Lessons from Benchmarking

Impact Assessment of CSR Projects in India

Indian Chamber of Commerce

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FOREWORD

Dr Rajeev Singh
Director General
Indian Chamber of Commerce

Globally Corporate Social Responsibility (CSR) is a matter of discussion in the corporate world today and India is no exception to it. CSR in business is a phenomenon of conducting business to earn profit being socially and environmentally responsible. Stakeholders, especially society, look for corporate to be ethical, responsible, and environmentally conscious. There exist numerous facets of CSR but the core idea is to act in such a manner which is beneficial to the society. The performance and the stability of a company depends on the social environment in which the company functions, thus, these elements should be taken into consideration in order to have a good stability.

Under the Companies Act, 2013, section 135, CSR is made mandatory for the Indian companies. India has become the first country to legislate the need to undertake CSR activities and mandatorily report CSR initiatives under the act executing beginning of a new era for CSR in India. Numerous companies have dedicatedly engaged in the CSR activities and successfully in complying with the law.

The CSR initiative does not only result in the growth of the society but also helps the company to develop. The impact of the CSR mandate is framing a healthy relationship of the companies with the society at large.

ABOUT ICC

Founded in 1925, Indian Chamber of Commerce (ICC) is the leading and only National Chamber of Commerce operating from Kolkata, and one of the most pro-active and forward-looking Chambers in the country today. Its membership spans some of the most prominent and major industrial groups in India.

ICC had made its humble contribution in the pre-independence era during 1925 – 1947 towards promotion of Indian businesses and Swadeshi movement. Post Independence, ICC had the honour of engaging closely on Economic development and Reforms with Govt. of India. ICC had the privilege of hosting Session with Indian Prime Ministers like Shri Lal Bahadur Shashtri, Smt. Indira Gandhi, Shri Chandra Shekhar, Shri Atal Bihari Vajpayee and several other leaders.

Recently, ICC was fortunate to host a Session with Shri Narendra Modi, Hon'ble Prime Minister of India on 11th June 2020.

Set up by a group of pioneering industrialists led by Mr G D Birla, the Indian Chamber of Commerce was closely associated with the Indian Freedom Movement, as the first organised voice of indigenous Indian Industry. Several of the distinguished industry leaders in India, such as Mr. B M Birla, Sir Ardeshir Dalal, Sir Badridas Goenka, Mr. S P Jain, Lala Karam Chand Thapar, Mr. Russi Mody, Mr. Ashok Jain, Mr. Sanjiv Goenka, have led the ICC as its President.

ICC works closely with various Ministries and State Governments on policy and Industry issues. ICC has hosted Sessions with national and global leaders like Mr. David Cameron, Former PM of United Kingdom, Smt. Sheikh Hasina, Prime Minister of Bangladesh, Prime Minister of Bhutan, Deputy Prime Minister of Mauritius, Shri Pranab Mukherji, President of India, Industry and Commerce Ministers of Thailand, Industry Minister of Singapore, Chief Ministers of various States and prominent Indian Ministers including Shri Amit Shah, Shri Piyush Goyal, Smt. Nirmala Sitharaman, Shri Nitin Gadkari, Shri Rajnath Singh, Smt. Smriti Irani and several others.

ICC is the only Chamber from India to win the first prize in World Chambers Competition in Quebec, Canada.

The Indian Chamber of Commerce headquartered in Kolkata, over the last few years has truly emerged as a national Chamber of repute, with full-fledged offices in New Delhi, Mumbai, Guwahati, Siliguri, Agartala, Ranchi, Bhubaneshwar & Hyderabad functioning efficiently, and building meaningful synergies among Industry and Government by addressing strategic issues of national significance

ICC's North-East Initiative has gained a new momentum and dynamism over the last few years. ICC has a special focus upon India's trade & commerce relations with South & South-East Asian nations, in sync with India's 'Act East' Policy, and has played a key role in building synergies between India and her Asian neighbours through Trade & Business Delegation Exchanges, and large Investment Summits.

ICC also has a very strong focus upon Economic Research & Policy issues - it regularly undertakes Macro-economic Surveys/Studies, prepares State Investment Climate Reports and Sector Reports, provides necessary Policy Inputs & Budget Recommendations to Governments at State & Central levels.

