Pakistan Centre *for* Philanthropy

CORPORATE PHILANTHROPY IN PAKISTAN 2018

MAPPING CORPORATE SECTOR CONTRIBUTION TOWARDS GOVERNMENT EHSAAS PROGRAM

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FOREWORD

Pakistan's business sector is the backbone of Pakistan's economy in terms of creating jobs, paying taxes, fostering innovation, and boosting economic growth. On the social front, the prodigious contributions of the business companies through Corporate Social Responsibility (CSR) programs are in billions that help supplement the government's scarce resources for social development. To depict the substantial contributions of the business sector towards various social causes, PCP's annual survey report on Corporate Philanthropy is an important publication. This report provides a comprehensive view of the trends and patterns of philanthropic giving by the corporate sector and a way forward to improve the involvement and effectiveness of philanthropy in stimulating social development in the country.

The Corporate Philanthropy Survey Report: 2018, covers giving patterns of Public Listed Companies (PLC), and a selected sample of Public Unlisted Companies (PUCs) and Private Limited Companies (PvLCs). It is encouraging to note that the philanthropic donations of PLCs have reached a new high of PKR 9.07 billion in year 2018, indicating an increase of PKR 1.51 billion from the preceding year. In addition, the contribution of PUCs and PvLCs that reveal their philanthropic giving is also considerable with a total of PKR 3.7 billion. This sector shows an increase of PKR 1.17 billion from the preceding year. The appreciable increase in giving of these entities is in part, because their data is becoming available to be recorded. The giving data of many such entities is still to be identified. Together, PLCs, PUCs and PvLCs contributed PKR 12.77 billion in year 2018, reinforcing the fact that contribution by the business sector is a huge potential resource that needs to be encouraged further.

This year, the scope of study is enhanced to align corporate giving with the government's recently launched Ehsaas Program aimed at reducing poverty and inequality through increased investment in people, and in lifting the economically lagging districts of the country. A preliminary assessment of the share of corporate giving towards the targeted areas of Ehsaas is opportune and useful to reckon ways of aligning and guiding corporate giving towards government's priority areas to tackle human development and poverty issues in Pakistan.

Each year, PCP acknowledges the contributions of Pakistan's corporate world by selecting the top three highest giving companies to honour them with Corporate Philanthropy Awards based on two criteria: (i) absolute volume of philanthropic donation and (ii) philanthropic donation as a percentage of profit before tax.

It is expected that the findings of this survey report will benefit the stakeholders in understanding issues surrounding the discourse on corporate philanthropy. Moreover, suggestions based on preliminary mapping of corporate giving with government focused policy actions would provide guidelines to further enhance public-private partnerships to achieve effective social outcomes. The findings of the report would be useful for policy makers, researchers, media and the civil society. PCP welcomes suggestions, feedback and any advice from the stakeholders for strengthening and expanding the scope of corporate philanthropy in Pakistan.

Zaffar A. Khan, *S.I.*
Chairman, Board of Directors,
Pakistan Centre for Philanthropy (PCP)

ACKNOWLEDGMENTS

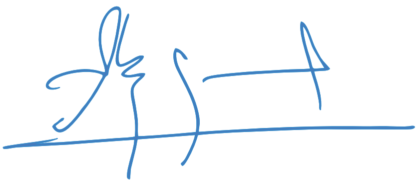
This report is fifteenth in the series of Corporate Philanthropy Surveys undertaken by the Pakistan Centre for Philanthropy. The present survey report presents the magnitude and patterns of philanthropic giving by 477 Public Listed Companies and a sample of 369 Public Unlisted and 646 Private Limited companies in Pakistan. An attempt is also made to map companies' CSR donations against the recently launched Ehsaas program by the government of Pakistan aimed at reducing poverty and inequality in the country.

The preparation of this survey report is the outcome of the collective efforts of several individuals and organizations entailing collection and compilation of relevant data, the analysis and write up the draft. I would like to acknowledge the contributions of all those involved in completing this exercise successfully. First of all, our sincere gratitude is due to the Chairman of the Board, Mr. Zaffar A. Khan as well as other members of PCP BoD for their encouragement and incessant support, especially the valuable insights and feedback of the Chair of the Research Committee, Dr. Attiya Inayatullah all along.

The persistent and unwavering cooperation from Securities and Exchange Commission of Pakistan (SECP) for facilitation in providing data, specifically on Public Unlisted and Private Limited companies is gratefully acknowledged. We owe special gratitude to the management of the companies who responded to our requests and shared the requisite data on their philanthropic activities. We look forward to their support and cooperation in the ensuing years as well.

The current report is the result of meticulous efforts by the PCP research team, namely Mr. Muhammad Ali, Mr. Ali Jadoon, and Ms. Aimen Tayyab with constant guidance and supervision of Dr. Naushin Mahmood. Thanks are due to Mr. Ahmed Nadeem for his help in seeking information and data on the Ehsaas program.

Finally, the Centre is grateful to all the stakeholders who have utilized the successive issues of the corporate philanthropy survey and appreciated this effort. We hope that readers will find this volume as edifying and beneficial as before. As always, we remain optimistic that the contents and findings of this report will inspire our business sector to optimize their philanthropic efforts through building productive partnerships with government's ambitious agenda of reducing poverty and social inequality in the country. The recommendations and comments for further improvement of this report are always welcome.



Shazia Maqsood Amjad
Executive Director
Pakistan Centre for Philanthropy (PCP)

EXECUTIVE SUMMARY

Business sector is considered as the 'engine of growth' of an economy. Companies produce goods and services, create jobs, and pay taxes that are ultimately used for social welfare and development activities. However, with increased globalization and the emerging issues related to peace, human rights, environment and poverty alleviation, businesses are expected to play a greater role in treading the path of sustainable development. Even though the government has the primary responsibility of resolving the development issues, the magnitude and complexity of the challenges at hand require joint participation from all sectors of society. In this regard, business companies have long been involved in philanthropic giving as an extension of charitable interests of their leaders to support social development initiatives.

The concept of corporate philanthropy has gone through a transformation in recent decades with companies working to incorporate philanthropy in their business models. This idea that businesses need to strive for greater good and social responsibility, apart from safeguarding interests of their shareholders, has long proliferated into developing countries including Pakistan. This survey report is an attempt to assess and document the philanthropic contributions of the corporate sector in social development activities in Pakistan.

This report is fifteenth in the series of Corporate Philanthropy Surveys prepared by the Pakistan Centre for Philanthropy. The earlier surveys covered only Public Listed Companies (PLCs) from the corporate universe with the first report published in the year 2005. However, since the year 2015, Public Unlisted (PUCs) and Private Limited Companies (PvLCs) are also covered through selected samples from both the categories to get better representation of the corporate sector. The present survey estimates the volume of philanthropic spending and examines the trends, dimensions, and patterns of philanthropic giving by all three categories of companies selected in the sample. The survey report not only reveals that corporate giving is a potential resource that can be used to redress deficits in social development but also provides the basis for recognition of the contributions of corporate sector through Corporate Philanthropy Awards.

KEY FINDINGS

CPS 2018

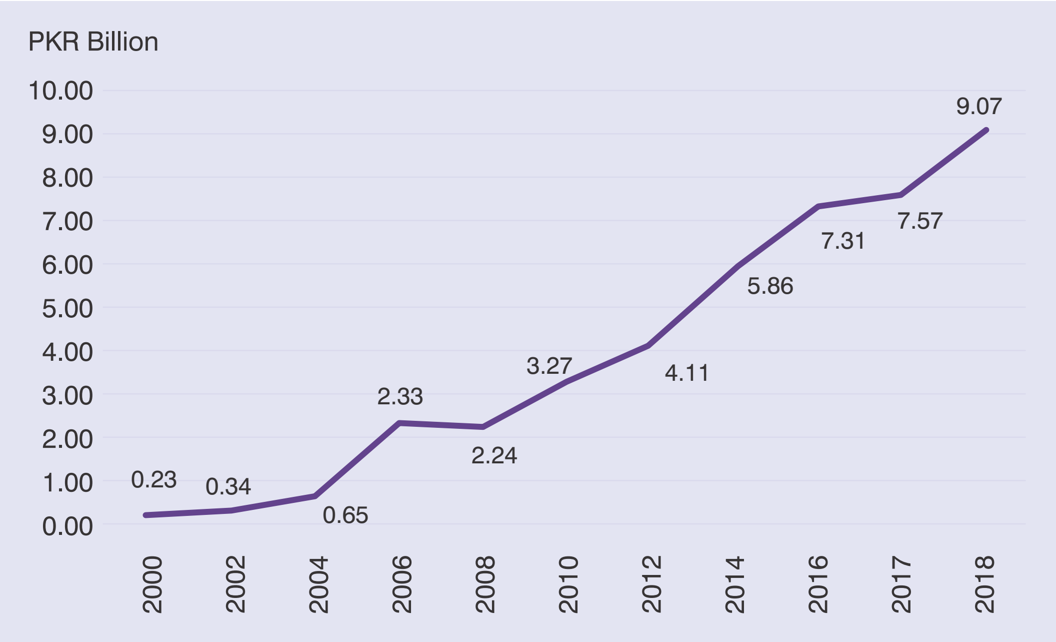
- PLCs donated PKR 9.07 billion in 2018, increasing by 20 percent from previous year, and about 40 times since year 2000
- Around 53 percent of the total PLCs were involved/reported philanthropic giving
- PLCs contributed 0.8 percent of PBT as donations compared to 0.7 percent in 2017
- Volume of total donations increased despite a decrease in total PBT
- Top 25 giving PLCs contributed 78 percent of the total donations
- Total donations of PUCs (120/369) were PKR 1.8 billion
- PvLCs (149/646) contributed PKR 1.9 billion in the same year
- PLCs, PUCs and PvLCs in total spent PKR 12.77 billion on philanthropy
- Oil and Gas Exploration is the largest contributing subset of the corporate sector

CSR AND EHSAAS PROGRAM

- Projects of 37 companies out of a sample of 43 were directly/indirectly focused on Safety Nets in Pillar II of the program
- Each company in the sample contributed to areas of Human Capital Development under Pillar III
- About 36 percent of the sampled companies' CSR initiatives could be linked with Jobs and Livelihoods under Pillar IV,
- Pillar II and III received 28 percent each of overall CSR spending while 12 percent of it went to Pillar IV
- Few companies overwhelmingly focused on one area, e.g., one company spent 85 percent on Pillar II, while another one donated the same proportion to Pillar III.

