerships are occasionally observed between private businesses and the government, but these tend to be limited to providing advertisements and sponsoring or funding of certain activities or events. The observance of the annual event of Environment Day on the 5th of June is an example: on Environment Day 2002 a number of private businesses provided funding, support and cooperation for publication of

²³ For example, for flood control, drainage and irrigation projects, the Ministry of Water Resources has collaborated with NGOs for ensuring community participation. In the case of arsenic mitigation, the Bangladesh Arsenic Mitigation Water Supply Project of the Department of Public Health Engineering has included NGO participation for a nation-wide arsenic screening programme.

²⁴ The Standing Orders on Disaster is a guidebook prepared by the government with the objective of maintaining proper coordination among the relevant government agencies and ensuring their proper functioning for disaster mitigation. The National Disaster Management Council (NDMC) and Inter-Ministerial Disaster Management Coordination Committee (IMDMCC) are entrusted with coordination of disaster related activities at the national level. Coordination at District, *Thana* and Union levels is done by the respective District, *Thana* and Union Disaster Management Committees. The Disaster Management Bureau is assigned with rendering all assistance by facilitating the process. The Standing Orders are prepared to be followed during normal times, precautionary and warning stages, disaster stage, and post-disaster stage. The Standing Orders include representatives of voluntary agencies and NGOs in the disaster management committees at all levels and seek their cooperation. See Government of Bangladesh (1999) *Standing Orders on Disaster Mitigation*. Disaster Management Bureau, Ministry of Disaster Management and Relief.

²⁵ Ministers and public officials often make statements that it is not possible for the government alone to combat disaster related problems and invite all including private organisations to work together. The Secretary of the Ministry of Disaster Management and Relief stated that for disaster reduction/mitigation and preparedness as well as post-disaster rehabilitation "importance has been laid on the coordination and cooperation between NGOs, voluntary agencies and all the concerned government and private organisations." Foreword to the Standing Orders on Disaster, Op.cit.

²⁶ Twigg, John 2001 op.cit. p.42

awareness materials and organising a workshop and an Environment Fair in Dhaka. These are typically one-off and short-term activities and usually there is no planned follow-up activity.

Evidence of partnership between private business and NGOs in disaster mitigation is also limited. Whatever partnership or collaboration there is also tends to be short-term or based on one-off funding.²⁷

4.2.3. Funding for mitigation

As experiences of major disasters have shown, funding for disaster response has not been a problem for the NGO sector in Bangladesh. Most of the relief and rehabilitation funds come from external donors. Given the humanitarian drive in funding emergency relief programmes soon after a major hazard, the NGOs are found to be "over-inundated by funds" that are "beyond their management capacity and remained unutilized"²⁸. In this situation of 'abundance'²⁹ of disaster funds supplied from external sources, the private sector tends to lack incentives in funding disaster mitigation initiatives and seems content to leave the job to the public sector and international aid funding through the NGOs.

However, funding for disaster mitigation activities that focus on preparedness and require broad-based and long-term commitments, has been a problem both for the government and NGOs. The culture of response to disasters has remained reactive and short-term in nature rather than proactive and long-term. Though recent studies noted that disaster preparedness seemed to be increasingly incorporated in the policy documents of NGOs, linking of disaster mitigation concerns as an integral part of development plans and programmes is yet to emerge.³⁰ In this milieu, however, it seems only natural that the private sector's efforts are also limited to short-term one-off provisions.

4.3. Evidence of Corporate Initiatives

There is a marked lack of empirical evidence and literature on CSR and natural disaster reduction in Bangladesh. Much of the information is anecdotal and is not sufficient for drawing wider conclusions.³¹

In addition, there is evidently a lack of interest and responsibility among the corporate sector towards the requirements of a sustainable long-term disaster mitigation programme. During the interviews, this lack of interest was explained in terms of the presence of an extensive public and NGO sector funded by external donors that is believed to have taken over the responsibility of welfare and mitigation of disaster-led vulnerabilities.

²⁷ This is discussed in section 4.4.3.

²⁸ Cutler, Peter et al 1989 Evaluation of Post Flood Rehabilitation projects of Four NGOs in Bangladesh. A study undertaken on behalf of NORAD, SIDA, CIDA. (mimeo); Swedegroup International Consultants 2000 Study of the Swedish Rehabilitation Support to Bangladesh. Flood 1998. (Mimeo).