ICC's forte is its ability to anticipate the needs of the future, respond to challenges, and prepare the stakeholders in the economy to benefit from these changes and opportunities.

PREFACE

Saikat Basu

CEO & Chief Mentor
Consultivo

With the ever-evolving global business landscape, organisations are establishing and strengthening their responsible business practices. They are recognising their belongingness to society and the planet. In every industry across the globe, organisations are aiming to meet an ever-expanding set of imperatives for a sustainable and inclusive future.

At this juncture, the Indian Chamber of Commerce (ICC) and Consultivo present this knowledge report on "Impact Assessment of CSR Projects in India: Lessons from Benchmarking".

This report offers quantitative and qualitative insights into the transformative potential of corporate social responsibility projects and initiatives in India. Through research, analysis and benchmarking, this report seeks to highlight the efficacy of the impact assessment of these CSR projects.

It is based on insights gathered from over 180 projects and 70 organisations in the domain of CSR, social and sustainability. The data we gathered enabled in-depth analysis of overall trends, as well as generating a wide range of granular metrics. This report also highlights the high-impact areas. This will help in understanding the challenges and the key success factors among their peers—information that can be used to identify opportunities for improvements for all.

This knowledge report is a cross-disciplinary effort by professionals from the sector of CSR, sustainability, impact communication and responsible business.

We hope this report will contribute to the ongoing dialogue on CSR in India. It will help organisations, policymakers and other stakeholders to make more informed decisions and take the lead in the global landscape.

ABOUT CONSULTIVO

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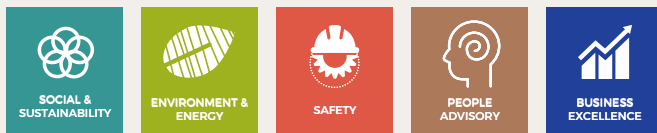
Consultivo helps organisations globally to solve business challenges in Sustainability, ESG, Business Excellence & Risk Management.

Offering 100+ solutions in Social, Safety, Environment, Climate Change & Energy, Management Systems, Organisational Development and Human Capital across the value chain.

Delivering through Advisory, Research, Assurance & Training – both in strategic and operational levels.

ESG and Sustainability solutions include the development of sustainability/ESG strategy, voluntary sustainability standard (VSS), sustainability reporting as per GRI standard, materiality assessment & study, stakeholder engagement, water sustainability management, carbon footprint, energy audit & conservation, ethical supply chain management, business and human rights, due diligence and related services.

Metal & Mining	Engineering	Cement	Oil & Gas	Chemical	Construction
Hospital	Mall & Hypermarket	Technology & Telecom	FMCG	Supply Chain	Agribusiness

Consultivo works with 200+ National and International codes, standards and guidelines.

Partnership with academic institutions, research organizations & industrial associations is a significant activity to create powerful business solutions bespoke to customer needs.

- Approved ESG consultant of International Finance Corporation (World Bank Group)
- Approved Social Impact Assessment (SIA) Agency of Govt. of Jharkhand, India
- Global Approved Auditor of Pharmaceutical Supply Chain Initiative (PSCI), UK
- Approved Audit Body for CORE (Code of Responsible Extraction)
- Knowledge & Technical Partner of Confederation of Indian Industry (CII), Training & Knowledge Partner of Indian Chamber of Commerce (ICC)
- Approved Audit and Monitoring Partner of Ethical Tea Partnership (ETP), UK

Consultivo is uniquely placed to offer advisory and assurance services free from commercial constraints and conflict of interest to find ways to improve business performances.

Consultivo Academy is the strategic business unit for training and capacity building services. It nurtures and enrich people potentials through interactive & solutions oriented course design in both conventional and new age e-learning platforms.

Partnering in your journey towards ESG, Sustainability and Risk Management

Audit and Assurance | Consulting and Advisory | Research and Analytics | Training and Capacity Building

1.0 SETTING THE SCENE

As India and Indians look to the future for a sustainable planet, it is crucial to look into the differing priorities or concerns that exist in the country. India is uniquely positioned to leverage its vast endowments to attain a more comprehensive and sustainable level of prosperity. The country has the opportunity to build on its strengths and take bold steps towards inclusive and equitable growth.

