

INCENTIVISING CSR INITIATIVES FOR IMPROVING QUALITY BASIC EDUCATION: NEEDED LEGAL REFORMS

Mohammad Nazmuzzaman Bhuian

1. Introduction

Corporate Social Responsibility (CSR) is relatively a new concept for the business organizations in Bangladesh. In its narrower sense, CSR is all about how business takes account of its economic, social and environmental impacts on the way it operates – maximising the benefits and minimising the downsides. Accordingly, the base level of responsible behaviour for any business organization is legal compliance and the government has a role to play in setting standards for that compliance by the organizations in areas such as environment, health and safety and employee's rights. But in its wider sense, CSR is something more than mere compliance with minimum legal requirements, and CSR is something that is beyond profit or linked with wider development agenda. If we consider the policy and legislation of UK government, we find that CSR is essentially about companies moving beyond a base of legal compliance to integrating socially responsible behaviour into their core values, in recognition of the sound business benefits in doing so.¹

That is why, CSR is an instrument to make business towards societal needs and national development through ethical, legal and commercial conduct. And when the question of societal needs and national development comes forward, the improvement of basic education of a country like Bangladesh must be considered as a prioritized sector for CSR engagement. Even if we consider CSR in narrower sense, it must contribute to economic development while improving the quality of workforce and their families, which can mostly be done through the improvement of the basic education, which paves the way for skilled human resource development.

However, CSR is an approach to develop social contract between the business entity and the rest of the society, which should be facilitated, monitored and flexibly governed by the State and International Human Rights Institutions. The policy of the UK government is to encourage and incentivise the adoption of Corporate Social Responsibility, through best practice guidance, and, where appropriate, intelligent regulation and

1. Visit for details, <http://www.csr.gov.uk/ukpolicy.shtml>

fiscal incentives.² So, the positive approach of the government to facilitate the engagement of CSR in the improvement of quality basic education together with an effective guiding and controlling mechanism has become a primary concern for the successful socially responsive initiative from the business organizations to integrate socially responsible behaviour into their core values. But unfortunately, in Bangladesh, we do not have any CSR policy or regulatory framework which may encourage the development and dissemination of best CSR practice so that business can improve its contribution to sustainable development.

In such backdrop of realities, in this article, an attempt has been made to map the regulatory framework that will come into play if the corporate entities of Bangladesh come forward with non-profit investment in primary education sector, while complying with minimum legal requirements, if any, as well as moving beyond the base of legal compliance. Herein this regulatory framework has also been critically reviewed to find the factors that may encourage or discourage the corporate bodies to share public sector burden in primary education sector. Consequently, these findings have produced some recommendations and suggestions regarding the needed legal reforms. Moreover, keeping the social interest in mind and taking the issue of ensuring quality of primary education as a priority, some other ancillary issues have also been addressed, assessed, reviewed and evaluated in this article.

2. History of the basic education in Bangladesh

Bangladesh is a new State but carries the socio-cultural heritage of Pakistan and of undivided 'British' India both of which have affected the present educational system.³ Education during Hindu, Buddha and Muslim rule were basically religious; establishment of primary schools as a separate educational institution dates back to 200 years only which were called 'Pathshala' (for Hindus) and 'Maktab' (for Muslims). By the Charter Act of 1813, the government for the first time allotted Taka 1 lac for the development of education and consequently, many primary schools were set up. In 1854, Report of Woods Education Dispatch recommended for financial help by the government for private schools, and also training for primary school teachers. It also recommended for

2. Id.

3. Sattar, Ellen, *Universal Primary Education In Bangladesh*, University Press Limited, 1982.

the establishment of the Department of Education. Most of the recommendations could not be materialized but Department of Education was established accordingly. Report of Hunter Commission of 1882 placed emphasis on primary education and also recommended for the disbursement of public fund for primary education and suggested for the creation of local boards for primary education. As per this report, administration of primary education was vested with District Boards and Municipal Boards. In 1919, for the first time a full-fledged legislation was adopted namely the Primary Education Act, 1919 (Bengal Act IV of 1919) and only in 1930 District Education Board was created for the administration of primary education. Thus the main elements of the formal system were laid during the British period, which were not subject to any radical change even during the Pakistan period. And colonial interests had been integrated into the education delivery and colonial ruler installed a system, which was not community owned rather a reflection of 'trickle-down' education system. However, no major reforms are seen in the field of education except the establishment of numerous colleges and universities during the 1950s and 1960s influenced by the idea of educating elite to administer and develop the country. However, in 1962, a good step was the issuance of the Registration of Private Schools Ordinance (E.P. Ordinance No. XX of 1962) which provided for the registration of private schools, which is still in force. But after the independence, the Primary Schools (Taking Over) Ordinance, 1973 (Ordinance No. XXII of 1973) equipped the Government with the power to nationalize all the non-governmental primary schools and accordingly, 6509 primary schools were placed under Government management from July 1973. Thus the Government was entrusted with a huge responsibility for reorganization, administration and management of a large number of primary schools.⁴

3. An overview of the existing primary education system

The government of Bangladesh (GoB) runs one of the biggest primary education administrations in the world.⁵ The overall responsibility of management of primary education lies with the Ministry of Primary and Mass Education. While the Ministry is involved in formulation of policies, the responsibility of implementation rests with the Directorate

4. See for details, Khatun, Dr. Sharifa (1992), 'Development of Primary Education Policy in Bangladesh' *University of Dhaka*, Dhaka.