²⁹ "Abundance" here is defined in terms of the utilising capacity of the funds' recipients, and not in terms of the needs of flood affected people and the economy.

³⁰ Matin, Nilufar and Muhammad Taher 2000 op.cit.

³¹ A similar observation is made in Twigg, John 2001 op.cit.p.20

Thus it was difficult for the study to find sufficient useable material for a detailed analysis of the main research questions of vision, decision-making, implementation and impact (Annex 1). The forms of private sector intervention were found to be charitable, one-off and driven by the humanistic approach of individuals that comprise the business establishments rather than the business itself. For example, in most cases, the charitable contribution came from subscriptions or salaries of staff. Donation of one day's salary during floods or any other calamity is a common gesture in Bangladesh. Usually employees of different agencies tend to create an ad-hoc disaster relief fund and donate a part of their salaries, often one day's salary, and use this fund to buy relief materials to be distributed to the flood-affected people. Sometimes the employees also make in-kind contributions in terms of food, clothing and other essentials to add to this fund. The employees' unions often play an important role in initiating the collection of funds from the staff and in implementing the relief programmes. In other instances, the money thus collected is donated to the Prime Minister's Emergency Relief Fund.³² During the 4-month period from 9 October 2000 to 12 February 2001, out of 236 entries of donations to the Prime Minister's Fund, 47.9 per cent were made by various associations and employees' unions that collected contributions of one day's salary by the staff, and 44 per cent were by individual people. Only 5.5 per cent were private businesses though it was not clear from the data if the fund was collected from individual subscriptions or came from industrial/business establishments. The rest (2.5 per cent) of the entries were from the welfare funds of various government offices. When considering the monetary value of the donations, it is found that private companies donated approximately Tk. 3 million, out of a total donation of Tk. 112 million.

4.4. Forms of intervention

4.4.1. Charity

The business case for CSR in disaster mitigation has not yet been taken seriously into consideration by the private sector. By and large, the business community feels that the NGOs and government should bear the responsibility for disaster mitigation.

Following this, most of the initiatives of CSR in natural disaster mitigation are in the category of charitable or philanthropic activities. These typically include donations and grants, in cash or in kind³³ to flood-affected people or to other groups working in disaster relief. The characteristics of these activities are presented below:³⁴

- altruistic, although in the process business may gain good publicity.
- business decides what to do, whom to assist, and how to assist.

³² During major disaster times, the Prime Minister in a drive to collect relief funds personally receives donations from people. The event is ceremonial and often televised. This in turn provides further encouragement to such public donations.

³³ For example, during the floods of 1998 a BGMEA team led by its President visited some flood-hit garments factories and distributed 3700 kg. of flour, 3700 kg. molasses, 11017 packs of oral rehydration solution (O.R.S) and 3700 leafs of water purifying tablets and paracetamol tablets to the flood-affected garment workers. Source: BGMEA Newsletter Issue 7 Volume 9 August 1998. p.12.

³⁴ These conform to the activities identified in Twigg, John 2001 op.cit.p.12

- typically one-to-one relationships between the business and the recipient, without the involvement of other stakeholders.
- mostly informal, but may in some cases be based on formal agreement.
- typically short-term and one-off interventions.

4.4.2. Creation of NGOs

Creation of NGOs by the private sector for undertaking 'social' activities is one strategy of CSR. During this study, examples were noted where businesses have created an NGO or a separate wing for managing their welfare activities. One business house studied for this research, i.e., SAHCO International Ltd., has established a social development unit for managing welfare activities in the community.³⁵ This unit, the SAHCO Development Centre, however, has not focused only on disaster mitigation but has included broad-based social development activities, e.g., education, skill development for income generation and emergency relief as and when needed. The idea of a separate unit emerged as the growing need and demand of welfare activities in the local area required more concentrated effort and it was deemed that a separate body could handle this task better.

The advantage of having a business-created NGO is the flexibility of operation. For any relief and rehabilitation programmes timeliness of funding is an important consideration. SAHCO International and SAHCO Development Centre played an important role in emergency relief activities during the cyclone of 1991 and the catastrophic floods of 1988 and 1998. This was particularly due to the fact that it could start the emergency relief activities from its own funds before international donations reached other NGOs to enable them to launch their programmes.