With a focus on adopting a holistic approach to sustainable development, India is unlocking the potential of its people and resources.

CSR projects in India span a diverse range of areas. Companies are collaborating with development organisations including non-governmental organizations (NGOs), civil society and government agencies to undertake these initiatives, which are making a real impact on people's lives across the country - measurable, monitored and impactful. At large, it is contributing to global sustainability goals and targets.

Organisations are demonstrating their commitment to accountability and transparency, building trust with stakeholders, and ultimately contributing to more positive outcomes for society and the planet.

The ongoing need for Impact Assessment

The need for CSR Impact Assessment in India arose due to two reasons. Funders and implementers want to know how effectively their funds create societal impact and growing concerns surrounding transparency and accountability in the implementation of CSR activities.

Many companies were plagued with inefficient utilisation of funds. There were gaps in the planning and implementation of CSR activities, and selection of project intervention areas which resulted in little to no impact on the intended beneficiaries.

This created a demand for a systematic process of measuring the impact of CSR activities and holding companies accountable for their CSR spending.

The government recognized the need for CSR Impact Assessment to ensure that the funds were being utilized effectively and to encourage companies to be more accountable for their CSR activities.

The requirement imposed by law

In India, the legal requirements for Corporate Social Responsibility (CSR) Impact Assessment are laid out in Section 135 of the Companies Act, 2013. Following an amendment in 2021, the act requires companies to conduct impact assessments of their CSR activities to evaluate their effectiveness and ensure they are meeting their intended objectives.

The Companies Act, 2013, stipulates that the impact assessment must be conducted by an independent agency or a reputed academic institution. The assessment should cover the overall impact of the CSR activity, including its social, economic, and environmental impacts. The results of the assessment must be published in the company's annual report and made available to the public.

A tool for decision making

CSR Impact Assessment facilitates companies to identify areas of improvement in their CSR activities and helps in better decision-making.

This also helps the companies to select the way forward and identify the possible areas of intervention.

Improves consistency and comparability

It has been identified from the report the need for a standardized approach to CSR Impact Assessment to ensure consistency and comparability across different projects. This helps to map the project output, outcome and impact parameters of the project.

Alignment with Sustainable Development Goals (SDG)

One of the notable trends in the Indian and global landscape for CSR projects is the growing emphasis on sustainability. Many companies are increasingly focusing on sustainable development goals (SDGs) in their CSR projects.

2.0 ABOUT THE REPORT

180 projects   70 organisations

Sectors

Chemicals

Construction Materials

Metals & Mining

Forest Materials

Automobile and auto components

Consumer Durables

Power

Textiles

Media, Entertainment and Publication

Realty

Consumer Services

Consumer Oil, Gas and Consumable Fuels

Financial Services

Healthcare

Diversified

Capital Goods

Information Technology

The development where it is needed most

Our research indicates that the most evaluated thematic areas in impact assessment reports of organizations are skill development and livelihood, environmental sustainability, education, health, water, sanitation, and hygiene.

These programmatic areas are critical in determining the effectiveness of an organization's initiatives towards promoting sustainable development, reducing poverty, and improving access to essential services.

The focus on these programmatic areas is consistent with the UN Sustainable Development Goals (SDGs) to eradicate poverty, protect the environment, and enhance access to basic services. Moreover, impact assessment reports also address other crucial areas such as women's empowerment, COVID-19 relief efforts, and agricultural programs, reflecting the multidimensional approach of the SDGs.

Socio-economic background and diversity of the beneficiaries

Corporate Social Responsibility projects in India have aimed to benefit a diverse range of social and economic groups, including people with disabilities, marginalized women and children, farmers, daily wage workers, underprivileged women, local artisans, youths belonging to economically weaker sections of society, and Scheduled Caste communities.

A significant portion of the beneficiaries have low levels of education, and many of them are engaged in daily wage employment.