5. See for details, <http://www.mopme.gov.bd/>

of Primary Education (DPE) headed by a Director General (DG). DPE was created in 1981 in order to streamline universal primary education programme and strengthen the infrastructure. In the Directorate, there are four Divisions, namely, Administration Division, Planning and Development Division, Training Division and Monitoring and Evaluation Division.⁶ Each of these Divisions is headed by a Director. Parallel to the DPE, there is a monitoring unit named Compulsory Primary Education Implementation Monitoring Unit (CPEIMU) under the direct control of the Ministry. This unit, headed by a Director General (DG), monitors the progress of the implementation of compulsory primary education in field level, gives monthly subvention to the teachers of registered non-government primary schools, promotes the compulsory primary education and does other works of similar nature. The responsibilities of administration, management and training of the Directorate of Primary Education has been decentralized through six Divisional Offices. These Divisional Offices carry out supervision and control of the primary schools, clusters, Upazilla and District Education Offices under the jurisdiction of the Division. Administration of primary education is coordinated and supervised at the district level by the District Primary Education Officer (DEO) and at the Upazilla level by the Upazilla Education officer (UEO). The responsibility of school construction, repair and supply of school furniture lies with the Facilities Department (FD) and Local Government Engineering Department (LGED). The National Curriculum and Text Book Board (NCTB) is responsible for the development of curriculum and production of textbooks.⁷ In Bangladesh, formal primary education is imparted by government primary schools and non-government private schools, both registered and non-registered. A parallel system of formal religious education (Islamic) is offered through *Madrassahs* starting with *Ebtedayee* (equivalent to primary). Different types of primary level educational institutions with the number of teachers and students may be shown in the following table:

6. See for details, <http://www.dpe.gov.bd/>

7. See for details, Policy Brief on Education Policy, CPD Task Force Report available at <http://unpan1.un.org/intradoc/groups/public/documents/APCITY/UNPAN006189.pdf>

Table No. 1

Types of Primary Level Institutions	Number of Institutions	Number of Teacher	Number of Student	
			Total	Girl
Government Primary School (GPS)	37,671	157,236	10,669,819	5,340,275
Experimental School (EXP)	53	251	10,711	4,726
Registered Non-Government Primary School (RNGPS)	19,428	76,758	4,170,925	2,054,259
Community School (COM)	3,225	9,759	560,673	281,680
Satellite School (SAT)	4,823	9,649	340,250	172,624
High School attached Primary Section (H/A PS)	1,576	10,490	401,925	207,319
Non-registered Non-Government Primary School (NGPS)	1,792	6,380	202,778	98,800
Kinder Garten (KG)	2,477	15,150	271,426	116,283
Ebtedayee Madrasha (EM)	3,443	13,479	458,751	219,513
High Madrasha attached Ebtedayee Madrasha (H/A MAD)	3,574	14,806	465,977	203,192
NGO-run Full Primary School (NGO)	301	1,097	42,427	21,510
Total	78,363	315,055	17,561,828	8,720,180

Source: <http://www.dpe.gov.bd/statistics.php>

government primary schools and experimental schools are fully financed by the GoB, while teachers of RNGPS receive salary support (maximum 90%) from the GoB. The community schools are also primary educational institutions having a fixed salary from GoB. Satellite schools are housed in rented houses and the teachers have a fixed honorarium paid by the GoB. But this project of supporting community schools and satellite schools has already been suspended for any new school.⁸

Besides these types of primary level institutions, there are unregistered non-government primary school (NGPS), high school-attached primary section (H/A PS) and the kindergarten (KG). Some of the NGOs also run primary schools. Some NGO schools are partially financed by the GoB to cover some of the cost of teachers' salaries.⁹

8. Id.

9. Id.

Side by side of this formal primary education, Non Formal Education (NFE) sub-system provides an alternative channel, a second chance to droppedout and un-enrolled primary school-age children who missed formal education, to acquire basic literacy.¹⁰

4. Initiatives taken so far to Improve Basic Education

Bangladesh has made significant strides in education. Bangladesh's commitment to free and compulsory primary education has been clearly stated in its Constitution¹¹ and development plans with education being given the highest priority in the public sector investments. Bangladesh is a signatory to the World Declaration on Education for All held at Jomtien, Thailand in March 1990. Bangladesh is also a signatory to the summit of 9 high populous countries held in Delhi. Bangladesh has ratified the Millennium Development Goal (MDG).

The Compulsory Primary Education Act¹² was passed in 1990 and, in January 1992, the government launched the Compulsory Primary Education (CPE) programme in 68 out of 460 thanas in the country. This programme has been extended nation-wide since January 1993. Implementation of the Compulsory Primary Education Programme backed by social mobilization activities increased enrolment from 12.6 million in 1991 to 17.48 million in 2004.¹³ The national Education for All (EFA) programme was also officially launched in March 1992. A project called Expansion of Integrated Non-formal Education Programme (INFEP) was also initiated; this had been upgraded into the Directorate of Non-formal Education and also dismantled recently. In 1993 the government launched the 'Food for Education' programme, designed to improve enrolment and class attendance and reduce drop-outs. . Gross primary enrollment rates rose from 90 percent in the late 1990s to 98 percent in 2003.¹⁴ The dropout rate has gone down from 35 percent in 2000 to 33 percent in 2002.¹⁵ For qualitative improvement in the primary

10. See for details, Education for All: National Plan of Action II, 2003 – 2015 available at http://portal.unesco.org/education/en/file_download.php/8fc9239e9c5c92c631342f0816547a10Bangladesh.pdf

11. See for details, Article 17 of the Constitution of the People's Republic of Bangladesh.

12. Act No. XXVII of 1990.

13. Visit for details, <http://www.mopme.gov.bd/>

14. See for details, Policies and Guidelines of Ministry of Education, available at <http://www.moe.gov.bd/>

15. Visit for details, <http://www.mopme.gov.bd/>

education sector, several new programmes have been introduced such as (a) a curriculum dissemination programme for teachers, (b) cluster and sub-cluster training programmes, (c) continuous pupil assessment etc.

To facilitate and formulate planned programme for universal primary education and to remove illiteracy from the country, GoB had created a separate division named Primary and Mass Education Division (PMED) in 1992 which was converted into a Ministry in 2003.¹⁶ The GoB has allocated nearly 15 percent of the national budget to the education sector of which the share of primary and mass education is nearly 43 per cent.¹⁷ Besides, a 6-year Second Primary Education Development Programme (PEDP-II) has been launched at a total cost of approximately Tk. 5000 crore under the National Budget of 2006-2007.¹⁸

At the primary level, Ministry of Primary and Mass Education (MoPME) is supported by a multi-donor group through the Primary Education Development Program II (PEDP II) - a six-year programme of support which aims to strengthen educational access, quality and efficiency.¹⁹ The World Bank's Reaching Out-of-School Children (ROSC) project is supporting community-managed programs to educate 500,000 currently out-of-school children. For proper functioning of the primary schools all committees in the primary education sub-sector have been reviewed and reconstituted. School Management Committees, Upazila Education Committees and National Committee for formulation of National Plan of Action for Education for All (EFA) in the light of Dakar Framework have been made more functional.²⁰

In spite of all these initiatives, why the CSR engagement is indispensable in the improvement of our basic education and why GoB should facilitate the investment that demands a little discussion.