4.4.3. Sponsorship

The study identified one case where a pharmaceutical company has sponsored a programme for mitigation of arsenic contamination in ground water. The Square Pharmaceutical Company³⁶ has sponsored the Dhaka Community Hospital (DCH) for part of its arsenic mitigation activities. The Company has provided funding for two international conferences on mitigation of arsenic contamination organised by the DCH. The company also donates medicine, particularly an anti-oxidant vitamin composition, REX, which is comprised of Beta-carotene and vitamins C & E for patients with arsenicosis treated by DCH. Further, for a couple of years, the company has undertaken a programme for sponsoring the Health Camps of DCH in rural areas. Usually DCH organises 24 such camps annually all over rural Bangladesh and 8 of them are supported by Square Pharmaceuticals. Expenses are provided for the medical team of DCH, e.g. for transport, food, and lodging of the doctors and other personnel for the Health Camps; and for organising a workshop and cultural programme that focus on health and arsenic-related problems. The promotional aspect of this activity, however, remains indirect. These activities sometimes include visits of medical representatives to the workshop to promoting Square products to the doctors, prescription of Square medicines by DCH, and gifts of Square toiletry products made to the doctors or other workshop participants. Some basic medicine is also supplied free of cost to the patients.

³⁵ For details of SAHCO International Ltd. see Annex 3

³⁶ For details of Square Pharmaceuticals see Annex 4.

The nature of sponsorship here is focused and seems to be based on an equal partnership. The problem, however, is one of continuity. The partnership, though it has continued since 1991, is often limited to defined activities of fixed duration. Each deal seems a one-off and independent endeavour with no planned follow-up activities.

4.4.4 Social concern

Response to HIV/AIDS is an area where business interests and wider social concerns have been found to coincide. The epidemic has been found to have serious implications for businesses as it affects the workers and leads to absenteeism, high staff turnover, reduced productivity, and reduced market demand for the products.³⁷ Businesses in Bangladesh have engaged in programmes that seek to raise awareness of HIV/AIDS issues among their workers.

An example of such a programme is the involvement of the Foreign Investors' Chamber of Commerce and Industry in Bangladesh (FICCI)³⁸. An agreement between FICCI and UNAIDS was executed in 1998 for implementation of a proposal on "Formation of a Business Coalition on AIDS in Bangladesh". The overall aim of the programme was to mobilise the private sector in order to have a broad-based multi-sectoral response to AIDS in Bangladesh. The campaign was funded jointly by UNAIDS and contributions received from FICCI members. The activities carried out under this programme were: organising participatory seminars on the socio-economic impact of AIDS in Bangladesh; training programmes for workers, particularly for workers from pharmaceutical factories; and organising round-table discussions to recognise business responsibilities in confronting HIV/AIDS at the workplace and providing a healthy work environment for employees. FICCI also joined the International Congress on AIDS in the Asia Pacific Region in Malaysia in 1999 and participated in the satellite symposium on "Business and AIDS: A Commitment to Action". Information materials like posters were also produced and distributed. Despite a promising start, however, the programme seems to have ground to a halt and no follow-up activities are planned to build on the achievements on a sustainable basis.

4.4.5. Maintaining business continuity

The business case for disaster mitigation became obvious when, during major disasters such as the catastrophic floods of 1988 and 1998, businesses themselves were at risk. Experience showed that most of the business premises lacked disaster-proofing, their employees and local customers were affected, communication and transport infrastructure were damaged, utilities like power and water supplies were disrupted, and all these led to a loss of output. This created more problems for export-oriented industries as they were obliged to deliver goods by stipulated times; in case of failure to do so the export arrangements would become void.

Interviews with the business community suggest that though there is a general awareness of hazard risks, reflection of this knowledge in business planning is not yet the practice.

³⁷ Twigg, John 2001 op.cit. p.14-15.

³⁸ For details of FICCI see Annex 5.

No evidence has been found of contingency or of business resumption planning. Businesses, however, take ad hoc and responsive emergency measures to maintain their activities for as long as possible. For example, the Bangladesh Garments Manufacturing and Export Association (BGMEA) took a number of measures to tackle the situation during the floods of 1998.³⁹ The readymade garments sector had a critical time in exporting and receiving garment products and raw materials due to the disruption of communications to and from the seaports as a consequence of the devastating floods. To avert the possible stocklot situations created due to the severe disruption of transport services on the Dhaka-Chittagong highway, BGMEA took certain measures, such as providing air-lifting and ferry services till restoration of normal transportation. BGMEA formed a special Task Force and opened a cell to monitor and expedite the emergency transportation round the clock. It also provided emergency relief supplies to its flood-affected workers.