Moreover, these projects aimed to provide support to underprivileged children, particularly those from scheduled castes and scheduled tribes, school dropouts, unskilled youths, digitally illiterate youth, and unemployed women. These groups face multiple challenges, including poverty, lack of access to education and healthcare, and discrimination.

Our studies also revealed that various groups were covered, such as farmers and their family members, underprivileged children, caretakers, local communities, and villagers with ailments. The beneficiaries also include unskilled youths, school dropouts, underprivileged women, teachers, principals, students, artists, local villagers, panchayat heads, migrant labour, truckers, helpers, cleaners, pregnant mothers, tribal communities, disabled students, malnourished and underprivileged children, and unemployed women.

3.0 A GRANULAR LOOK: IMPACT RESEARCH, ANALYTICS AND COMMUNICATION

Metric 1: Framework and planning

Align the CSR projects with one or more nationally/internationally accepted frameworks

Projects in line with OECD framework

The Organisation for Economic Co-operation and Development (OECD) has developed a framework for an impact assessment that provides guidelines for assessing the potential impacts of policies, programs, and projects on economic, social, and environmental aspects. Adhering to the OECD framework can help ensure that impact assessments are comprehensive and robust.

However, our data suggest that only **18.7%** of Impact Assessment Reports have mentioned or adhered to the OECD framework.

Alignment with the IRECS framework and ISO 26000 guideline

Apart from the OECD framework, organizations have the option to adhere to other frameworks and guidelines to carry out impact assessments.

Our data indicate that **12.5%** of organizations have chosen to adhere to the International Research and Education in Cleaner Production System (IRECS) framework, while another **12.5%** have opted for the ISO 26000 guidelines.

Alignment of projects with SDG - goals and targets

43.7% of the reports have done SDG mapping

Mapping IARs with SDGs is crucial to ensure that projects align with sustainable development objectives and contribute to the global agenda of achieving the SDGs.
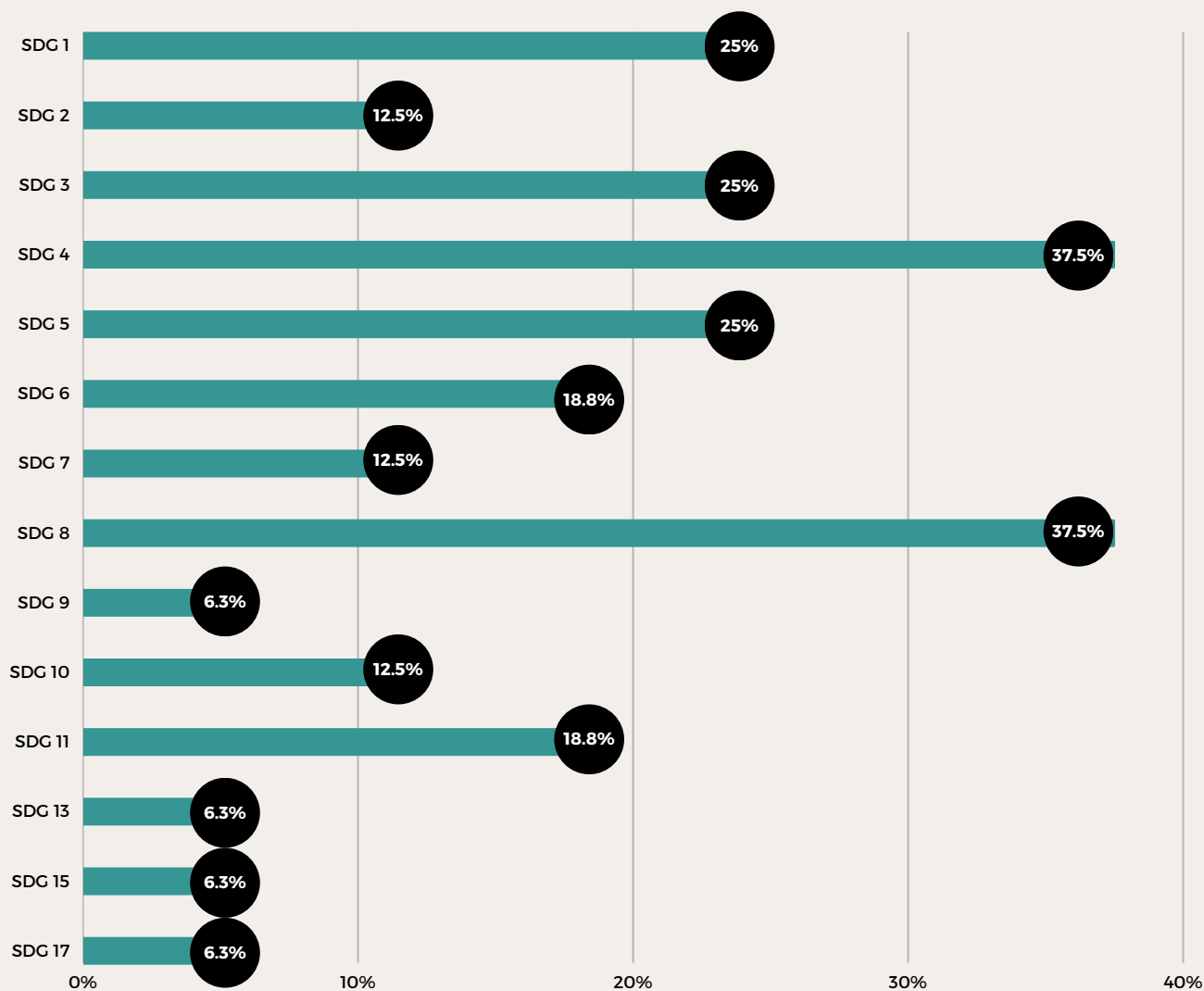
SDGs in focus