5. Rationale for CSR initiatives and GoB facilitation in primary education system

From the above discussions, it is evident that over the years Bangladesh has attained remarkable success in primary education sector. The

16. Visit for details, <http://www.mopme.gov.bd/>

17. As per the National Budget, 2006-2007.

18. See for details, Budget Speech of the Finance Minister available at http://www.sdnpsbd.org/sdi/events/budget/2006-2007/budget_english_2006-07.pdf

19. See for details, Policies and Guidelines of Ministry of Education, available at <http://www.moe.gov.bd/>

20. Visit for details, <http://www.mopme.gov.bd/>

government of Bangladesh has placed a high priority on primary education. Allocation of budget for primary education sector has expanded, the number of primary schools has increased, the figure of student enrolment in primary schools has grown up, gender difference in student enrolment ratio has been minimized, drop-out of students has decreased, different NGOs have come forward with non-formal education programmes aimed at spreading the primary education movement throughout the country, donors have made substantial contributions to government initiative in development of its primary education programme. Even World Bank has observed that the country has already met the Millennium Development Goal (MDG) on gender parity in school enrollment at primary and secondary levels.²¹ Nevertheless, audit on the quality of our primary education reveals that we are far below the standard we should expect as a nation in the contemporary globalized world. And it is not possible for the government alone to achieve that global standard. Participation from other stakeholders, in particular, from corporate sector is crucial in this venture. Key points for the necessity of new methods and partnerships may be discussed under the following heads:

5.1. Governance constraints

Lack of proper administration and mismanagement has turned most of our government primary schools into educational institutions without mission and vision. As a result, quality of education is deteriorating. The government of Bangladesh is giving subsidies to non-government primary schools but there is no evaluation and audit of performances and quality factors of these educational institutions. "While Bangladesh has made impressive gains in access to education, governance constraints have contributed to the poor quality of education at all levels," said Christine Wallich, World Bank Country Director for Bangladesh²² Now, time has come for the government to realize that poor administration, lack of accountability and specially lack of adequate funding demands CSR engagement of corporate bodies in primary education system. Market factors in-built in such engagement will certainly ensure better administration and higher standard of quality of primary education.

5.2. GoB Budget Constraints: Education expenditure of the GoB under the National Budgets of the last few fiscal years may be shown as follows:

21. See for details, "World Bank Supports Education Reforms in Bangladesh with US \$100 Million", News Release No:2006/299/SAR.

22. Id.

Table No. 2

Development Budget (In Crore Taka; 1 Crore = 10 Million)

Year	National Allocation	Total Allocation in Education Sector (% of National Allocation)	Total Allocation in MoE (% of Education sector)
2001-2002	16000.00	2169.38 (13.56%)	916.52 (42.25%)
2002-2003	17100.00	2591.40 (15.15%)	1065.35 (41.11%)
2003-2004	19000.00	2390.53 (11.78%)	1211.19 (51.71%)
2004-2005	22000.00	3141.61 (14.28)	1182.42 (37.64%)
2005-2006	24500.00	3297.29 (13.45%)*	1564.91 (47.46%)**
* 2005-2006 Taka 503.45 crore is allocated as lump allocation in the sector			

Source: : http://www.moedu.gov.bd/edu_budget.php

If we consider the total expenditure of the GoB under the National Budget, 2005-2006, it was only about 2.2% of GNP and 15.5% of the total expenditure. The PEDP-II suggests for 2.8% of the GNP to be contributed to the primary education sector. But even if the government contributes accordingly, that would be half of the international standard, 6%. That means Bangladesh's standard of expenditure in this sector is the lowest one compared to other developing countries even after earmarking highest allocation for education. The voluntary involvement of corporate sector through partnership with GoB is essential to address this situation.

5.3. PEDP II Limitations

At the primary level, MoPME is supported by a multi-donor group through the Primary Education Development Program II (PEDP II) - a six-year programme of support which aims to strengthen educational access, quality and efficiency. But PEDP - II points to the fact that at the end of the project in 2009, the net enrollment ratio will be 88%, completion rate for class five will be 80% and acceptable levels of literacy will be only 50%. As a result, PEDP-II seems to be far behind the fulfillment of its targets²³. Besides, GoB will have to provide 63.9% of the total expenditure

23. See for details, Discussion Note on 'Business Community Sharing, Improving Basic Education', prepared for the Advancing Public Interest Trust by Rayhan S.M. and Sultana H.

to be incurred in this project which amounts to US \$ 1,161. It is pretty much difficult for the GoB to provide such a large amount of money under the present economic structure.

5.4. Execution of National Plan of Action II (2003–2015)

There are certain hurdles, which GoB shall have to overcome to achieve the goal under the National Plan of Action. Most importantly, the two factors of the large size of reproductive age population and growth momentum will affect the size and structure of primary (6-10) age population. The sheer size of the target clientele of basic education is in itself a big challenge. Of the 18.11 million primary school age children 17.66 million had enrolled, yielding a gross enrollment ratio (GER) of 97.5% in 2001 (DPE, 2002). Net enrolment ratio (NER) was calculated at 81% in 2000 (PMED, 1999); it was estimated to be 86.57% in 2001 (BANBEIS, 2002). The net un-enrolled (2.80 million) and the dropouts (6.18 million, at 33%) left 5.83 million children out of primary schools. Getting these left out children into the system is a huge venture. That is why, it has been observed in the National Plan of Action that given the very large size of the target population of basic education, and limited organizational and financial resources, the achievement of EFA goals can be accelerated only through ensuring close collaboration, effective coordination and development/use of all human, organizational, and financial resources of the government, civil society, NGOs, private sector, local communities, local government and development partners.²⁴