Major findings of the report reveal that companies in Pakistan continue to generously support various social causes. This is evident by the volume of giving by PLCs that increased to PKR 9.07 billion in 2018 compared to PKR 7.56 billion in the previous year. Adding the donations by the selected sample companies of PUCs and PvLCs, the total volume of giving increases to PKR 12.77 billion in the same year. Total donations by PLCs in 2018 indicate about 40-fold increase since year 2000 which serves as the base year. However, a major share of donations (about 78 percent) comes from the top giving 25 companies, and 42 percent is given by top 5 companies. This corroborates well with the earlier pattern that only few big companies in corporate sector make the largest financial contributions, and the PLCs' participation ratio in philanthropic activities is 53 percent which has not changed much over the years. Moreover, a mapping of companies' CSR programs against the government's recently launched Ehsaas initiative reveals that health and education that fall under Pillar II and III of the program are the two most preferred areas of support for companies. Overall, about 68 percent of donations of the sample companies are linked with the three pillars, while the remaining 32 percent goes to areas outside the scope of the program.

The report is organised in the following way: the first chapter describes the context of business-society relationship presenting the concepts of corporate social responsibility and corporate philanthropy; and listing the potential benefits/motivations for social responsibility activities. The second chapter presents the analysis highlighting the volume of donations, ranking of companies in giving, and the share of top giving companies. The third chapter presents analysis of giving by PUCs and PvLCs, following the pattern of PLCs. The fourth chapter describes how and to what extent the corporate sector's giving aligns with the recently announced initiatives of the government in 'EHSAAS Programme' for reduction of poverty in the country. The last chapter presents the summary and conclusion with future directions for policy action.



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ACRONYMS

CEO	Chief Executive Officer
CPS	Corporate Philanthropy Survey
CSR	Corporate Social Responsibility
MDGs	Millennium Development Goals
HDI	Human Development Index
OGDCL	Oil & Gas Development Company Limited
PBT	Profit Before Tax
PCP	Pakistan Centre for Philanthropy
PKR	Pakistan Rupee
PLCs	Public Limited Companies
PPL	Pakistan Petroleum Limited
PSX	Pakistan Stock Exchange
PUCs	Public Unlimited Companies
PvLC	Private Limited Companies
Pvt	Private
SDGs	Sustainable Development Goals
SECP	Security and Exchange Commission of Pakistan
SMEs	Small and Medium-sized Enterprises
TBL	Triple Bottom Line
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization

THE CONTEXT

THE CONTEXT

Business and Society

The persistence of poverty and inequality around the world has always been a matter of great concern for development practitioners and policy makers. Estimates show that over a billion human beings still continue to live on approximately US$ 1.25 a day,[1] majority of which reside in developing and poor countries. The challenge is huge and complex and difficult to be tackled by a single group alone. Hence, efforts are needed to develop a collaborative system where national governments, international community, business and civil society become engaged in a synergistic way to address those issues. The importance of such collaborations has been recognized in the form of Millennium Development Goals (MDGs, 2000-2015) and recently in Sustainable Development Goals (SDGs, 2015-2030). One of the targets under SDG 17 is, "Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships".[2]

Few decades earlier, economic and social objectives were considered as mutually exclusive and businesses mostly considered economic objectives for maximizing profit for shareholders. In the first half of the twentieth century, it was realized that businesses, in the process of their growth, produce externalities that are directly or indirectly harmful for the wellbeing of people, and the corporates cannot be absolved from their responsibility to minimize such damages. This belief was furthered by incidents such as the Exxon Valdez Oil Spill that inflicted substantial harm to the marine environment. Moreover, businesses run on the scarce resources of the country, which makes them responsible not only in its usage but also strive to pay back to the society in the form of activities that are of common benefit to the fellow citizens. Hence, the correlation between corporate values and goals, and societal achievements are widely recognized.[3]

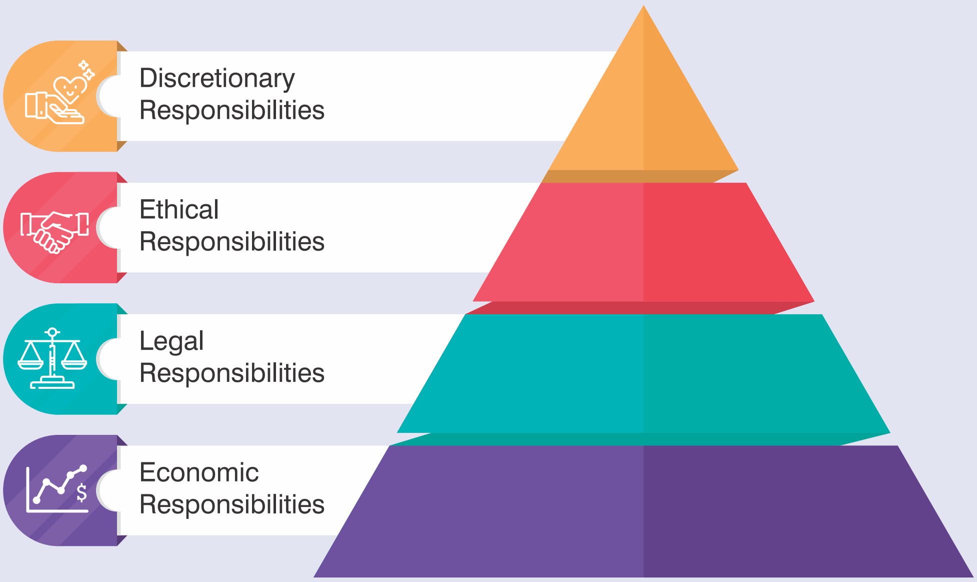
Corporate Social Responsibility

CSR is an evolving concept and lacks a unified definition yet. According to the United Nations Industrial Development Organization (UNIDO), CSR is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as an activity through which a company achieves a balance of economic, environmental and social imperatives, while at the same time addressing the expectations of shareholders and stakeholders.[4] European Union defines CSR as, ''a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.''[5]

The concept of CSR is based on the idea that business and society are interlinked; both affecting and being affected by each other. A society is a mix of different actors; government defines the rules and structure within which each of the actors must operate, for-profit organizations seek gain for their owners, and non-profit organizations seek to fill the gap in public goods

1. https://www.un.org/sustainabledevelopment/sustainable-development-goals/
2. https://sustainabledevelopment.un.org/sdg17
3. Madueno et al., (2015). Relationship between corporate social responsibility and competitive performance in Spanish SMEs: Empirical evidence from a stakeholders' perspective.
4. https://www.unido.org/our-focus/advancing-economic-competitiveness/competitive-trade-capacities-and-corporate-responsibility/corporate-social-responsibility-market-integration/what-csr
5. https://www.unido.org/our-focus/advancing-economic-competitiveness/competitive-trade-capacities-and-corporate-responsibility/corporate-social-responsibility-market-integration/what-csr

Figure 1: The Pyramid of CSR



Source: Archie B. Carroll, 'the Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders,' Business Horizons, July–August, 1991, p. 42.

and services left by the inefficient political system to address society's needs.[6] These groups depend on each other for their functioning and are defined as stakeholders of the business by Edward Freeman.[7]

CSR should not be simply taken as corporate giving or compliance with laws and regulations and externally imposed buyer-codes. CSR is rather the corporate sector's contribution to sustainable development that is in agreement not only with the best corporate practices but is also an embodiment of mandatory focus on equity and social responsibility.[8]

To explain the concept in a lucid manner, Carroll (1983) stated that "corporate social responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible means that profitability and obedience to the law are foremost conditions, but at the same time, support to the society in which it exists with contributions of money, time and talent" is equally important.[9] In 1991, he presented CSR as a multi-layered concept known as 'Pyramid of Social Responsibility' that consists of four interrelated aspects: economic, legal, ethical and philanthropic responsibilities described as under.[10]

- Under economic responsibilities, companies are created to provide goods and services to the public and to make an acceptable return on investment of its owners;
- Legal responsibilities mean that the company has to abide by the laws and regulations formulated by the government and the judiciary;
- Ethical responsibilities include practices that have not been codified into the law, but are rather based on the assumption that a company should not do harm to its stakeholders and the environment where it operates; and
- Under philanthropic responsibilities, business organisations are expected to act as conscientious citizens and contribute financially and in other forms to improve the quality of life of the people in general.

These socially conscious companies are leading the charge in making the world a better place. For example, against the sale of each pair of shoes TOMS donates a pair to needy children around the globe. While traveling in Argentina in 2006, TOMS founder, Blake Mycoskie witnessed the hardships faced by children growing up

6. Beal, B.D. (2014). Corporate Social Responsibility: Definition, Core Issues, and Recent Developments
7. ibid
8. CIPE CSR Concept Paper (2009), Mainstreaming Corporate Citizenship and Responsible Business Principles into Corporate Policy; World Business Council for Sustainable Development.
9. Carroll, A. B. (1983). In Wayne Visser (2005). Revisiting Carroll's CSR Pyramid: An African Perspective. Retrieved from: http://www.waynevisser.com/wp-content/uploads/2012/04/chapter_wvisser_africa_csr_pyramid.pdf
10. Carroll, A.B. (1999). The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders'

without shoes. Wanting to help, he created TOMS Shoes, a company that would match every pair of shoes purchased with a new pair of shoes for a child in need. Bill and Melinda Gates alone have given more than US$ 45 billion through their foundations during 1994 – 2018 for causes ranging from fighting diseases like polio, HIV and Tuberculosis, to libraries, discovery and translational sciences.[11] In Pakistan too, the corporate sector has set examples of care for causes of common good that are second to none. Pakistan Services Limited, a company of Hashoo Group, spent up to 25 percent of its PBT in 2017 on activities of societal development. Pakistan Petroleum Ltd and Oil and Gas Development Company Ltd jointly contributed around PKR 2 billion for CSR activities in the same period.