The following graph represents the percentage of Sustainable Development Goals that were mapped with reports, and projects. CSR projects in India have shown a strong link to several SDGs, with the top five linkages being Goals 1, 3, 4, 5, and 8.

1 NO POVERTY	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH

Percentage of SDGs incorporated into reports

SDG	Percentage
SDG 1	25%
SDG 2	12.5%
SDG 3	25%
SDG 4	37.5%
SDG 5	25%
SDG 6	18.8%
SDG 7	12.5%
SDG 8	37.5%
SDG 9	6.3%
SDG 10	12.5%
SDG 11	18.8%
SDG 13	6.3%
SDG 15	6.3%
SDG 17	6.3%

Project objectives

Clear and specific project objectives are crucial for carrying out impact assessments effectively. Our data suggest that the majority of Impact Assessment Reports have done a good job in this regard, **with 87.5% of reports clearly specifying their project objectives.**

Impact Planning

Impact planning refers to a systematic process of identifying, measuring, and assessing the potential impacts of a particular initiative or intervention.

It involves developing strategies to evaluate the outcomes of the initiative and determine the extent to which it has achieved its intended goals.

Impact planning typically involves defining clear objectives, identifying the relevant stakeholders, and establishing performance indicators to measure the outcomes of the initiative. It also requires developing a monitoring and evaluation framework to collect and analyze data on the initiative's impact and using this information to inform decision-making and improve future interventions.

Mid-term evaluation

Mid-term evaluation is an essential component of the ongoing evaluation of projects. This is being practiced to check if the programme is being implemented as planned. The programme log frame is being evaluated at this stage.

Our data shows that **48% of projects have described mid-term assessments as a part of programme evaluation.**

However, this should be improved for the successful implementation of the theory of change (ToC).

Metric 2: Methodology of assessment

Data Collection & Analysis

Quantitative and Qualitative data collection

The use of both qualitative and quantitative data collection methods in Impact Assessment Reporting is considered as one of the good practices. This makes assessments more comprehensive and evidence-based.

Our study found that more than 88% of the projects in India employed qualitative and quantitative data collection methods.

Additionally, we found that 6% of the projects in India used only qualitative methods in their Impact Assessment Reporting is a concerning issue. Qualitative data alone may not be sufficient to accurately assess the impacts.

Finally, our study also discovered that more than 6% of the projects did not disclose their methodology.

The methodology used in an Impact Assessment Report is crucial in determining the quality of the analysis and the accuracy of the conclusions drawn. Without a clear and transparent methodology, it is impossible for stakeholders to evaluate the credibility of the report and the soundness of its recommendations.