5.5. Child Labour and Law

The child is an important source of labour in Bangladesh in both urban and rural work.²⁵ In cities, the rich child goes to school and the poor one works. Although the Employment of Children Act, 1938 (Act No. XXVI of 1938) prohibits the employment of any child under 15 years of age in transport activities and handling of goods in ports and the employment of any child under 12 years of age in any workshop (not a Factory under the Factories Act, 1965) for certain particular purposes such as bidi-making, carpet weaving, cement manufacture, cloth printing etc., the compliance with these provisions in practice is not at all satisfactory.²⁶ So, business sector should not aid to this sort of integration of the children

24. See for details, National Plan of Action II, 2003 – 2015, (Forth Draft, May 2003) available at http://portal.unesco.org/education/en/file_download.php/8fc9239e9c5c92c631342f0816547a10Bangladesh.pdf

25. Sattar, Ellen, *Universal Primary Education In Bangladesh*, University Press Limited, 1982.

26. See, Section 3 of the Employment of Children Act, 1938 (Act No. XXVI of 1938).

from their earliest years in the earning activities to allow them to go to school. Even Factories Act, 1965 contains prohibition for employing child under 14 years of age and the employment of any adolescent under 18 years of age without examining his fitness. But reality is otherwise. Child Labour Survey (CLS), 2002 has been completed and a preliminary report states that the number of child labour has increased to 10 million from 6.3 million in 1995/96. However, strict compliance of Labour Law might protect the children from working up to a certain age, but what about the rural reality? The involvement in production activities has turned the rural child into the economic assets of their parents. By age 11, the boys become almost as active as an adult in agricultural work and 'their work increases to one half an adult work day by ages 7-9, to three quarters by ages 10-12.'²⁷ Even, girls begin to be active in home based chores around age 6. Business sector may provide basic education to them together with a scope for earning in a better environment of any child friendly business organization as a part of their CSR.

5.6. Business and Education: Coherence for Development

In these days, education is worth investing, because the return from education is indispensable. Day by day, the number of corporate entities is increasing. They need skilled work force and literate human resources. Primary education, being the foundation of such skill and literacy, is a major area of concern for the corporate bodies. Better-educated people will ultimately turn into more efficient and productive human resource as well as 'informed' consumers. But the existing primary education system predominantly regulated by the public sector has negligible care to respond to the demands and expectations of the corporate bodies. On the other hand, the corporate sectors are failing to influence the public sector to bring about positive reforms responsive to their demands and expectations. In this regard, corporate involvement in primary education system can be a progressive way-out. Adequate investment in education, particularly basic education—the foundation of all education, is therefore an inescapable necessity.

After all, the government should look at the history to see that education in this country had in the main been private and philanthropic.²⁸ Later on, inadequate funding and bad management progressively led the government to take the dominant and leading role in the primary education sector. Such move by the government was positive in the sense

27. Mead Cain, *The Economic Activities of Children*, (Bangladesh Institute of Development Studies, BIDS, Dhaka, 1978, P. 91.

28. See above, [2] History of the basic education in Bangladesh, P. 2 of this Article.

that there was no other alternative for keeping the primary education viable. But, at present, CSR involvement in the field of primary education can catalyze positive reforms in and ensure better qualities of the existing primary schools. Thus, in terms of quality of education, CSR engagement in basic education sector can be a source for good and a force for goodness. Therefore, ensuring quality of the existing primary education system is the core reason behind the expectation of corporate involvement in primary education system. At the same time, GoB is expected to ensure a CSR-motivated-investment friendly regulatory regime to encourage the corporate sector for building a partnership with GoB to improve quality basic education. At present, some of our corporate bodies are coming, although slowly and in a scattered manner, towards fulfilling the responsibilities that they owe towards the society at large. If we analyze their sector wise social contribution, we shall see that basic education sector is regrettably neglected. Maybe this due to a generalized perception that basic education sector falls exclusively within public domain.

Case Study: Dutch Bangla Bank Limited (DBBL)

It is the first Bangladeshi-European joint venture bank in Bangladesh addressing social concerns that threaten the structure of society and redress social conditions that adversely affect the well-being of people and society. Philanthropic CSR activities of DBBL are carried out by Dutch-Bangla Bank Foundation (DBBF). DBBF was established on 3rd June, 2001. The major area of DBBF's activities are the field of education, health, conservation of nature, creation of social awareness, rehabilitation of distressed people and such other programmes to redress human sufferings. It also promotes different socio-cultural and sports activities. In order to discharge its corporate social responsibilities, the Board of Directors of DBBL contributes 5.00% of Bank's profit after charging loan loss provision to DBBF. At present, DBBF is carrying out various programmes in discharge of DBBL's CSR commitment.

Among these programs, Scholarship Program for the meritorious and needy students, Blind Education and Rehabilitation Organization (BERDO) and Donation to Different Organization are somehow helping the overall education sector of Bangladesh. DBBF has been awarding scholarships to the meritorious and needy students since 2003. DBBF spends more than Tk. 4,00,00,000/= (four crore) every year for awarding these scholarships. DBBF has already awarded 626 scholarship and Tk. 2,74,63,000/= (two crore seventy four lac sixty three thousand) only has already been disbursed in this purpose. DBBF plans to award scholarship amounting Tk. 10,87,50,000/= (ten crore eighty seven lac

fifty thousand) in favour of 1250 students by the next five years. However, the target group of this scholarship program is meritorious and needy student from urban and rural area who have passed SSC and HSC examinations throughout the country. Therefore, this scholarship programme does not directly help the primary education sector of Bangladesh. DBBL has already sanctioned Tk. 2,00,000.00 (taka two lac) for the welfare of blind student in favor of Blind Education and Rehabilitation Organization (BERDO). This fund is being employed with the purpose of education and rehabilitation of blind persons. This fund also does not promote the mainstream primary education sector of Bangladesh. In 2003 approximately Tk.12,10,986 (taka twelve lac ten thousand nine hundred eighty six) only and in 2004 approximately Tk40,51,000.00 (taka forty lac fifty one thousand) only and in 2005 approximately Tk31,55,000 (taka thirty one lac fifty five thousand) only is given as donation to different organizations and persons to mitigate their purpose. Some portion of this huge amount of donation is helping destitute and disabled children to receive their basic education. Nevertheless, it is seen that this donation program is yet to address the mainstream primary education sector of Bangladesh.