Although Milton Friedman was against the concept of CSR asserting that an organisation's purpose is to maximize returns to its shareholders, there are many others who believe that business and society can only thrive together. Mulligan (1986) claims that a commitment to social responsibility can be an integral element in strategic and operational business management without producing any of the objectionable results claimed by Friedman.[12] In addition to thinking about a broader range of resources to offer, as larger companies' businesses go global, their perspective on issues that philanthropy could address widens. Many executives increasingly treat philanthropy as a worldwide program.

Benefits/ Motivations for CSR

In response to a general question that 'why companies do engage in CSR', some benefits and motivations that companies believe to spur them to spend their hard-earned income in CSR activities are:

- Firms choose CSR both as a tool to promote their image and as part of their corporate culture. A recent survey of PLCs in Pakistan by PCP revealed that a majority of companies stated 'building image and goodwill' as their motivation for CSR.[13]

- Companies also engage in philanthropic activities out of altruistic intentions and to act as good citizens. 'Giving back to society' was opted for by about 25 percent of companies in the survey mentioned earlier. This altruistic impulse becomes more evident in times of emergencies or when government solicits their help for some good cause. For example, Hashoo Group recently contributed PKR 60 million towards Dam Fund responding to a call for financial assistance by the Prime Minister of Pakistan.

- In many companies, CSR is used as a tool of 'window dressing' to appease some influential groups, e.g., environmentalists, and thereby mitigate negative effect of their operations on their image.

- There is evidence that CSR helps companies to recruit, motivate and retain employees, especially when there is competition for the talent. A study by The Lewis Institute for Social Innovation at Babson College in 2015 discovered that businesses with a commitment to sustainability through their CSR program could see increases in productivity by 13 percent and reductions in employee turnover by up to 50 percent.[14] Young people are increasingly seeking meaning in life as well as at the job and a company's commitment towards CSR offers them an opportunity.

- Not only employees, but consumers and investors also increasingly care about companies' social commitments. The Holmes Report reveals that 83 percent of professional investors are more inclined to invest in stock of a company well-known for its social responsibility.[15]

CSR theories are mostly based on the concept named as Triple Bottom Line (TBL). The idea was initially initiated in Brundtland Commission in 1987 and later was officially named by John Elikngton in 1994.[16] The concept states that a company's performance needs to be judged in terms of profit, people and planet. In other words, TBL performance includes not only financial returns for owners but also social and

11. https://www.vox.com/future-perfect/2018/12/11/18129580/gates-donations-charity-billionaire-philanthropy
12. Mulligan. (1986). Journal of Business Ethics 5, 265-269
13. http://pcp.org.pk/publications.html
14. Roclin et al., (2015), Defining the competitive and Financial Advantages of Corporate Responsibility and Sustainability; Babson Social Innovation Lab, Lewis Institute of Social Innovation
15. https://www.holmesreport.com/research/article/investors-see-benefits-of-corporate-social-responsibility
16. https://www.economist.com/news/2009/11/17/triple-bottom-line

environmental benefits for the greater society.

The three principles of motivations behind CSR are;[17]

1. Value-driven CSR: CSR is presented as being part of the company's culture, or as an expression of its core values;
2. Performance-driven CSR: CSR is introduced as a part of the firm's economic mission, as an instrument to improve its financial performance and competitive posture; and
3. Stakeholder-driven CSR: CSR is presented as a response to the pressure and scrutiny

CSR versus Corporate Philanthropy

Corporate Philanthropy is principally a single time activity where companies make donations in the form of cash, time or other resources without expectation for any returns. Whereas the term CSR is a long time and continuous attempt towards betterment of the society. Hence, CSR not only includes corporate philanthropy but also other issues that affect the environment, consumers, human rights, supply-chain sustainability and transparency for the greater good of the world at large. In simple terms, CSR is much broad in scope and corporate philanthropy is only a slice of the CSR pie. The corporate philanthropy which is well-thought-out as an extrapolation of CSR shows a continuous upward movement in quality, quantity, and variety. It is inspired by altruism and a sense of social obligation, motivated by the desire to extend a helping hand to the government, civil society and non-profit sector in social development. It is undeniable that business's contract with society continues to evolve, and that corporate philanthropy can be a powerful tool in unlocking the tremendous opportunity that exists in fulfilling it. By treating 'giving' as a business unit, the philanthropy team is empowered to contribute to the wealth of the company just as the rest of the business does.[18]

Corporate Philanthropy Survey: 2018

The Pakistan Centre of Philanthropy with its mandate to produce research-based evidence on topics related to philanthropy, has endeavoured to produce quality information in areas including corporate philanthropy, individual philanthropy, philanthropy by Pakistani diaspora, and philanthropy by foundations. Corporate Philanthropy Survey (CPS) is now an annual feature report published since the year 2004-05 with two major objectives:

- Document business companies' individual as well collective contribution towards social development causes in the country. This serves as a symbol of recognition for those who are involved in philanthropic activities and may motivate others to follow suit, and
- Based on the ranking of volume and percentage of PBT donations presented in the survey report, PCP gives Corporate Philanthropy Awards to companies a token of appreciation for their commitment to causes of social development.

Scope and Methodology

This year's CPS covers all of PLCs and a sample each from Public Unlisted Companies (PULCs) and Private Limited Companies (PvLCs) to assess the volume of donations and related issues. PLCs are covered in their entirety for basically two reasons; i) the data on PLCs is publicly available; ii) they are fewer in number as compared to public unlisted and private companies. As all PUCs and PvLCs do not provide public reports, a sample from each of the two categories is used in the survey.

Data on philanthropic donations and CSR was collected through two main sources; companies' websites and the Securities & Exchange Commission of Pakistan (SECP). While reports of PLCs were retrieved from websites, SECP provided reports of PUCs and PvLCs. Information on gross income, Profit-before-Tax (PBT), loss, and donation amount were recorded in spreadsheets and then analysed and presented through tables, graphs, etc. to explain trends and variations in corporate giving.

17. Maignan and Ralston (2002, pp501)

18. CECP. (2016). Business's Social Contract: capturing the CORPORATE PHILANTHROPY opportunity, Insights from CEOs on achieving efficient philanthropy

The Sample

Table 1 presents the sample covered in three types of companies in CPS 2018.

As shown in table 1, 544 PLCs were listed on the website of Pakistan Stock Exchange (PSX) by the end of December 2018. This included 67 companies that were delisted, merged, or did not submit financial reports for the year 2018. As a result, a sample of 477 companies was covered in the survey.

Following the pattern of preceding years, SECP was requested to provide a list of PUCs and PvLCs having a paid-up capital of PKR 100 million and above. The list from SECP contained 423 PUCs and 762 PvLCs. Of these, reports of only 369 PUCs and 646 PvLCs were available in SECP's repository which formed the basis of the sample.

Table 1: The Sample for CPS 2018

Category	Total Number of Companies	Survey Sample
Public Listed Companies	544	477
Public Unlisted Companies	2525	369
Private Limited Companies	77,084	646

Limitations

The CPS report 2018 has some limitations as described below:

- The data presented covers only the financial giving as recorded in financial statements of companies, possibly missing out information on in-kind giving or time volunteered by some companies. It is possible that later two types of philanthropy might have been included in the amount of giving reported by companies as donations/CSR;
- There is a lack of standardized reporting of philanthropic activities. Companies, except for a few large ones, report their CSR activities in one liner (donation or CSR amount) in income statements or notes; and
- As companies do not provide detail of their philanthropic spending, it limits the possibility of an in-depth analysis by exploring the nature of project activities, thematic areas of focus, and impact of the donations made on the focused area or target population.

GIVING IN NUMBERS

PUBLIC LISTED COMPANIES

GIVING IN NUMBERS

PUBLIC LISTED COMPANIES

Number of PLCs

Number of PLCs indicates the size of the formalized segment of the corporate sector in Pakistan. Table 2 shows that the number of PLCs recorded during the period 2000-2018 has been changing, showing an increase from 500 in year 2000 to 532 in 2010 and then decreased in later years to a total of 464 in 2016 and 474 in 2018.

It is not clear as to why the number of PLCs has decreased over the years. The marginal decrease in number of PLCs may be attributed to factors such as merging and delisting of companies, the bigger question, however, is why new companies are not registered as PLCs while PUCs and PvLCs are increasing in number on yearly basis.

Table 2: Number of PLCs over the years

Year	# of PLCs
2000	500
2002	565
2004	552
2006	546
2008	548
2010	532
2012	478
2014	470
2016	464
2018	477

PLCs Involved in Philanthropy

It is important to see whether all PLCs are involved in some philanthropic activities and what contributions are they making towards areas of social development. Table 3 shows that little over half of PLCs (53%) are involved in philanthropic work in year 2018. This percentage has virtually remained the same during previous years, except for a visible increase to 60% in the year 2006. It is possible that the remaining 47% of PLCs might be giving donations, but do not report it in their financial statements. Looking at the names of the giving companies, it is observed that about 90 percent or more are the same organizations which have been involved in CSR donations since the beginning of the survey in 2000. This implies that either very few new companies are engaging in philanthropic activities or they are not reporting it in their financial statements.