Questionnaire designing and development

Based on our research findings, it appears that a significant number of impact assessment questionnaires used in the sampled projects were not properly aligned with impact indicators.

Specifically, we found that **35% of the projects had questionnaires that did not match the impact indicators.**

Poorly designed questionnaires can result in incomplete or inaccurate data, which can lead to flawed conclusions and recommendations.

On the other hand, the fact that 65% of the projects had questionnaires aligned with impact indicators is encouraging. This suggests that there is awareness among project managers and researchers about the importance of aligning questionnaires with impact indicators. This finding is consistent with the recommendations of the OECD guidelines on evaluating CSR activities, which stress the importance of using appropriate indicators and measurement tools to assess the impact of CSR activities.

Some of the best practices observed were when impact assessment reports tailored different questionnaires for different stakeholders. One project had a total of 14 sets of questionnaires, each targeting a different set of stakeholders.

Sampling and Survey tools

The sampling and survey tools adopted by impact assessment reports are critical in ensuring the accuracy and reliability of the findings. A mixed method approach, as followed by most reports, allows for a comprehensive analysis of the impact of CSR initiatives by combining qualitative and quantitative data.
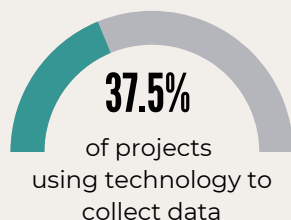
Non-probabilistic sampling, multi-stage sampling, stratified sampling, geographical sampling, purposive sampling, and cluster sampling are different forms of sampling that impact assessment reports use. The choice of sampling method depends on the objectives of the report, the target population, and the resources available.

The survey tools adopted by different reports are diverse and reflect the need to gather data from a range of sources. The use of video conferencing and teleconferencing to collect data is an innovative approach that enables the reports to overcome geographical barriers and reach remote populations. Semi-structured questionnaires and focus group discussions are commonly used to obtain qualitative data and explore the experiences, perceptions, and attitudes of stakeholders.

Telephonic and field surveys, key stakeholder interviews, and field observations are used to collect quantitative and qualitative data, validate the findings, and triangulate the results. Project status mapping is another tool that enables the reports to visualize the impact of CSR initiatives and identify the gaps in implementation.
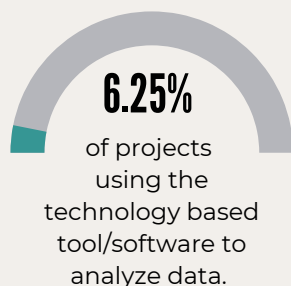
Maximizing the opportunity of the technology

37.5%

of projects using technology to collect data

6.25%

of projects using the technology based tool/software to analyze data.

Using technology to collect data:

Our data suggests that the adoption of technology in CSR impact assessment in India is still limited, with only 37.5% of projects using technology to collect data. This lack of technology usage could be due to various reasons, such as the cost of technology, lack of awareness and understanding of technology, and difficulty in integrating technology with existing systems.

The lack of technology usage can also lead to inefficiencies in data collection, analysis, and reporting, which can result in inaccurate assessment reports.

Using technology to analyse data:

Our study found that most of the projects did not use technology to analyse data. Technology plays a crucial role in maximizing the potential of CSR Impact Assessment Reports. However, our data suggest that the adoption of technology in CSR impact assessment in India is still limited, with only 6.25% of projects using the technology based tool/software to analyze data.

Metric 3: Independent Assessment & SROI

The importance of independent impact assessment in evaluating CSR projects cannot be overstated. According to a study, independent impact assessments are critical in ensuring that CSR projects are effective and deliver the intended social and environmental benefits. Furthermore, independent assessments provide a level of credibility and transparency to the evaluation process, which can improve stakeholder trust and confidence in CSR projects.

Our research findings indicate that apart from the mandatory compliance, many of the CSR projects in India have undergone independent impact assessment, which is a positive development.