Information of this case study is retrieved from DBBL's official website. Comments and evaluations are of the author.

6. CSR involvement of corporate bodies in existing primary education system: exploration and review of regulatory framework

Although CSR engagements of our corporate bodies are essential for our primary education sector, the present scenario is not encouraging. In the prevailing regulatory framework, the answers as to how the corporate bodies of Bangladesh may engage themselves in primary education sector to fulfill their CSR commitments can primarily be of three folds: i) providing finance for existing primary schools, both government and non-government, ii) partnership with the government for running of primary education program(s), and iii) establishment of a non-government primary school. Besides, they may comply with the existing regulatory framework to prevent child labour so as to facilitate their primary education.

6.1. Corporate financing in primary education system

Corporate bodies can engage themselves with CSR initiatives in primary education sector by providing finance for existing primary schools, both government and non-government. Such corporate financing can be in the form of donation in general or donation for specific purposes such as infrastructure development, arrangement of scholarship, arrangement

of study materials, arrangement of food and amusement, arrangement of training for the teachers and so on. Tax implications of such financing is not CSR friendly for basic education sector. The Income Tax Ordinance, 1984²⁹ provides that any sum paid to a scientific research institute, association or other body having as its object the undertaking of scientific research, or to a university, college, technical school or other institution for the purpose of scientific research or technical training related to the class of business carried on by the assessee is to be deducted from income for the purpose of computing the taxable income, provided such institution, association or body or such university, college, technical school or institution is, approved by the National Board of Revenue. This tax incentive is not available in case of payment of a sum in favour of a primary school.³⁰ Until 1992, it was provided by the Income Tax Ordinance, 1984³¹, that any sum paid by an assessee as donation to any educational institution recognised or run by the government would get tax exemptions.³² But, by the Finance Act, 1992³³, this provision was deleted to the effect of nullifying such tax incentive. Afterwards, by the Finance Act, 2005, a provision has been added to allow partial exemption to such a donor who is donating to any philanthropic or educational institution which is approved by the government for this purpose where the donor may donate only twenty percent of his total income which shall not exceed Two Lakh taka and the exemption will be only equal to fifteen percent of the sums specified.³⁴ Afterwards, by the Finance Act, 2006, this amount of Two Lakh taka has been increased to Two Lakh and Fifty Thousand taka only. This is not at all encouraging for corporate sectors who are expected to get involved in huge amount of donation and which is not going to be limited to only those institutions which are approved by the government for his purpose. And the provision for tax exemption in case of donation to welfare organization for retarded people may also be expanded to educational institution run for retarded students but

29. Ordinance No. XXXVI of 1984.

30. See, Section 29 (1) (xxiii) of the Income Tax ordinances, 1984 (Ordinance No. XXXVI of 1984).

31. Ordinance No. XXXVI of 1984.

32. See, Paragraph 12, Part – B, the Sixth Schedule read with Section 44 (1) .

33. Act No. XXI of 1992.

34. See for details, Section 4(2) and Section 4(3) read with paragraph 22, Part – B, the Sixth Schedule of the Income Tax ordinances, 1984 (Ordinance No. XXXVI of 1984).

giving wider tax exemption.³⁵ However, any donation in favour of the government or any educational institution recognised by the government is not liable to gift tax.³⁶

In this regard, we can further examine the regulatory framework of making such corporate donation. Any donation to an existing primary school should be made in favour of the managing committee of the school. Donation to the government should be made in favour of the Ministry or the District Education Committee or the Upazilla Education Committee.³⁷ This donation is not liable to any gift tax, but transparency of the government affairs in utilizing this donation is a key factor in encouraging such corporate donation. Because, there is no such committee with proper representation from the corporate sector to supervise this sort of implementation. And although there is a scope for representation for a donor or philanthropist in the managing committee of a government primary school, but in case of private registered primary school, this scope is open only for land donor.³⁸

6.2. Partnership between the government and corporate bodies for running of primary education program(s)

Another way of ensuring CSR initiatives in primary education sector is partnership program between the government and the corporate bodies. At present, such partnership is being carried on in different countries in the fields of essential services. The World Declaration on Education for All of 1990 to which Bangladesh is a signatory has stressed the importance of partnerships. Article 7 of the Declaration says: "National, regional, and local education authorities have a unique obligation to provide basic education for all, but they cannot be expected to supply every human, financial or organizational requirement for this task. New and revitalized partnerships at all levels will be necessary... [including] partnerships between government and non-government organizations, the private sector, local communities, religious groups, and families". At present, in primary education sector, no such partnership is evident between GoB and the corporate sector at the national level. PEDP - a six-year programme

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35. 36 See for details, Section 4(2) and Section 4(3) read with paragraph 11B, Part - B, the Sixth Schedule of the Income Tax ordinances, 1984 (Ordinance No. XXXVI of 1984).
36. See, Section 4 of the Gift Tax Act, 1990 (Act No. XLIV of 1990).
37. See for details, Notification of the Government of the People's Republic of Bangladesh No. SX/10M-5/82/735-EDN., 1983 and subsequent notifications in this regard.
38. Memo No. Pra. Ga. Bi/Adm.-3/Committee/97/347. 9 November, 1997. (স্মারক নং-প্রাগবি/প্রশা-৩/কমিটি/৯৭/৩৪৭, ৯ই নভেম্বর, ১৯৯৭)

of support which aims to strengthen educational access, quality and efficiency, is there as the glaring example of partnership. Under that Project, Executive Agency (EA), Program Steering Committee (PSC) and Program Coordination Unit (PCU) for coordinating the programme and Program Liaison Unit (PLU) is there headed by ADP to ensure the representation of the development partners.

But no such permanent body is there for the coordination of the CSR activities to encourage and ensure the CSR activities involving the national and international corporate sectors. At the same time, GoB has to be careful while forming this body taking into consideration the reality of the PEDP where the project too often seems to be a donor dominated project, although the GoB is going to bear the major portion of expenditure of the project. So, effective control and monitoring of the government over the CSR activities through that committee has to be established to ensure quality basic education.