5. Conclusions

The study has shown that evidence on CSR in general and for disaster mitigation in particular is limited in Bangladesh. The evidence that is available indicates that private sector involvement has been altruistic, one-off, short-term and fragmented in nature. The discourse on disaster mitigation as a continuous, integrated and long-term process is yet to gain ground among public policy makers, NGOs and other civil society actors engaged in natural disaster mitigation and more so among the private businesses.

In this context, and given the internal challenges faced by the corporate sector in achieving a viable growth rate, it seems unlikely that a considerable expansion will take place in CSR involvement in the near future. However, there is potential for undertaking activities that would combine business interests and broader social concerns and needs. The recent experiences of major disasters have amply shown that there is indeed a 'business case' for CSR as businesses themselves are affected in terms of output loss as evidenced from the sharp decline in their growth rates during disasters, notably during the recent catastrophic floods in Bangladesh. A beginning could be made here by engaging in business contingency/continuity planning in the context of natural disasters. Such planning could consider the potential effects of disasters and the ways by which the businesses could prepare for them, and in the process lead to wider mitigation initiatives that would benefit not just the companies themselves but the larger community as well.

The other important area seems to be promotion of inter-sectoral partnerships for disaster mitigation programmes. The government could initiate measures for a more conducive environment to encourage collaboration with the private sector. For an effective inter-sectoral partnership between the government, NGOs and the private sector, the government could assign a more proactive role to the private sector in the disaster management plans. The private sector could be included in the various disaster management committees at the division, district, *thana* and union levels.

³⁹ For details on BGMEA see Annex 6.

Another important incentive could be created by declaring donations and other corporate expenses related to disaster mitigation to be exempt from income tax. This might enhance corporate incentives to engage in more substantial and broad-based mitigation for natural disaster.

ANNEX 1

CSR and Natural Disaster Reduction: research questions

<i>Heading</i>	<i>Broad research questions</i>	<i>Specific research questions</i>
<i>Vision</i>	<p>Motivation for private sector involvement in general (related to its broader attitude towards social responsibility and its long-term vision in this area).</p> <p>Motivation for individual interventions and their implications for the nature and extent of the support provided.</p>	<ul style="list-style-type: none"> ➤ What was the vision behind business involvement in disaster reduction activities? What benefits/impact (internal and external) did it hope to achieve through such activities? ➤ Whose vision was this? Was it owned throughout the business or only by some sections (e.g. senior managers)? Was it clearly expressed and understood? ➤ How does this vision relate to the business's broader attitude towards social responsibility? ➤ Was this vision shared by non-business partners (e.g. NGOs, community groups/beneficiaries) in disaster reduction initiatives? If not, how did their vision differ from that of the business partners?
<i>Decision-making</i>	<p>Motivation for individual interventions and their implications for the nature and extent of the support provided.</p> <p>Factors affecting the choice of partners and the development of partnerships.</p>	<ul style="list-style-type: none"> ➤ How was the problem identified by business? Who identified it? ➤ Who made the main decisions about involvement (where to get involved, what to do, how to do it, etc.)? ➤ What link (if any) was there between the initiative and the company's own business or expertise? ➤ How were links made with other partners and stakeholders? What (and who) were the key influences in partner selection and development of relationships? ➤ Did other stakeholders have a different opinion about the way problems and partnerships were developed? ➤ Among the other stakeholders, how widespread was 'ownership' of the partnership with business? How much confidence and trust was there?

<i>Heading</i>	<i>Broad research questions</i>	<i>Specific research questions</i>
<i>Implementation</i>	The nature and extent of the intervention in practice (to give a framework in which to view the process of business involvement).	<ul style="list-style-type: none"> ➤ What type of intervention was this ? ➤ What was the scale of the intervention? Was it at national or local level? How many people benefited? ➤ What resources went into the initiative? Who provided these? ➤ How long was the intervention? Was it fixed-term or open-ended? ➤ Who were the <i>main</i> partners or stakeholders (business, national or local GO, NGO, CBO, other civil society organisations, beneficiaries)? ➤ What were the roles of the different partners? What human, material or financial resources did they bring? ➤ Who were the beneficiaries (e.g. tribals, salt workers, single mothers)? Did the initiative aim at the most vulnerable? ➤ What level of vulnerability did the work address: (i) unsafe conditions, (ii) dynamic pressures, (iii) root causes?⁴⁰ ➤ Was the initiative participatory or top-down? If participatory, how participatory was it (i.e. how much influence did beneficiaries have on planning and decision making)? ➤ What points in the disaster cycle did the initiative address (long-term mitigation, short-term preparedness, relief, reconstruction and rehabilitation)? ➤ How much emphasis was placed on structural or material support and how much on building human/social capital?
	Operational issues encountered and how these were viewed and dealt with.	<ul style="list-style-type: none"> ➤ What were the main challenges met in implementing initiatives? ➤ Did different stakeholders have different opinions about this? ➤ How were differences overcome? ➤ How well did partnerships work (e.g. in terms of efficiency of implementation, relationship-building between partners)?