However, the involvement of PLCs in giving as observed from Table 3 reveals a consistent pattern of giving during last two decades except for the years 2006 and 2012, where proportion of giving companies is higher than the usual. This is probably due to response of corporate sector to the catastrophic disasters of earthquake in 2005 and floods across the country in 2010. This clearly indicates that the impulse of philanthropic giving in the corporate sector is significantly driven by natural calamities as they want to help the fellow citizens in need

Table 3: PLCs involved in philanthropic Giving: 2000-2018

Year	Total Sample	Number of Companies Giving	Percentage of PLCs involved in Giving
2000	500	263	53%
2002	565	282	50%
2004	552	283	51%
2006	546	329	60%
2008	548	277	51%
2010	532	276	52%
2012	478	271	57%
2014	470	258	56%
2016	464	239	51%
2018	477	254	53%

Giving by PLCs – Absolute amount and as percentage of PBT

Besides ascertaining the total volume of philanthropic giving by PLCs, the amount given as percentage of PBT is a more precise measure to signify their contributions towards societal development. Table 4 shows that total amount of PBT earned by the companies has increased significantly over the years with a corresponding increase in the amount of actual donations. However, the giving amount as a percentage of PBT has remained within the range of 0.6 – 0.8 percent since the year 2006. It is encouraging to see that despite a decrease reported in total PBT in year 2018, philanthropic giving as a percentage of PBT has increased to 0.8 percent from previous year's estimate of 0.7 percent, indicating the commitment of corporate sector for its social responsibility (Table 4).

Table 4: Giving by PLCs as absolute volume and as a percentage of PBT

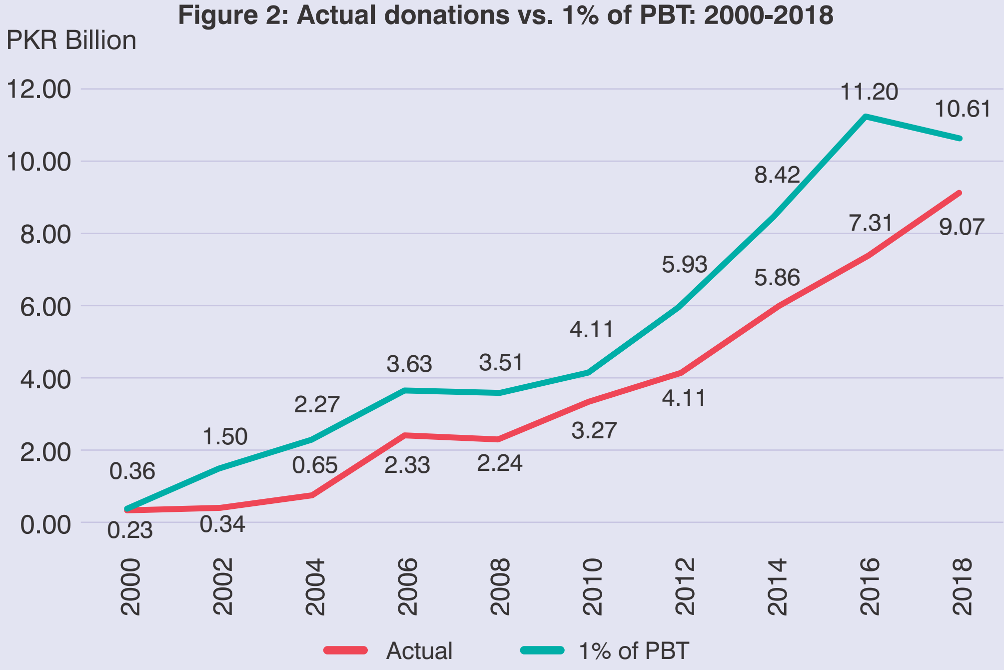
Year	Total PBT	Actual Donation	Percentage of PBT
	PKR million		
2000	36,477	228	0.6%
2002	150,349	336	0.2%
2004	227,256	653	0.3%
2006	362,968	2,330	0.6%
2008	350,807	2,239	0.6%
2010	411,051	3,269	0.8%
2012	593,244	4,106	0.7%
2014	841,865	5,859	0.7%
2016	1,120,429	7,307	0.7%
2017	1,131,362	7,567	0.7%
2018	1,061,076	9,067	0.8%

Actual Donations vs. if Taken as 1 Percent of PBT

A group of people generally advocating for the important role of corporate sector in social development argues that businesses should at minimum, give 1 percent of their PBT as CSR donations. Mark Benioff, a leading corporate philanthropist, even proposed the 1/1/1 integrated philanthropy model, where a company would donate 1 percent of its pre-tax profit, 1 percent of its equity, and 1 percent of its employee hours.[19] To promote this practice, this idea was also floated in Pakistan in 2001 when the then Finance Minister, Mr. Shaukat Aziz, suggested that companies should give at least 1 percent of their profit for charitable causes. In this regard, other countries such as India has formalized its policy stating that companies earning a certain level of profits/income and meeting certain criteria are legally bound to donate 2 percent of their last three years' average profit.

Figure 2 shows the trends of actual donations by the corporate sector and the expected estimated amount at 1 percent of PBT for the years 2000 – 2018. As we can see, the gap between the two estimates has widened over the years, especially during the years 2010 to 2016 which has narrowed again for year 2018, probably because of a higher percentage of PBT donated in that year (Figure 2). In all, the estimates show that an additional amount of PKR 1.54 billion (17 percent of total) would have been added to total philanthropic donations if all giving PLCs had given 1 percent of their PBT in the year 2018.

Figure 2: Actual donations vs. 1% of PBT: 2000-2018



Top 25 Giving PLCs

Table 5 shows the percentage share of top 25 giving PLCs in total philanthropy for the years 2000 – 2018. The table makes it evident that more than two-third of total donations have come from large 25 companies during the last two decades. For example, the share of top 25 giving PLCs in total philanthropy is around 70 percent to 73 percent during the years 2002 - 2006, it has increased to more than 80 percent during the period of 2008 - 2016 and 78 percent for year 2018. Although the share of large 25 companies has somewhat decreased last year, the contributions by large 25 companies in total donations still remain the highest.

The pattern of giving by PLCs as observed in Table 5 indicates an uneven spread with huge donations coming from big companies, whereas all other companies either make small donations or are not involved in giving.

One may infer two clear messages from the consistent pattern of corporate philanthropy: first, it is a positive sign that larger PLCs listed as

19. An interview with Mark Benioff 92001). New Frontiers in Doing Good. LEADERS, 34, 2.

top 25 giving companies have sustained the practice of donations, showing strong commitment towards their social responsibilities, and second, despite all the advocacy efforts made at different forums to encourage and enhance corporate giving, there has not been much progress achieved in terms of motivating and involving non-giving companies in philanthropy.

Table 5: Contribution by 25 PLCs in total philanthropy: 2018

Year	Total Donation	Contribution by top 25 PLCs	Contribution by top 25 PLCs (as a % of Total)
	PKR million		
2000	228	158	69
2002	336	236	70
2004	653	482	74
2006	2,330	1,710	73
2008	2,239	1,875	84
2010	3,269	2,608	80
2012	4,106	3,232	79
2014	5,859	4,731	81
2016	7,307	5,992	82
2018	9,067	7,095	78

RANKING of PLCs

Individual ranking of companies in terms of their donations serves two purposes, (i) highlights companies' concern for causes beyond their commercial interests, and (ii) identifies top giving companies for PCP Corporate Philanthropy Awards ceremony.

Ranking of PLCs is based on two pre-determined criteria:

- Absolute amount of donations, and
- Donations taken as a percentage of PBT

Top 25 Giving PLCs as per Absolute Volume of Donations

It may be noted from Table 6 that the top three rankings of PLCs have remained the same in 2018 compared to that for last year. However, it is interesting to note that there has been a significant increase (nearly 30 percent) in philanthropic donations by OGDCL, yet it remained at second position, whereas Pakistan Petroleum and Fatima Fertilizer Company retain their positions at number 1 and 3, respectively.

Pakistan Services Limited improved its ranking to 4th position in 2018 from 5th in 2017 because of its increased CSR spending by more than 20 percent. Engro Corporation, on the other hand, recorded 27 percent less giving and slipped down the list to 7th rank in year 2018 from its previous 4th position in year 2017. It is worth noting that Dawood Hercules Corporation Limited which ranked 8th in CPS 2017, has recorded tremendous increase (68 percent) in philanthropic spending for 2018, thereby, joining the top 5 giving PLCs.

Although majority of the companies that appeared in the list of top 25 giving companies for 2018 are those that also appeared in the lists for earlier years, there are, however, some new entrants to the current list as well as some others who didn't make it to the top 25 giving list. The new entrants are; Aisha Steel Mills Limited, Allied Bank Limited, Bank Al-Habib Limited, D.G. Khan Cement Company Limited, Engro Polymer and Chemicals Limited, Ghani Glass Limited and National Bank of Pakistan. On the some of the names that did not appear in the list for current report are; Hub Power, J.D.W. Sugar, Nishat Chunian Power, Cresent Steel & Allied Products, Arif Habib Corporation.