6.3. Establishment of a non-government primary school by a corporate entity

Establishment of a non-government primary school is regulated by the Registration of Private Schools Ordinance, 1962³⁹ and two other rules made under this Ordinance⁴⁰, namely, the Registration of Private Schools Rules, 1962, and the Registration of Private Schools (English Medium) Rules, 1999.⁴¹ Establishing and running a private primary school except in accordance with the provisions of the Registration of Private Schools Ordinance, 1962⁴² is prohibited by law.⁴³

Establishment of non-government primary schools by a corporate entity may take two forms, namely, (a) establishment of a non-government primary school owned and managed by the corporate body itself, and (b) creation of a charitable public trust for the establishment and running of

39. E.P. Ordinance No. XX of 1962. This Ordinance has subsequently been amended by the Registration of Private Schools (Amendment) Act, 1989 (Act No. XVIII of 1989) and the Registration of Private Schools (Amendment) Act, 2001 (Act No. III of 2001).

40. See, Section 8, *ibid.*

41. Registration of Private Schools (English Medium) Rules, 1999 (SRO No. 123/99).

42. E.P. Ordinance No. XX of 1962. This Ordinance has subsequently been amended by the Registration of Private Schools (Amendment) Act, 1989 (Act No. XVIII of 1989) and the Registration of Private Schools (Amendment) Act, 2001 (Act No. III of 2001).

43. See, Section 3, *ibid.*

a non-government primary school. Now the regulatory framework relevant for each of these forms can be reviewed for better understanding.

Any corporate entity intending to establish a private primary school keeping the same under its ownership and management has to apply for registration to the proper authority in accordance with the provisions of the Registration of Private Schools Ordinance, 1962⁴⁴ and the rules made there under. In this regard the proper authority is the Director General, Directorate of Primary Education (DPE) or the Divisional Deputy Director, if he/she is so authorized by the Director General, Directorate of Primary Education (DPE).⁴⁵ Upon receipt of an application for establishment and running of a non-government primary school, the registering authority shall make such enquiries as he considers necessary in order to satisfy himself (i) that the buildings and premises of the proposed school will provide adequate facilities with due regard to hygiene; (ii) that the staff will be qualified, adequate and adequately paid according to prescribed standards; (iii) that the fees charged will not be disproportionate to the facilities provided and will not exceed prescribed limits; (iv) that there is no reason to believe that the institution will be run in an undesirable manner or by undesirable persons; (v) that the school follows a curriculum approved by the prescribed authority; and (vi) that no book which has not been approved by the National Curriculum and Text Book Board or which has not been published and printed by it, is prescribed for study in the school.⁴⁶ After enquiry, the registering authority, if satisfied as to the above mentioned criteria, shall grant the certificate of registration. The above mentioned criteria and requirements seem very minimum and also with more rigid elements like emphasis are made on textbooks not on curriculum. However, any corporate body intending to establish a primary school owned and governed by itself is reasonably expected to fulfill all these preliminary requirements. Such a school, if established, shall set its standards and level of performance much higher than the standards and level prescribed by law. But the moot question in this regard is whether the corporate bodies shall feel inclined to establish such a school. The Income Tax Ordinance, 1984⁴⁷ provides that any

44. E.P. Ordinance No. XX of 1962. This Ordinance has subsequently been amended by the Registration of Private Schools (Amendment) Act, 1989 (Act No. XVIII of 1989) and the Registration of Private Schools (Amendment) Act, 2001 (Act No. III of 2001).

45. See, Section 2 (h) (iii) , *ibid.*

46. See, Section 4 (2) , *ibid.*

47. Ordinance No. XXXVI of 1984.

expenditure, be it in the nature of capital expenditure or not, laid out or expended on the construction and maintenance of any educational institution is to be exempted from the liability of income tax only if the educational institution is (a) for the benefit of his employees, their families and dependents, or (b) for the free-of-cost training of industrial worker.⁴⁸ This provision of tax incentive has no relevance in case of expenditure of construction and maintenance of primary school meant for general public. Therefore, a corporate body shall have to pay income tax even for the portion of its income that it spends for establishing a primary school for general public. Thus our tax incentive for the establishment of any educational institution is only limited to the compliance of CSR in narrower sense i.e. to fulfill its responsibility towards its employees or workers. Even if it does so, such a school being a part of the corporate body, any income of the school shall also be liable for income tax to be paid by the said corporate body. Of course any investment by the corporate in basic education as a business should be under tax framework. Moreover, our belief is that the private investment in primary education should be under policy-scrutiny. In most of the cases, the private investment in basic education (as business) increases the inequality and encourages 'incoherent and diverse' forms of educational institutions. But if any business enterprise runs a school for the poor and marginalized children as not-for-profit basis with the amalgamation of both free education to poorest children, subsidized education to children from middle class groups and charging fees to economically able families, then what regulatory framework will be relevant for this type of intervention is absent in the regulatory framework. Moreover, GoB is here in dilemma of positioning, according to the constitution, international commitments and declarations of which Bangladesh is a signatory, providing free and quality education is the sole responsibility of state which may create positional difficulties to expedite the business investment through a crystal clear policy framework.