<i>Heading</i>	<i>Broad research questions</i>	<i>Specific research questions</i>
		<ul style="list-style-type: none"> ➤ Did the nature of the partnership change during the work (e.g. levels of mutual understanding and trust, leadership roles)? ➤ What aspects of the partnership were key factors in the success/failure of the initiative?
<i>Impact</i>	<p>The outcomes and effectiveness of the intervention, and how (or if) this can be demonstrated.</p> <p>Perceived value and impact of the intervention (by private sector and its partners).</p> <p>Lessons learned by those involved, and their likely implications for future involvement.</p>	<ul style="list-style-type: none"> ➤ What was the impact of the interventions on beneficiaries (vulnerable people, victims of disasters)? What evidence (qualitative and quantitative) is there? ➤ What impact did the work and the partnership have on the partners themselves? Did it bring benefits to business and other stakeholders (e.g. in terms of skill sharing, staff morale or publicity)? ➤ How effective do business and its partners believe the interventions were in fulfilling their objectives? ➤ What follow-up work is planned? ➤ What lessons have all stakeholders learned about the process of partnerships? What will be different about the approach they take in future?

ANNEX 2

Damages and Losses: Floods 1998

Nature of Loss	Extent (Number)
Area Inundated	
Flood Affected Districts	52
Flood Affected Police Stations	336
Flood Affected Unions	3317
People Affected	
Flood Affected People	30,896,355
Flood Affected Families	5,572,862
Affected Households	3,424,506
Number of Refugees in Shelters	1,049,525
Number of Flood Shelters	2,716
Damage of Farm Land and Crops	
Land Area Damaged	1,346,550 hectares
Amount of Crops Damaged/ Food Shortage	2.2 million tons
Affected Fishery	215200 hectares
Deaths	
Number of People killed	918 (including 336 people died from diarrhoea)
Number of Cows killed	3,928
Number of Goats killed	7,041
Number of Chicken killed	313,058
Damage to Infrastructure	
Affected Roads	15,934 km
Affected Embankments	4,528 km
Affected Bridges and Culverts	7,125
Affected Educational Institutions	1,718

Source: Ministry of Disaster Management and Relief cited in Disaster Forum Bangladesh (1999) *Bangladesh Disaster Report 1998*, Dhaka (pp. 46 - 49).

ANNEX 3

SAHCO International Ltd.

SAHCO International Ltd. was established in 1975. It provides general consultation in project planning, feasibility studies, engineering design, project and construction management, procurement and maintenance services, technical assistance services for erection, start up, process development and clients' staff training. The major fields of activity are as follows:

1. **Power and Energy Management:** In the field of power generation and distribution SAHCO has furnished a complete range of engineering and project management services independently or in collaboration with foreign companies. It has been involved in several power projects in the country and successfully completed 132/33KV Grid Sub Stations for the Bangladesh Power Development Board (BPDB) under the Greater Khulna Power Distribution Project and at Rajshahi, Natore, Ishurdi, Shahjadpur, Tongi and Chittagong. The areas of specialisation include: fossil, nuclear, hydro and pumped storage power plants, co-generation, transmission, sub-stations and distribution, and energy conservation programmes.
2. **Industrial Plant:** SAHCO has undertaken a variety of industrial plant design and construction activities independently and in collaboration with foreign engineering companies to provide a full service in various specialised fields. Its involvement includes design and construction of: iron and steel mills, aluminium and copper smelting/processing plants, cement plants, pulp and paper mills, automobile parts plant, shipyards, heavy machinery plants, agro-processing plants, electrical equipment and apparatus plants, oil refineries, chemical plants, fertiliser plants and reservoirs
3. **Transportation:** In the field of transportation SAHCO is involved in the design and construction of: highways, bridges, tunnels and subways, airfields, railroads, harbours and coastal engineering, and marine and offshore facilities
4. **Land and Water Management:** SAHCO is engaged in activities related to water resources development, water supply and sewerage, environmental planning, waste treatment, irrigation and drainage, land reclamation and soil and geology.