Table 6: Ranking of PLCs as per Absolute Amount of Donations: 2018

Rank	Company Name	Donation Amount PKR million
1	Pakistan Petroleum Limited	1,171
2	Oil and Gas Development Company Limited	1,036
3	Fatima Fertilizer Company Limited	770
4	Pakistan Services Limited	456
5	Dawood Hercules Corporation Limited	339
6	Lucky Cement Limited	327
7	Engro Corporation Limited	308
8	Aisha Steel Mills Limited	308
9	Ghani Glass Limited	266
10	Mari Petroleum Company Limited	221
11	United Bank Limited	204
12	Indus Motor Company Limited	191
13	Pakistan State Oil Company Limited	175
14	Bank Al-Habib Limited	160
15	Bestway Cement Limited	133
16	Habib Bank Limited	128
17	The Searle Company Limited	118
18	Treet Corporation Limited	116
19	Allied Bank Limited	113
20	D.G. Khan Cement Company Limited	102
21	Habib Metropolitan Bank Limited	102
22	Engro Fertilizers Limited	100
23	Engro Polymer and Chemicals Limited	89
24	Fauji Fertilizer Company Limited	85
25	National Bank Of Pakistan	78

Top 25 PLCs as per Donations Taken as Percentage of PBT

Table 7 shows the ranking of top 25 companies on the basis of their donations taken as a percentage of PBT. It may be noted that the three out of the top 5 companies which were also among the top 25 giving in 2017 have shown tremendous increase in donations when estimated as the percentage of PBT. One example is TPL Insurance Limited Company which donated about 9 percent of PBT in 2017 that has shown a phenomenal increase to an unusual high of about 73 percent in 2018 putting the company on top of the ranking list.

Furthermore, Pakistan Services Limited Company has consistently ranked among top givers, both in terms of the amount of donations and the percentage of PBT. The company recorded a more than double increase in its philanthropic donations from 25 percent to almost 58 percent in year 2018. Similarly, Crescent Steel & Allied Products Limited, which was ranked at 16th in the last report, ranks 3rd in the current list due to a phenomenal increase in giving from 5 percent to 24 percent in year 2018.

Nevertheless, companies in the ranking based on percentage of PBT greatly vary from year to year, unlike the pattern observed for absolute volume of giving. For example, only about one-third of top giving PLCs for 2017 have been retained in the year 2018 based on giving as a percentage of PBT compared to a majority of companies remaining in the list based on volume of giving. This means that smaller companies show an inconsistent pattern of ranking in giving as per percentage of PBT compared to the list based on absolute amount of giving.

Table 7: Ranking of PLCs as per Donations Taken as Percentage of PBT: 2018

Rank	Company Name	Donation Amount
1	TPL Insurance Limited	73.49
2	Pakistan Services Limited	57.98
3	Crescent Steel & Allied Products Limited	23.79
4	Rupali Polyester Limited	21.58
5	Aisha Steel Mills Limited	16.08
6	Mehran Sugar Mills Limited	12.46
7	Sanghar Sugar Mills Limited	12.17
8	Pak Datacom Limited	11.25
9	Ferozsons Laboratories Limited	9.36
10	Ghani Glass Limited	8.74
11	Husein Sugar Mills Limited	8.09
12	Jauharabad Sugar Mills Limited	7.41
13	Leiner Pak Gelatine Limited	6.95
14	Tata Textile Mills Limited	6.70
15	Shifa International Hospitals Limited	6.49
16	Kohat Textile Mills Limited	5.60
17	Reliance Weaving Mills Limited	5.12
18	Mehmood Textile Mills Limited	4.87
19	Fatima Fertilizer Company Limited	4.59
20	Service Industries Limited	4.10
21	Ismail Industries Limited	3.96
22	The Searle Company Limited	3.62
23	GOC (Pak) Limited.	3.55
24	Suraj Cotton Mills Limited	3.52
25	Prosperity Weaving Mills Limited	3.20

Giving by Sub-Sectors

To further look into philanthropic giving patterns of PLCs, ranking of different sub-sectors, e.g., Oil & Gas Exploration, Fertilizer, Banking, and others is presented in Table 8. For that purpose, total philanthropic donations by a sub-sector are divided by the number of giving PLCs to get a ranking list.

Table 8 shows that Oil & Gas Exploration recorded the highest average amount of philanthropy followed by Fertilizer and Commercial Banks in year 2018. However, there are some changes in the ranking as compared to the ranking of sub-sectors reported in the previous year. For example, Cement sub-sector with the 4th highest average giving in last year's report is now placed at 8th position despite the fact that average giving in the sub-sector has actually increased by around PKR 3 million. Similarly, average giving in Glass and Ceramics sub-sector increased to about PKR 56 million in 2018 compared with less than PKR 5 million in 2017 which has put the sub-sector among the top 5 givers in 2018.

While contributions by other sub-sectors could be purely a voluntary action, it is important to note that Oil & Gas Exploration companies are required, under Petroleum Concession Agreement (PCA), to spend a certain amount on welfare activities in the areas where they operate. And that is perhaps one of the reasons why this sub-sector tops the ranking list repeatedly.

Table 8: Ranking of Giving by Sub-sectors: 2018

Sr. No	Sub-Sector	Average Giving
		PKR million
1	Oil & Gas Exploration Companies	809.48
2	Fertilizer	215.59
3	Commercial Banks	61.40
4	Glass & Ceramics	55.5
5	Engineering	50.81
6	Oil & Gas Marketing Companies	49.02
7	Cement	42.51
8	Automobile Assembler	34.82
9	Food & Personal Care Products	21.26
10	Automobile Parts & Accessories	18.61
11	Leather & Tanneries	18.45
12	Pharmaceuticals	17.39
13	Chemical	15.97
14	Power Generation & Distribution	13.32
15	Synthetic & Rayon	10.84
16	Leasing Companies	9.90
17	Paper & Board	8.74
18	Sugar & Allied Industries	8.69
19	Tobacco	8.41
20	Technology & Communication	7.47
21	Insurance	7.41
22	Textile Composite	7.19
23	Inv. Banks / Inv. Cos. / Securities	4.94
24	Textile Spinning	2.52
25	Cable & Electrical Goods	2.29
26	Refinery	2.01
27	Transport	0.99
28	Textile Weaving	0.82
29	Modarabas	0.44

GIVING IN NUMBERS

PUBLIC UNLISTED AND PRIVATE LIMITED COMPANIES

GIVING IN NUMBERS

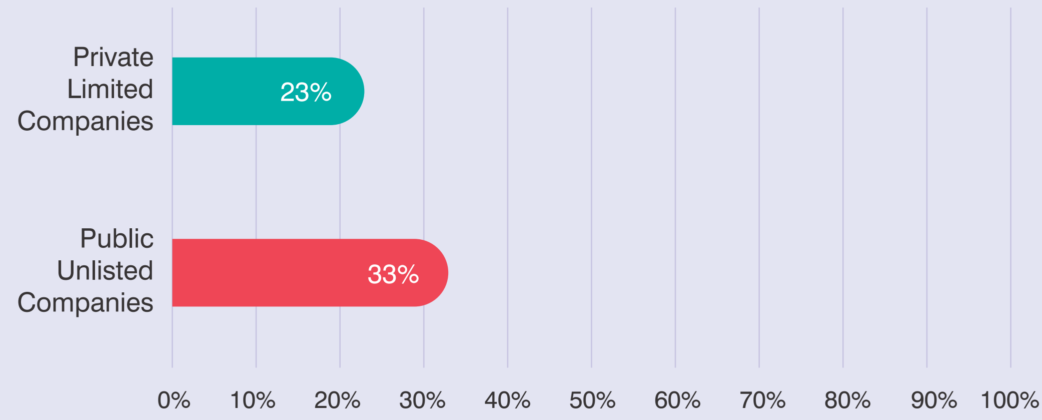
PUBLIC UNLISTED AND PRIVATE LIMITED COMPANIES

PUCs and PvLCs Involved in Giving

Like PLCs, not all of PUCs and PvLCs are engaged in philanthropy and indicate lower participation in social responsibility activities than that of PLCs. Figure 3 shows that the participation of PUCs and PvLCs in philanthropic giving is 33 percent and 23 percent, respectively in year 2018 compared to 48 percent and 40 percent in year 2017.

This vacillation might be due to the fact that the sample for PUCs and PvLCs changes every year in terms of the size and individual companies. It might also be possible that these companies do spend on social causes but do not report in their financial statements. Nonetheless, the reported rate of philanthropy as shown in Figure 3 suggests that there is need to initiate motivation and advocacy campaigns and other steps to attract more PUCs and PvLCs towards spending on societal causes.

Figure 3: Percentage of PUCs and PvLCs involved in Philanthropy: 2018



Top 25 PUCs as per Volume of Donations

The data shows that Askari Cement Limited held first rank for year 2018 by spending PKR 451 million on areas of social development. It is worth noting that the donation amount of Askari Cement has increased tremendously since it was not only more than twice the amount given by the second ranked company this year, but also more than double the amount given by top ranked company in the last year.

Yunus Textile Mills and Liberty Mills slipped down the ranking list by one position as compared to the last year. Both the companies decreased their spending by 7 percent and 25 percent respectively reflecting their lack of interest in social responsibility this year. On the other hand, the fourth and fifth ranked companies are both new entrants in the top givers' list. This does not simply imply that these companies did not donate in 2017, rather it might be possible that they donated smaller amounts or were not included in the sample of PUCs last year. This possibility may be inferred from the finding that only 10 companies out of 25 listed in previous year' report reappeared in the list for the current year.

Table 9: Top 25 PUCs as per Volume of Donations

Rank	Company Name	Donation Amount PKR million
1	Askari Cement Limited	450.95
2	Yunus Textile Mills Limited	202.55
3	Liberty Mills Limited	160.52
4	International Brands Limited	152.27
5	Interloop Limited	104.85
6	Lucky Textile Mills Limited	91.95
7	Agha Steel Industries Limited	68.38
8	Fatima Sugar Mills Limited	44.13
9	Naveena Exports Limited	42.27
10	Liberty Power Tech Limited	36.19
11	Sheikhoo Sugar Mills Limited	31.00
12	Fast Cables Limited	26.01
13	Akd Investment Management Limited	25.80
14	Atco Laboratories Limited	24.52
15	Wah Industries Limited	23.35
16	Elengy Terminal Pakistan Limited	20.02
17	Fauji Fertilizer Bin Qasim Limited	18.58
18	Gray Mackenzie Resturants International Limited	17.49
19	Auvitronics Limited	17.00
20	Asian Food Industries Limited	14.94
21	S.M. Food Makers Limited	14.92
22	Sapphire Finishing Mills Limited	11.75
23	Roche Pakistan Limited	10.53
24	Continental Biscuits Limited	10.22
25	Sargodha Jute Mills Limited	10.01

Top 25 PUCs as per Percentage of PBT

Among the top 25 giving PUCs, Noman Abid Holdings ranks first by contributing 25.4 percent of its PBT for social development causes in the year 2018 which is 22.2 percentage points higher than for year 2017. Though the percentage increase in giving of the company seems remarkable, but in effect the company's donation amount has decreased from PKR 0.6 million to PKR 0.5 million in 2018 which is probably caused by a drastic (nearly 90 percent) decrease in PBT. However, it is encouraging that many companies, just like Noman Abid Holdings continue their CSR contributions despite some reduction in their earnings and profit.