Another option open for a corporate entity to engage itself with CSR initiatives in primary education sector is creation of a charitable public trust for the establishment and running of a non-government primary school. A corporate body can place necessary fund under a charitable public trust created by it and the trustee of the trust can apply for registration of the school to the proper authority as indicated above and after fulfilling and maintaining the above mentioned criteria and

48. See, Section 29 (1) (xxii) and Section 29 (1) (xxiii) of the Income Tax Ordinance, 1984 (Ordinance No. XXXVI of 1984).

standards can obtain the registration. Here, one thing must be clarified. The corporate body creating the trust and the trust so created shall be separate legal entities. Accordingly, the liability of tax on the corporate body and that of the trust would be different. The Income Tax Ordinance, 1984⁴⁹ does not allow any tax-exemption for the corporate body making such a trust. Moreover, the trust so created shall be liable to income tax for any income arising out of the trust property. This is a good provision to prevent the corporate bodies from hiding the taxable income under a newly created trust. But the corporate bodies may accumulate or set apart finally any sum of their income during the income year for applying solely to charitable purposes only in the form of investment in any government security for ten years.⁵⁰ Until 2001, it was provided by the Income Tax Ordinance, 1984⁵¹, that any income derived from property held under trust or other legal obligation wholly for religious or charitable purposes be exempted from the liability of income tax.⁵² Therefore any income derived from a primary school held under trust was not liable to taxation. But, by the Finance Act, 2001⁵³, this provision was amended to the effect of nullifying such tax incentive as the term 'property' was substituted by the term 'house property'⁵⁴ only. That means the property other than the house property shall be liable to income tax. But all other income derived from such property held under any trust shall be subjected to taxation (until and unless any sum of that is accumulated or set apart finally during the income year for applying solely to charitable purposes only in the form of investment in any government security)⁵⁵ So, this provision, is not at all encouraging for the corporate bodies to engage in philanthropic CSR activities, by creating a trust for charitable purposes, where the income of the 'house property' held under that trust will only be exempted from taxation. When we think of any educational institution, there is very little scope for paying any tax on house property as the property of that institution is not to be let out which enable the

49. Ordinance No. XXXVI of 1984.

50. See, Paragraph 2, Part – A, the Sixth Schedule read with Section 44 (1) of the Income Tax Ordinance, 1984 (Ordinance No. XXXVI of 1984).

51. Ordinance No. XXXVI of 1984.

52. See, Paragraph 1(1), Part – A, the Sixth Schedule read with Section 44 (1) of the Income Tax Ordinance, 1984 (Ordinance No. XXXVI of 1984).

53. Act No. XIV of 2002.

54. See, the definition of 'Income from House Property' in Section 24 of the Income Tax Ordinance, 1984 (Ordinance No. XXXVI of 1984).

55. See, Paragraph 1(1) and 1(2), Part – A, the Sixth Schedule read with Section 44 (1) of the Income Tax Ordinance, 1984 (Ordinance No. XXXVI of 1984).

institution to calculate the annual value of that property.⁵⁶ That is why, the present regulatory regime relevant for creation by a corporate entity of a charitable public trust for the establishment and running of a non-government primary school is not friendly for corporate bodies in terms of tax incentive. However, any income of such a trust derived from voluntary contribution and applicable solely to charitable purposes is exempted from the liability of income tax.⁵⁷ It is good provision, which allows the educational institution held under such trust to receive voluntary contribution for applying solely to charitable purposes, which will not be subjected to taxation. Even then, at present position, it is better for the corporate sectors to finance the existing primary education system or engage in partnership with the GoB to run primary education system in stead of establishing any such institution under any trust.

7. Existing government support for CSR initiatives

Government plays a crucial role in creating the enabling framework for responsible business practices at the level of individual corporate bodies. CSR friendly environment depends on the orientation of the government and on the level of business influence on public policy. Only when the business community feels that they can substantially influence the formulation and implementation of public policies and when the government facilitates the business community to that end, CSR gains acceptance as both a principle and a practice.

Our governments seem to view CSR only in a reactive way, for example in response to requirements in export markets, rather than with a more proactive stance. Moon identified three positive reasons for governments to encourage CSR; it can substitute for government efforts; it can complement government effort; and it can legitimise government policies.⁵⁸ These reasons are worth consideration for our governments.

So far the regulatory framework for allotment of necessary land for establishment of non-government primary school is concerned, the Non-Agricultural Khas Land Management and Allotment Policy, 1995 (O krishi Khash Jomi Babosthapon O Bondoboster Nitimala, 1995)⁵⁹ seems very encouraging. As per the Policy, non-agricultural khas land can be allotted for educational institutions at the rate of 10% of its price.

56. See, Section 2(3) of the Income Tax Ordinance 1984 (Ordinance No. XXXVI of 1984).

57. See, Paragraph 2, Part – A, the Sixth Schedule read with Section 44 (1) of the Income Tax Ordinance, 1984 (Ordinance No. XXXVI of 1984).

58. Moon, J., 'Corporate Social Responsibility: An Overview' *International Directory of Corporate Philanthropy* Europa Publications, London, 2002.

59. Memo No. Bhu.M./Sha 8/Kha.J.B/45/84/124, 7 March 1995 (স্মারক নং-ভূম/শা ৮/খাজব/৪৫/৮৪/১২৪, ৭ই মার্চ, ১৯৯৫).

Such allotment is made by the Divisional Commissioner, if the area of land doesn't exceed 8 decimal in case of district town area or 16 decimal in case of Upazilla sadar or 30 decimal in other area. In other circumstances, the allotment is made by the Land Reform Board. In all the cases, the Deputy Commissioner of the concerned district shall send the allotment proposal to the proper authority after deposit of price by the proposed allottee. But this allotment is not enough to encourage the corporate sector for investment.

8. Institutional support needed for and monitoring of CSR activities

CSR involvement by one or more corporate bodies in the primary education system without any institutional support and monitoring can be significantly beneficial for the corporate bodies concerned merely as a tool for brand promotion, but not significantly beneficial for the society as a whole. Such involvement can be scattered in nature, may lack a common guideline, can be tokenistic on some occasions and above all will add nothing to the broader development achievements, will not influence the broader development policies and strategies. As such we need an institutional framework that we lack at present for supporting, guiding and monitoring of CSR initiatives of the corporate bodies. Before visualizing any such institutional framework, we should agree in principle that institutional framework would not primarily be meant for strict regulation of CSR activities of the corporate bodies.