Social Welfare Activities: SAHCO as a business house has a distinct public welfare orientation largely due to the fact that its Managing Director is a philanthropist, an important political personality and currently a Member of National Parliament. Thus apart from its business activities, SAHCO has been involved in a broad range of social welfare activities since its inception. From 1998 to 2000 it also operated a separate welfare wing named the SAHCO Development Centre. The Centre, though it obtained social welfare and NGO registrations (the latter enables an organisation in Bangladesh to receive foreign donations), was totally supported from SAHCO's own funding. Its main activity was to provide skill training to young people for employment generation. Though the activities of the Centre are currently suspended, it is continuing its education programme both independently and in collaboration with the government's Non-formal Education Programme.

SAHCO has also established (and provided donations for development of) a large number of educational institutions in Bangladesh: one university college, 3 colleges and 76 primary schools. Another 3 colleges and 58 junior/ high schools and 8 religious schools have received donations for their upgrading. In this respect, it might well be the largest private donor for education in Bangladesh. Its other development activities include improvement of roads, building of bridges and culverts, hospitals, public libraries, community halls, market centres and overall development of the Kalkini *thana* of Madaripur district as a growth centre. SAHCO has promoted and contributed to the dredging of Arial Khan River in the area to provide year-round navigation for the local people. This is also hoped to have a positive impact on flooding by arresting overspill of riverbanks due to excess monsoon flows.

SAHCO Development Centre, as well as SAHCO as a business house, provided significant emergency relief during the recent catastrophic floods. The relief support included food, clothing and cash for the flood-affected families. SAHCO has also provided relief during other natural disasters like coastal surges, cyclones and tornadoes that have hit the country during the last two decades.

Sources:

1. A brochure of SAHCO International Ltd. (undated).
2. A life-skech of Al-Haj Syed Abul Hossain provided by SAHCO International Ltd.

ANNEX 4

Square Pharmaceuticals Ltd.

The company was established, initially as a partnership, in 1958 and was incorporated as a private limited company in 1964. It was converted into a Public Limited Company in 1991. Its business lines include manufacturing and marketing of pharmaceutical finished products, basic chemicals and agro-vet products. It was awarded the ISO-9001 certificate in 1998. The authorized capital of the company was Tk 1000 million and paid-up capital was Tk.250 million in 2000-2001. The number of employees was 1579 in the same year.

In 2000-1 the pharmaceutical sector in Bangladesh attained a growth rate of 25.7 per cent while Square Pharmaceutical achieved a growth rate of approximately 30 per cent. This performance is attributed to the overall economic situation and especially to the agrarian sector. The company has added one basic chemical to its existing line of 6 products. This raised plant capacity utilization to 67%. It also added 16 new products raising the total to 214 during 2000-1. The pharmaceutical product categories include tablets (82 types), capsules (27), liquid injectables (20), ENT preparations (29), opthal preparations (5), dry syrup (14), inhalers (4), basic chemicals (7) and tab/powders - Agrovvet (11).

The output /capacity utilisation of the company in 2000-2001 is reported as follows:

Sl.No.	Product categories	Units	Production in Thousand	% increase/decrease*	% Capacity utilisation
1	Tablets	Pcs	1,463, 619	18	195
2	Capsules	Pcs	236,391	22	98
3	Liquid	Bottles	14,464	22	138
4	Injectables	Pcs.	18,848	68	74
5	ENT Preparations	Gm	99,256	51	181
6	Ophthal preparations	Gm	6,656	4	133
7	Dry Syrup	Bottles	2,720	68	91
8	Inhaler	Can	215	78	-
9	Basic chemicals	Kg	227	18	67
10	Tablet Agro-vet	Pcs	1,014	35	59
11	Powder Agro-vet	Gm	10,713	8	119
12	Injection-Agrovet	Pcs	43	16	1

* Note: This column refers to percentage increase or decrease during 2000-1 compared to 1999-2000.

The company has three basic plants: the Pharma Unit at Pabna, the chemical plant and the Dhaka Plant. The Dhaka plant is relatively new and has carried out trial operations for various products; commercial operation will begin soon.

The gross turnover of the Company was Tk. 3451 million in 2000-1, the net turnover was Tk 3000 million and net profit after tax was estimated at Tk.573 million.