It may be noted that the second, third and fourth ranked companies marked in the top givers' list for the year 2018 have appeared on-and-off in the list for earlier years, indicating the interest and commitment of those companies towards the causes of common benefit. Similarly, Pakistan House International Limited which ranked at fifth position for 2018 by giving 5.5 percent of PBT was ranked last by contributing 2.5 percent in previous year. This company's increased giving might be partially due to an increase in PBT by 62 percent, indicating a strong correlation between giving and income/ profit earned by the company

Table 10: Top 25 PUCs as per Donations Taken as Percentage of PBT

Rank	Company Name	% of PBT Contribution
1	Noman Abid Holdings Limited	25.4
2	Fast Cables Limited	13.8
3	Reliance Securities Limited	10.8
4	Qureshi Textile Mills Limited	7.8
5	Pakistan House International Limited	5.5
6	Jaleel Brothers Limited	5.3
7	Lakson Investments Limited	4.4
8	Gray Mackenzie Resturants International	4.0
9	Scandia Limited	4.0
10	Agha Steel Industries Limited	3.9
11	Lucky Textile Mills Limited	3.4
12	Noman Abid& Company Limited	2.7
13	HabgenGuargums Limited	2.4
14	Auvitronics Limited	2.2
15	Jamhoor Textile Mills Limited	1.5
16	Sapphire Finishing Mills Limited	1.4
17	International Textiles Limited	1.4
18	Ahmed Fine Textile Mills Limited	1.4
19	Elengy Terminal Pakistan Limited	1.3
20	Monnoo Industries Limited	1.2
21	Fauji Fertilizer Bin Qasim Limited	1.0
22	A. A. Spinning Mills Limited	1.0
23	Masood Spinning Mills Limited	1.0
24	Continental Biscuits Limited	0.9
25	Nafeesa Textiles Limited	0.9

Top 25 PvLCs as per Volume of Donations

The data shows that Barrett Hodgson Pakistan retains its first rank with almost the same amount of giving of PKR 483 million as in 2017. The second ranked company, U.S. Denim Mills, improved its ranking from fourth to third by contributing PKR 143 million, which is more than one and half times higher than the amount given in 2017. Interestingly, this huge increase in philanthropic spending has occurred despite a slash of more than half in PBT in the year 2018.

Table 11: Top 25 PvLCs as per Volume of Donations

Rank	Company Name	Donation Amount PKR million
1	Barrett Hodgson Pakistan (Private) Limited	483.46
2	Hilton Pharma (Pvt.) Limited	399.86
3	U.S.Denim Mills (Pvt.) Limited	142.62
4	Deharki Sugar Mills (Pvt.) Limited	73.50
5	K & N's Foods (Pvt.) Limited	71.00
6	Style Textile (Pvt) Limited	70.17
7	A. T. S. Synthetic (Pvt.) Limited	69.59
8	Akhtar Saeed Medical & Dental College (Pvt.) Limited	46.03
9	Arslan Poultry (Pvt.) Limited	28.01
10	Pakistan Kuwait Investment Co (Private) Limited	26.00
11	Sefam (Pvt) Ltd	24.45
12	Amna Industries (Pvt.) Limited	23.38
13	Niagara Mills (Pvt.) Limited	22.56
14	Digital World Pakistan (Pvt) Ltd	19.80
15	Jk Dairies (Pvt.) Limited	19.00
16	Sadiq Feeds (Pvt.) Limited	18.54
17	Alsons Industries (Private) Limited	14.49
18	Klash (Pvt.) Limited	14.20
19	Brighto Paints (Pvt) Limited	14.05
20	Agro Processors & Atmospheric Gases (Private) Ltd.	13.30
21	Habib Metro Pakistan (Pvt.) Limited	12.74
22	Atlas Autos (Pvt.) Limited	12.06
23	Jk Sugar Mills (Private) Limited	12.00
24	Jilani Poly Industries (Pvt) Ltd (Pvt.) Limited	11.01
25	Ravi Autos Sundar (Pvt.) Limited	10.11

Top 25 PvLCs as per Donations Taken as a Percentage of PBT

Table 12 presents the ranking of top 25 PvLCs as per percentage of PBT. It may be observed that Hotel One (Pvt.) Limited has topped the ranking though it appeared for the first time among top givers. Barret Hodgson Pakistan ranked second, improving its position from third in 2017, despite giving less than the previous year. The next two companies were not included in last year's ranking list. Arslan Poultry which ranked fifth this year has regularly appeared among top giver PvLCs as per percentage of PBT.

Table 12 also shows that only 8 among the top 25 giving companies of last year have retained their presence in the list for 2018. H&H Exchange Company which ranked first in last year's report is at 8th position this year. Similarly, Dawood Engineering's ranking dropped from 4th in 2017 to 16th in 2018 due to sharp decline in giving from 21 percent to just 8 percent. While Habib Qatar International retained its 10th ranking, Amna Industries and Sadiq Feeds showed marginal variations in their ranking positions.

Table 12: Top 25 PvLCs as per Donations Taken as Percentage of PBT: 2018

Rank	Company Name	% of PBT Contribution
1	Hotel One (Private) Limited	29.9
2	Barrett Hodgson Pakistan (Private) Limited	22.5
3	Al-Riaz Agencies (Pvt.) Limited	21.8
4	Zeeque Exchange Company (Pvt.) Limited	19.1
5	Arslan Poultry (Pvt.) Limited	17.1
6	Bin Rasheed Colors and Chemicals Manufacturing Company (Pvt.) Limited	14.0
7	Talon Sports (Pvt) Limited	14.0
8	H & H Exchange Company (Private) Limited	10.6
9	Young's (Private) Limited	10.0
10	Habib Qatar International Exchange Pakistan (Private) Limited	10.0
11	Sadiq Towel (Pvt.) Limited	10.0
12	Agro Processors & Atmospheric Gases (Private) Limited	9.8
13	Multiline Securities (Private) Limited	9.6
14	Amna Industries (Pvt.) Limited	8.7
15	Sadiq Feeds (Pvt.) Limited	8.0
16	Dawood Engineering (Private) Limited	7.8
17	Jilani Poly Industries (Pvt) Ltd (Pvt.) Limited	7.4
18	Dollar East Exchange Company (Pvt.) Limited.	7.3
19	Ravi Autos Sundar (Pvt.) Limited	6.7
20	Maple Pharmaceuticals (Private) Limited	6.3
21	Altaf Adam Securities (Private) Limited	6.2
22	Sherman Securities (Private) Limited.	6.0
23	A. T. S. Synthetic (Pvt.) Limited	5.6
24	K & N's Foods (Pvt.) Ltd.	5.5
25	Millennium Entertainment (Pvt.) Limited	5.5

CSR AND GOVERNMENT

EHSAAS PROGRAM

CSR AND GOVERNMENT EHSAAS PROGRAM

This section examines the linkage between corporate philanthropy and the recently launched Ehsaas Program by the government of Pakistan aimed at reducing poverty. The idea is to see whether corporate giving is a valuable resource to support government's initiatives of poverty reduction in the country. As corporate giving is largely spent on causes related to social development, it is important to explore the extent to which CSR initiatives can be a viable funding stream to supplement certain components of the government's 'Ehsaas program'. Before ascertaining how well corporate giving aligns with government's objective to reduce poverty, a concise background of Ehsaas Program is described below.

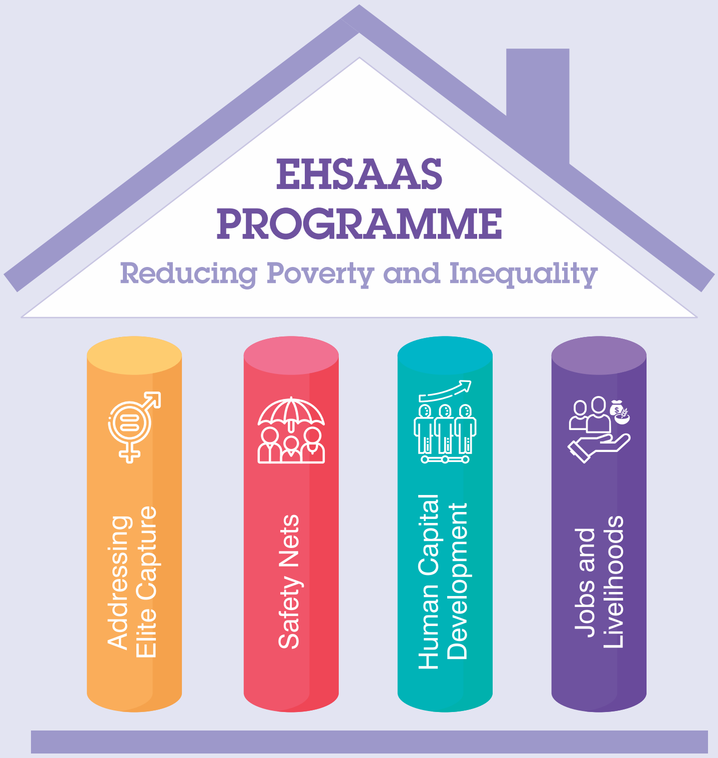
EHSAAS: Countering Elite Capture and Reducing Poverty/ inequality

Pakistan ranked 150th in Human Development Index (HDI) out of 189 countries, in the year 2018,[20] leaving a large section of people in severe poverty and poor living conditions. Additionally, the country has one of the largest illiterate populations in the world.