In different countries institutional support for CSR activities is developing. The Department for Trade and Industry has overall CSR lead in the British government. It has a Minister for CSR.⁶⁰ France has also followed this example and thereby establishes a Ministry of CSR. Those governments' approach is to encourage and incentivise the adoption and reporting of CSR through best practice guidance, and, where appropriate, intelligent regulation and fiscal incentives. The government of UK encourages companies to report on their CSR performance and has issued guidance on environmental reporting. They have enacted a legislation which came into effect in July 2001 requiring the trustees of occupational pension schemes to state their policy regarding the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realization of investments. All these are very good monitoring steps. But that was possible only because they have a Minister for CSR. Being a party to the OECD Guidelines on Multinational Enterprises and the Global Compact, they have set their approach to CSR internationally in an International Strategic Framework, which was published in March 2005. The framework sets out the overall objectives, priorities, and main lines of the UK government's approach

60. Visit for details, www.csr.gov.uk/policy.shtml

towards the international dimension of CSR.⁶¹

So, in Bangladesh, if not a Minister, we can have at least a CSR Board or Department which should formulate a national guideline on CSR, against which companies' CSR activities and performance can be evaluated, ranked and compared. Such a guideline will discourage different companies adopting and promoting different CSR codes. We should be mindful that in many countries, CSR movement has been frustrated to a great extent by the adoption and promotion of different companies' own CSR codes.

9. Role of the civil society

The role of civil society is indispensable in this venture. Civil society can act as a 'bridge' between companies and government. Apart from educated society, conscious, active, democratic and humanist groups including all NGOs may get involved in this venture to play a positive role as a part of the Civil society. A tripartite venture of civil society, corporate and NGOs may be useful in tapping CSR into basic education. To facilitate CSR into basic education, enabling policy environment is to be created. Civil society may act as a pressure group upon the government to ensure apt conditions for tapping CSR into this important sector.

Civil society may carry out research, advocacy, or may facilitate dialogue with the government on issues like corporate governance, code of conducts, workers rights as to children's education etc. They can 'translate' the terminology of social development into language that business can understand. They can also provide information on enterprises' CSR activities to the public.

10. Recommendations

The foregoing discussion reveals that the present environment for CSR initiatives is not healthy. Considering the future of our basic education sector and to ensure the quality basic education, it is now time to incentivise the CSR activities. Accordingly, some recommendations and suggestions can be put forward some of which are meant to facilitate and encourage CSR investment in basic education sector while the others refer to a broader spectrum, i.e., ensuring better CSR friendly environment. The recommendations and suggestions are as follows:

- The portion of income that a corporate body spends for establishing a primary school should be exempted from the liability of tax. To ensure such exemption, section 29 (1) (xxii) and section 29 (1) (xxiii) of the Income Tax Ordinance, 1984⁶² may be amended to make the provision wider in its scope and application.

61. Id.

62. Ordinance No. XXXVI of 1984.

- Any income of a private primary school, be it in the form of trust or otherwise, should be exempted from the liability of income tax. To that effect, the sixth schedule of Income Tax Ordinance, 1984⁶³ may be amended to substitute the word property for present term 'house property'.
- Private financing for public projects should be encouraged. To that end, any donation in favour of any primary school should be exempted from the liability of income tax. To that effect, the sixth schedule of Income Tax Ordinance, 1984⁶⁴ may be amended by reviving Paragraph 12 of Part B and by giving reasonable tax exemption by amending Section 44(2). The amount of donation for tax exemption may also be increased further by amending Section 44(3).
- Special tax rebate may be awarded to corporate bodies providing non-profit investment in primary education sector through official notifications under Section 44(4) of the Income Tax Ordinance, 1984.
- Since CSR engagements are helping many foreign and multinational corporate bodies to gain market profits, promotional and motivational activities should be increased to make these success-stories familiar with and motivating for our corporate entities. This will certainly place our corporate bodies above the fear of losing competitive advantages and thus contribute a lot to ensure more and more CSR engagements by them.
- The government should be positive to enter into different partnership programmes with the corporate entities. Moreover, the government should offer more and more scope of bargaining by the corporates so that they can think such partnership as a way of maximizing business profit while minimizing downsides and not merely as a burden.
- A CSR Board or any Department with proper representation from the development partners of corporate sectors should be established.
- The Corporate bodies should be encouraged to create CSR umbrella group so that many corporate can join their hands together in their CSR initiatives. In the UK, Business in the Community (BITC) is one such umbrella group. Formed in 1981 BITC is now the single largest business association for CSR with a membership of over 700 companies and a regional management and policy making structure. It has, by now, taken a leading role in identifying and articulating a

63. Ordinance No. XXXVI of 1984.

64. Ordinance No. XXXVI of 1984.

wider range of CSR issues for British business.⁶⁵ Our business community may follow this UK model.

- Corporate Social Responsibility (CSR) is still not significantly highlighted in our academic curriculum. Such highlight is essentially required at least in the academic curriculum of the future leaders of the business.
- The government as well as the academicians should initiate studies and research on the CSR environment of the developed countries. In particular, the initiatives of the governments of developed countries in providing 'enabling environment' for CSR can be explored and examined to find out the possible transplantation in our country of successful policies adopted and initiatives taken by those governments.

11. Conclusion

Corporate Social Responsibility is an evolving concept throughout the world. The historical concept of 'corporate financial responsibility' of making money and increasing shareholder value has rapidly expanded to social responsibility. Thus, beyond making profits, companies are responsible for the totality of their impact on people and the planet.⁶⁶ In the perspective of global and local scenario, it is the demand of time to involve the corporate into the realm of basic development issues like basic education where a long-standing crisis persists and the corporate bodies should realize and respond to the social demands upon them. If they reaffirm their social commitments, come forward with non-profit investment in primary education sector, and co-operate with the public bodies in formulating CSR friendly policies, the ultimate benefit will also reach the door of the corporate. Because better educated people will ultimately turn into more efficient and productive labour force as well as informed consumer. But in a country like Bangladesh, where the arena of corporate social responsibility is miserably limited to the issues of compliance concerns, it is the government that should play the leading role to accelerate the movement of philanthropic engagements by corporate bodies in social programs, to ensure the legal and regulatory environment through needed legal reforms that would enable as well as encourage the corporate bodies to come forward with CSR activities. Only through this, the long-standing crisis in the basic education sector can be removed and quality basic education for all would be guaranteed.

65. Moon, J., 'Government as a Driver of Corporate Social Responsibility' *International Centre for Corporate Social Responsibility (ICCSR) Research Paper Series No. 10*, 2004.

66. Geoffrey, Sir Chandler, "Defining Corporate Social Responsibility," *Ethical Performance Best Practice*, Fall 2001.