Source: Square Pharmaceuticals Ltd. Bangladesh Annual Report 2000-2001.

ANNEX 5

The Foreign Investors' Chamber of Commerce & Industry (FICCI)

FICCI was established in 1963 in the port city of Chittagong under the name "Agrabad Chamber of Commerce & Industry" (Agrabad being the name of the commercial hub of the city) as an initiative of the foreign companies located in and around Chittagong. At that time, most of the foreign companies, mainly British, had their establishments located in that region of the country. Chittagong is the largest port of Bangladesh.

After the emergence of Bangladesh as a sovereign country in 1971, it was decided that the Chamber's office should be shifted to Dhaka, the capital of Bangladesh. It was also decided to change the name of the chamber to include foreign companies located outside the Chittagong region. Accordingly, in June 1987 the Chamber assumed its present name and shifted its office to Dhaka.

FICCI is affiliated with the Federation of Bangladesh Chambers of Commerce and Industry as an 'A' class Chamber and is a founder member of the Bangladesh chapter of the Paris-based International Chamber of Commerce (ICC-B). The Chamber maintains regular communications with the International Trade Centre (ITC) in Geneva and the World Trade Organisation (WTO) in Paris.

The Chamber is represented in various consultative and advisory committees of different government ministries and agencies. Companies having a minimum of 50 per cent foreign share holding in their equity and/or 100 per cent management control in case the percentage of foreign share holding is less than 50 per cent, are eligible for 'Ordinary' membership of the Chamber and those having less than 50 per cent foreign share holding in their equity are eligible for 'Associate' membership.

The objectives of the Chamber are:

- To promote and protect the business interests of its members;
- To render such assistance and advice to the government of Bangladesh and its concerned agencies which may help promote the growth of trade, commerce and industry of the country in general and foreign investors in particular;
- To support or oppose, as the case may be, legislative or other measures of the government affecting trade, commerce and industry of the country in general and FICCI members in particular;
- To help establish just and equitable principles in the domain of trade, commerce and industry in Bangladesh
- To liaise with other trade organisations at home and abroad and with concerned government agencies/authorities for exchange of information, views, etc., to serve the interests of FICCI members; and
- To do such other things from time to time as the situation may demand for promotion and protection of the overall interests of the country's trade, commerce and industry keeping in mind the interests of FICCI members.

The Chamber has a number of sub-committees, i.e., industries, imports, tariffs and taxation, banking, pharmaceutical industries, finance, membership, energy, public relations and HIV-AIDS.

The main sources of income of the Chamber are membership subscriptions, entrance fees of new members, fees for issuing certificates of origin, interest on bank deposits, and donations. During 2001 the net assets of the Chamber amounted to Tk. 3.33 million.

Source: FICCI Annual Reports of 1998-99, 1999-2000, 2000-2001

ANNEX 6

Bangladesh Garment Manufacturers and Exporters Association (BGMEA)

The BGMEA is a recognised trade body that represents the export oriented garment manufacturers and exporters of the country. It was formed in 1977 with 19 garment manufacturers and exporters. In 2000 it had a registered membership of over 3000 garment manufacturers and exporters.

The fundamental objective of BGMEA is to establish a healthy environment for a beneficial relationship between manufacturers, exporters and importers and ensure a steady growth of foreign exchange earnings for the country.

The main objectives of BGMEA include:

- Encouraging cooperation between industries, companies, firms engaged in manufacturing of garments, allied industries and exporters of ready-made garments;
- Establishing and promoting contacts with foreign buyers, business associations, chambers, etc.;
- Providing the members with information, such as data on international apparel trade fairs, helping members to hold or participate in apparel fairs at home and abroad, and organising seminars and symposia on current trade issues;
- Helping the government's textile quota negotiations with USA and Canada, resolving dispute between the members and buyers, and helping disposal of stock-lots;
- Providing education to child workers and working towards elimination of child labour from the export-oriented garment sector of Bangladesh;
- Ensuring adoption of safety measures in order to avert fire accidents in factories, contributing financial aid to the victims in case of casualties in fire accidents in member-factories, and providing fire and safety measures training to workers;
- Giving legal assistance to members through a Legal Advisor as and when required; and
- Co-sponsoring with GOB, ILO, and UNDP, the implementation of welfare measures for garments workers in broader areas of primary health care, transportation, social security and insurance coverage, housing and skill training.