SROI (Social Return on Investment)

18%

of the projects have calculated SROI through a structured approach.
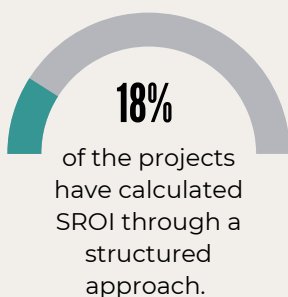
Social Return on Investment (SROI) is an outcomes-based (lagging indicator) measurement tool that helps understand and quantify the social, environmental and economic value of the effects.

Only **18% of the projects have calculated SROI through a structured approach.**

We found a lack of understanding on the SROI approach including sensitivity analysis.

Metric 4: Impact communication in CSR Reporting

The objective of impact communication is to create a shared & easy understanding of the company's CSR initiatives and their positive impact on the society. They strengthen the company's reputation as a socially responsible and sustainable business.

By effectively communicating the results of CSR impact assessments, companies can build trust and enhance their transparency, accountability, and overall social and environmental performance.

> Impact communication makes the report more accessible and engaging for a wider audience.

> The use of easy to understand, clear and accessible language is critical.

Use of language and clarity

The use of clear and accessible language is critical to gain readers' attention, accessibility to the stakeholders, and effectiveness of CSR impact assessment reports.

Language plays a vital role in shaping how the report is received and perceived by stakeholders.

From Numbers to Narratives - Balancing data and stories

The purpose of combining data and stories in impact communication is to create a comprehensive and compelling narrative that appeals to both the rational and emotional sides of stakeholders. Data provides evidence and facts that support the impact of CSR initiatives, while stories help to make the impact relatable and create an emotional connection with stakeholders.

Impact stories

Using data alone can be dry and uninspiring. Stories are a powerful way to make the impact of CSR initiatives more tangible and relatable. They can help stakeholders to better understand and appreciate the real-life impact of the company's efforts.

> Impact story - compliments field data

Emotional connection and human stories

Emotional connection and human stories are powerful tools for communicating the impact of a project in CSR project assessment reports.

A story can help readers see the tangible benefits of the project and can create a stronger emotional connection to the impact of the CSR project.

Another way that emotional connection and human stories can stand out in impact assessment reports is by using visual aids such as photographs and diagrams. These visual aids can help bring the stories to life and create a more immersive experience for readers. However, it is important to use well-researched case studies that focus on the impact of the initiatives on beneficiaries, rather than just the activities themselves.

> One way that human stories have stood out in impact assessment reports is by using case studies.

Few of the Good Practices

Stakeholder engagement:
Engaging with stakeholders is an essential part of CSR Impact Assessment Reports. Different strata of stakeholders are to be involved in the data collection and analysis process to ensure that their perspectives and opinions are reflected in the report.

Transparency and disclosure:
A good CSR Impact Assessment Report should be transparent and honest about the impact of the initiatives. This includes acknowledging any negative impacts or challenges faced during the implementation of the initiatives.

This helps to build trust and credibility with stakeholders, as it demonstrates a commitment to transparency and a willingness to learn from challenges and mistakes.

Recommendations for improvement:
A CSR Impact Assessment Report should provide recommendations for improving the impact of the initiatives going forward. This can help companies identify areas for improvement and make adjustments to their CSR strategy.

Visual aids:
Including visual aids such as graphs, charts, and infographics can help to illustrate data and make the report more engaging for readers.

Data from the research

According to our research, the impact communication of the projects stands as follows:

Clarity of impact communication

41.2%
Extremely Clear

17.6%
Clear

11.8%
Somewhat Clear

23.5%
Poor

5.9%
Extremely Poor
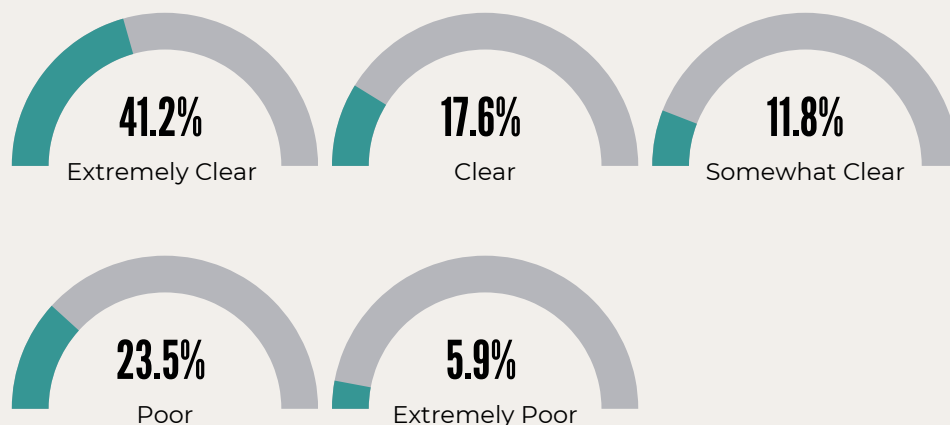
The data suggests that although many of the projects have clear impact communication, there is still a significant proportion that needs improvement. This indicates the importance for project teams to prioritize clear communication of impact, as it is crucial for stakeholders to understand the goals and outcomes of the project.

Percentage of projects

47%   **53%**

■ Not substantiated by Cause Studies   ■ Substantiated by Cause Studies
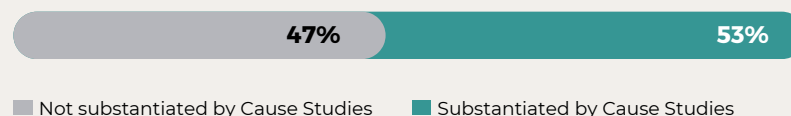
According to our data, 53% of impact assessment reports are substantiated by case studies, while 47% are not. This suggests that while many companies are using storytelling to communicate their impact, a significant number are not providing concrete examples to back up their claims.

Lack of substantiated case studies in CSR impact assessment reports raises concerns about the credibility and transparency of these reports.

Though most of the impact assessment reports extensively used graphical representation of the data. However, some went a step further, by including vivid pictures that can make the impact of the project more tangible and real for readers.
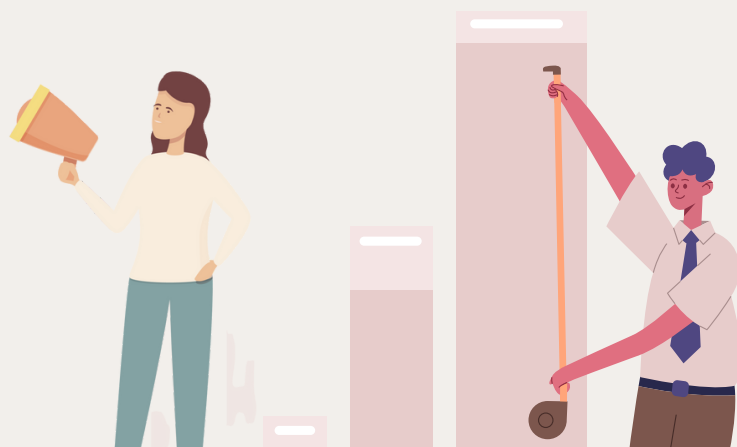
4.0 GOOD PRACTICES CHECKLIST - LEARNINGS FROM THIS BENCHMARKING STUDY

The top 4 metrics (14 checkpoints)
They improve your planning, execution and measurement of effectiveness and efficiency of the project(s). They are measured through output, outcome and impact indicators.

Improvement opportunity   Difficulty level

Metric 1: Framework and planning

High   Moderate

Align the CSR projects with one or more nationally/internationally accepted frameworks

Align the baseline/need indicators with the impact KPIs

Ensure the alignment of your projects through SDG mapping - goals and targets

Metric 2: Methodology of assessment

High   High

Ensure adequate (statistically validated and representative) sampling size

Collect field data through both qualitative and quantitative methodologies

Map impact indicators with the questionnaire

Metric 3: Independent assessment & SROI

High   Moderate

Ensure the projects undergo a competent and independent assessment process

Conduct quantified impact assessment through SROI considering sensitivity analysis

Explain mid-term evaluation process

Metric 4: Impact Communication in CSR Reporting

High   High

Keep high clarity in explanation on activities and impact

Report visual communication

Provide data visualization for easy understanding of the reader

Substantiate output, outcome & impact by success stories/case studies (include impact photography)

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