To address these challenges, Ehsaas program provides the roadmap to promote interventions in reducing inequality, alleviating poverty, investing in people, and uplifting of districts which lag behind in development.

The Program is based on the motto to make Pakistan a welfare state. As, "the welfare state is a system in which the government provides free social services such as health and education and gives money to people when they are unable to work, because they are old, unemployed, or sick."[21]

Ehsaas program strategy is articulated in four pillars that include: (i) addressing elite capture and making the government work for equality; (ii) social safety nets; (iii) human capital development; and (iv) jobs and livelihood; embodying 115 policy actions. Thus, following an integrated approach, the Government of Pakistan has planned to make considerable progress on several fronts, with the help and contribution of its stakeholders.



Pillars of the Program

20. Economic Survey of Pakistan: 2018 http://finance.gov.pk/survey/chapters_19/Economic_Survey_2018_19.pdf

21. Collins English Dictionary

Priorities and Targets

Pakistan is committed to reducing poverty from 24.3 per cent to 19 per cent by 2023, while reducing the multidimensional poverty headcount (based on three dimensions: education, health and living standards) from 38.8 per cent to 30 per cent over the same period. In addition, provincial social protection policies will be aligned with the provisions of the national framework for developing social protection policies.

For the next four years the Ehsaas program aims to support the lives of at least 3.3 million underprivileged population. An amount of PKR 80 billion has been apportioned for this program in the budget 2019 – 20 which is planned to be increased to PKR 120 billion in the 2020 - 21 budget.

Planned Initiatives

The Ehsaas program has developed a common metrics framework to improve the effectiveness of existing poverty programs by designing robust implementation plans to build capacity, manage risks, and improve the performance of various organizations. Planned efforts of the Ehsaas program include liaising with the private sector, identifying which of their practices can be replicated in the public sector, and using policy levers through which the private sector can enhance its impact. Under this program, the Government aims to increase expenditure on poverty alleviation to PKR 190 billion by 2020, in order to target those who are in need – including widows, orphans, homeless, and persons with disability, undernourishment, jobless and poor farmers.

As government alone cannot achieve these milestones, the stakeholders and government have to work together to make it a win-win strategy. Thus, corporate social responsibility (CSR) initiatives will be enhanced with a view to reducing poverty in consultation with Pakistan's corporate and private sectors. A CSR framework will be compiled in collaboration with all relevant stakeholders to expand the outreach of CSR programs. The Benazir Income Support Program's unconditional cash transfers will be linked with inflation to shield beneficiaries from price shocks in order to compile information of the deserving individuals and families.

How can CSR Contribute to Ehsaas Program?

The Corporate sector under their CSR activities is already contributing towards areas of social development to provide assistance where needed. As evidenced by Corporate Philanthropy Survey conducted by the Pakistan Centre for Philanthropy since year 2004, major focus of initiatives from the corporate sector has been on uplifting the deserving and underprivileged sections. Each year the share of assistance from the corporate sector has increased tremendously as apparent from the fact that financial contributions from only one segment, PLCs, have gone up from a mere PKR 228 million in year 2000 to PKR 9.07 billion in 2018, indicating almost a forty-times increase. However, it is a matter of concern that despite remarkable commitment shown by the corporate sector in terms of financial contributions, there has not been any significant attempt from the government's side to tap this huge potential resource to supplement its development priorities. As a result, companies have been spending their CSR budgets on whatever initiatives they deem aligned with their objectives. Quite often such expenditures achieve less than the optimum potential.

The private business sector has a key role to play in social progress of the country as it holds both financial and technical resources that can be leveraged for development. Through their capacity to innovate and build value chains, the private sector can support the government to achieve social and economic development goals. Given the importance of the potential role of the for-profit private sector for social development, the Ehsaas program, under one of its pillars – 'Addressing elite capture and making the government system work for equality' – envisages to prepare guidelines on CSR in areas related to voluntary expenditure, its alignment, tax rebates and reporting. The objective is to design guidelines that can help private companies align their voluntary CSR expenditure to priority areas under Ehsaas program targets.

Corporate Philanthropy Survey report published by PCP since year 2004, is a useful reference to get information not only on the quantum but also on the trends and patterns of giving by PCLs and PUCs and PvLCs every year. Now that the government, under its Ehsaas programme, plans to harness business sector's potential funding for social development, it appears important to map out companies' CSR donations aligned with Ehsaas Programme pillars to assess their contributions towards the target indictors that may serve a preliminary ground work to build on further partnerships.

Scope, Sample and Methodology

Pillar I of Ehsaas Program comprises of policy actions solely under the purview of government's initiatives, whereas Pillars II, III, and IV consist of those policy actions that require Public Private Partnerships. Hence, the initial mapping would comprise of linking business sector's contributions against the later three pillars. This analysis on a broader scale can provide guidelines to both the government and corporate organizations to have a better understanding of the key areas/ sectors where financial assistance would be needed to make effective and gainful social investments.

The sample for the analysis is comprised of top giving companies as identified in CPS 2017. More than one strategy was employed for data collection on specific areas of support from these companies.

As a first step, companies were requested to send in details of their CSR activities during year 2018 in a simple tabulation form mainly describing the nature of the projects and the amount spent on them. Only seven companies responded to the requests. In the second stage, in view of the poor response of companies, websites of the sampled companies were consulted to seek information on their spending on specific projects for social causes during the previous year. This exercise too yielded data on a few companies only. As a third step, data collected from companies on their CSR spending during year 2017 was used in order to enrich the analysis. Overall, information on giving of 43 companies was collected including disaggregated data on financial contributions of 11 companies.

Limitations

- No/low response rate: Despite repeated follow-ups, not many companies showed interest to respond to our requests,
- Time constraint: Given the short span of time, not enough efforts and time could be given to data collection, and
- Only a very small segment of the companies, usually the larger ones with separate CSR departments keep disaggregated data on their social development initiatives. Other companies where departments such as Admin & Finance, Communication oversee the CSR operations can only give a holistic picture of the programs.

MAPPING CSR AGAINST EHSAAS PROGRAM

As mentioned earlier, information about CSR program of companies in Pakistan is scarce and inadequate to map and link their contributions, directly or indirectly towards the Pillars and target areas of the Ehsaas Program. Majority of companies do not have or they do not compile disaggregated information on spending in specific projects that can help identify the amount spent on areas of social development. However, based on the information collected from a small sample of PLCs in the business sector, an attempt has been made to identify and highlight their CSR contributions towards areas of Ehsaas program in three possible ways:

i. Identifying focus areas of support of 43 companies and matching them with Ehsaas Program target areas (Table 13);

ii. Linking CSR projects with Ehsaas Pillars based on the number of projects with respect to sub-sectors (Figure 4); and

iii. Presenting the amount of financial contributions of selected companies in areas that are part of the Ehsaas program and its policy actions (Table 14 & Figure 5).

Which Pillar of Ehsaas Program do Companies Prefer for their CSR Qctivities?

As Ehsaas Program is still in a nascent stage and the priority areas are too broad and vaguely defined, it is not easy to identify the linkage of CSR donations with the pillars. However, using available information on companies' giving, a matrix is developed to reflect the linkage of CSR donations with one or more of the indicators under each Pillar.

The matrix presented in Table 13 reinforces the fact that an overwhelming majority of companies' CSR initiatives fall under Pillars II and III, i.e., Safety Nets and Human Capital Development, whereas the fourth Pillar- Jobs and Livelihoods- do not receive attention of CSR contributions by many companies unlike the first two pillars.

It is worth noting that most of the policy actions under the three Pillars of Ehsaas program are not precise and descriptive enough to make them potential recipients of funding by the business sector. For example, companies may not be interested to contribute to areas such as cash transfer for women, homes for the orphans, and housing for the poor under Pillar II. Similarly, provision of de-worming drugs or provision of iron supplements, asset transfer for poverty alleviation, or kitchen gardening under PILLAR III seem to be least attractive for companies to spend money on. On the other hand, areas such as health care services for the poor under Safety Nets, and establishing community primary and/or secondary schools under Human Capital Development are the preferred choices already receiving generous contributions from the for-profit sector.