BGMEA, ILO and UNICEF signed two Memorandum of Understanding (MoU) in 1995 and 2000 to gradually phase out and eliminate child labour from the garment industry of Bangladesh. The second phase particularly aimed to prevent recruitment of new child labour in the garment industry through monitoring, verification and awareness raising. It also aimed to create an enabling environment for elimination of child labour through strengthening of informal education programmes and vocational training for children to facilitate their transition to skilled workers for potential gainful jobs.

BGMEA is also committed to a project on "Family welfare and reproductive health education and services for garment workers" that was signed by UNFPA, the Ministry of Labour and Employment and BGMEA in 1998. The objectives of the project are to raise awareness on reproductive health and gender equity among garment workers; increase involvement of the workers in reproductive health practices; and raising awareness about the use of contraceptives to prevent sexually transmitted diseases (including AIDS). The project targeted to reach 1 *lakh* garment workers from 175 selected garment factories from Dhaka. The project is still going on.

During the devastating floods of 1998, as the President of BGMEA mentioned, "We initiated very prompt and timely steps to save our sector from the catastrophic flood and bring succour to our flood affected units. " (Annual Report BGMEA 1998 p.8) A brief list of damages due to the floods of 1998 appeared in the BGMEA Newsletter. As of 7 September 1998 it included:

- Ready made garments worth about Tk. 1000 crores - on an average Tk. 30 crores per day - could not be exported due to the damage to the Dhaka-Chittagong highway.
- Garments worth US\$231 million had been stock piled of which about 20% were likely to fall in stocklot situations.
- About 250 ready made garment factories were submerged under the water.
- The rate of workers' attendance was 60% in the flood-affected garment factories and 65% in the factories outside the affected areas.
- Over 3 *lakh* workers could not attend the factories as they were badly affected by floods
- The flood-affected factories were running at only 5% of their production capacity.
- total value of production loss was about US\$ 120 million.
- Due to disruption in transport on the Dhaka-Chittagong highway, transport costs had risen five times.
- Since garment factories were providing food and shelter to their employees/workers, labour costs had increased three times.
- The factories which usually produced 5000 pieces on average daily, and had been hit by the floods, were now producing only 1600-2000 pieces.
- Ready made garment workers were suffering from flood-borne diseases. By September 7 1998 around 700 workers had attended the BGMEA health centre at Malibagh in Dhaka.

BGMEA with the help of the government launched some prompt and timely efforts to save the garment sector during the deluge. To avert possible stock-lot situations created due to the severe disruption of transport services on the Dhaka-Chittagong highway, BGMEA took special measures for uninterrupted inflow and outflow of apparel consignments to and from Chittagong port. The emergency transportation alternatives started operating from September 12 1998. The following steps were undertaken:

Air Lift: The air cargo operation started on September 13 1998. BGMEA's chartered Aircraft operated 3-4 flights between Dhaka to Chittagong each day up to 19 September. Each flight carried about 22 tons of apparel and apparel accessory cargoes.

Ferry and railway service: Two ferry terminals were set up at Kanchpur and Daukandi on 13 September 1998 and 8 ferries capable of carrying more than 12 trucks each were deployed. Moreover, at BGMEA's request, the Bangladesh Navy deployed three sea trucks, each with the capacity of carrying 300 tons of cargo. BGMEA also operated 120 wagon-loads of goods by rail each day.

BGMEA formed a special Task Force and opened a cell to monitor and expedite the emergency transportation round the clock. In this way BGMEA succeeded in avoiding the feared stocklot situations.

BGMEA also called on the Prime Minister in August 1998 and handed over a donation of Taka ten lakhs to the Prime Minister's Relief Fund for flood-affected people. It also handed over a cheque of Taka five lakhs to the Leader of the Opposition in the parliament as donation for the same purpose. BGMEA made similar contributions in the floods of 2000.

During the 2000 (September-October) floods in the country's south-western districts BGMEA urgently took up a relief distribution programme for the flood victims. A Relief Task Force Committee was formed and headed by the Chairperson of the Standing Committee on Labour to monitor the relief programme. A team of BGMEA distributed relief goods among the flood-hit people of Satkhira, Jessore, Meherpur and Jhenaidaha districts amounting around 20,000 kg rice, 3000 kg pulses, life-saving medicine/drugs and oral saline worth Tk.50,000, and 10,000 pieces of clothes. It also issued a press release urging its member organisations and the people to join the relief programme of the association.

Source: BGMEA Annual report 1998, 2000; BGMEA Newsletter Issue 7, Volume 9 August 1998.