Table 13: Ranking of Giving by Sub-sectors: 2018

Companies Name	Ehsaas Pillare		
	II (Safety Nets)	III (Human Capital Developmebt)	IV (Jobs & Livelihoods)
Arif Habib Ltd.	✓	✓	✓
Bank AL-Habib Ltd.	✓	✓	
Bestway Cement Ltd.	✓	✓	
Colony Mills Ltd.	✓	✓	
Crescent Steel and Allied Products Ltd.	✓	✓	✓
Dawood Hercules Ltd.	✓	✓	
D.G. Khan Cement Company Ltd.	✓	✓	✓
Engro Corporation Ltd.	✓	✓	✓
Engro Fertilizer Limited	✓	✓	
Fatima Fertilizer Ltd.	✓	✓	✓
Fauji Fertilizer Ltd.	✓	✓	✓
Fauji Fertilizer Bin Qasim Ltd.	✓	✓	
Faysal Bank Ltd.	✓	✓	
General Tyre & Rubber Company of Pakistan Ltd.		✓	
Habib Bank Ltd.	✓	✓	✓
Habib Metropolitan Bank Ltd.	✓	✓	
Indus Motor Company Ltd.	✓	✓	✓
International Industries Ltd.	✓	✓	
International Steel Ltd.	✓	✓	
Jahangir Siddiqui and Co. Ltd.	✓	✓	✓
J.D.W. Sugar Ltd.		✓	
JS Bank Ltd.	✓	✓	
Jubilee General Insurance Co Ltd.	✓	✓	
Jubilee Life Insurance Ltd.	✓	✓	
Kohinoor Textile Mills Ltd.	✓	✓	
Lucky Cement Ltd.	✓	✓	
Mari Petroleum Ltd.	✓	✓	
Mehran Sugar Mills Ltd.	✓	✓	
Netsol Technologies Ltd.	✓	✓	
NishatChunian Power Ltd.	✓	✓	
Oil & Gas Development Company Ltd.	✓	✓	✓
Packages Ltd.	✓	✓	✓
Pak Petroleum Ltd.	✓	✓	✓
Pakistan State Oil Ltd.	✓	✓	
Sapphire Fibres Ltd.		✓	
Sapphire Textile Mills Ltd.		✓	✓
Shell Pakistan Ltd.		✓	
Shifa International Hospitals Ltd.	✓	✓	
Sitara Chemical Ltd.	✓	✓	
Treet Corporation Ltd.	✓	✓	
The Hub Power Company (Hubco) Ltd.	✓	✓	✓
The SEARLE Company Ltd.	✓	✓	✓
United Bank Ltd.	✓	✓	✓

How much CSR Projects of Sub-Sectors are Aligned with Pillars of the Ehsaas Program?

Information on the CSR projects of 43 top giving PLCs was examined to see how much corporate giving of selected companies was contributed towards pillars of the Ehsaas program during year 2018. The selected companies have been grouped into sub-sectors as listed by the PSX Table 14.

The share of the companies' contribution towards each pillar is assessed by taking each sector's number of companies and the three pillars as a population set and then results are derived by taking number of companies focusing on each pillar as a ratio of total population set.[22] The results are depicted in Figure 4.

The percentage share of companies is portrayed in Figure 4 which shows each sub-sector's contribution divided into pillar II, III, and IV of the Ehsaas Program. The CSR activities that do not fall under any of the pillars have been clubbed together as 'others'. The results show that Pillar III which is 'human capital development' has received the highest share- about 33% - of total donations in projects by all companies in the sample. This is followed by Pillar II - Safety Nets – also inclusive of health related initiatives has received donations within the range of 17% to 33%. Pillar IV, representing Jobs and livelihood, gets the lowest share of CSR donations from companies.

A more in-depth investigation of the data reveals that among various policy actions under Pillar III, it is only education and related areas that receive the highest amount of donations by all companies. This is probably because historically education has remained a priority area for most of CSR activities considering the large deficit in education in Pakistan. In all, the analysis reveals that corporate giving under CSR program is largely directed towards education and health projects in the year 2018 encompassing Pillar II and III under Ehsaas program Figure 4. This is supported by the findings of CPS 2017 report which has shown education sector receiving the second highest CSR spending by companies followed by health sector getting the highest share.

Table 14: The Sample of Companies Grouped by Sub-Sectors

Sub-Sectors	# of Companies
Cement	2
Automobile	2
Textile	4
Food and Related Products	4
Fertilizers	6
Engineering	3
Power Sector	7
Financial Sector	9
Miscellaneous	6
TOTAL	**43**

22. The percentages are derived by following simple formula

$$\frac{\sum Xi}{N} * 100 \text{ .... (i)}$$

Where $\sum$ is a symbol for sum or total number

Xi refers to the number of companies under each pillar

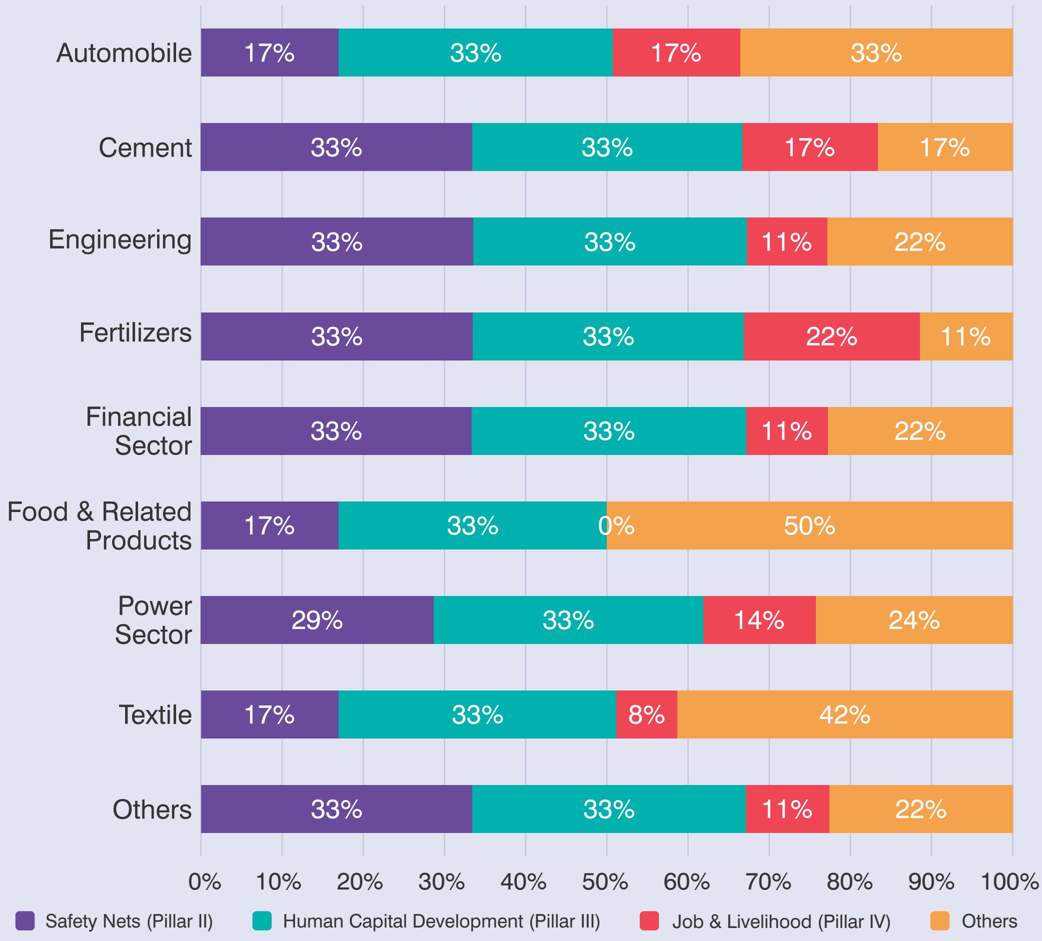
N refers to the total number of entities in the specific sector of each pillar

The results are derived by taking the number of companies in each pillar as a ratio of the total companies in a specific sector. For example, in case of Fertilizers, the companies that contributed in pillar II are 6 in number, whereas the total sample set (total number of entities in fertilizers in pillars II, III, and IV) are 18, thus making share of fertilizers' contribution to pillar II as:

(6/18) *100 = 33%

Similarly, for Pillar II, the number of companies that contributed in this pillar are 6 with total number of entities in fertilizer sector to be 18, thus giving the share of Pillar III to be 33%. Whereas for pillar IV, four fertilizer companies of the sample contributed out of total entities of 18, giving the share of 22%.

Figure 4: Sector Wise Distribution of CSR Initiatives Among Ehsaas Pillars



How Much Share of the CSR Budgets do Ehsaas Pillars Receive?

To get further insight into the linkage between two programs, Table 15 presents the financial contributions towards Ehsaas Pillars by eleven companies that provided details of their projects and spending. It may be noted that these eleven companies have jointly contributed about 43 percent of the total philanthropic giving in the year 2018, thereby making it adequately representative of corporate giving. The information received has been sorted out and matched with the pillars of the Ehsaas program to ascertain how much of CSR donations are directed towards areas specified by Ehsaas program.

The results in Table 15 show that companies vastly differ in their preferences regarding the areas of their focus and support. As we can see, Pakistan Petroleum Ltd., the top giving company in terms of absolute amount in year 2018 contributes almost equally among the three pillars. However, only 42 percent of the total giving by the company goes to initiatives linked with Ehsaas program, while the remaining 62 percent is perhaps directed to other projects that are not directly linked with the program's priority areas.

While the numbers given in Table 15 demonstrate diverse priorities of companies, three of them, i.e., Fatima Fertilizer, Lucky Cement, and Habib Bank have predominantly focused on one pillar or the other. For example, Fatima Fertilizer spends more than four-fifths of philanthropy budget on Pillar II which comprises of initiatives linked with provision of health facilities, implying that the company is largely focusing on health sector. Lucky Cement, on the other hand, spends a lion's share (76 percent) of its budget on Pillar III which contains indicators linked with provision of educational facilities. Similarly, Habib Bank too gives more importance to Pillar III than the others showing 85 percent of its budgets going to education related activities.

It is important to note that Pillar IV which aims for improvement in provision of jobs and livelihoods is getting the least share of CSR budgets or even gets ignored by many companies altogether. This analysis is a precursor to assess the financial contributions of the business sector towards various elements of Ehsaas program which provides the basis to identify the gaps and formulate CSR guidelines to bring the two segments - public and private - together to have an improved impact and outcome of the two programs of common interest for country's social progress.

- That health and education get almost equal share from the overall CSR budget. Although companies differ in their focus; some prefer to spend more on one area than the other, but in all, this difference in contributions balances out and both the sectors receive almost identical shares;

- That Jobs and Livelihoods (Pillar IV) gets the least contributions from the corporate sector.

Table 13: Ranking of Giving by Sub-sectors: 2018

Sr. No.	Companies Name	CSR FY'18 (PKR Millions)	Percentage of Total Donations			
			Pillar II	Pillar III	Pillar IV	Others
1	Pakistan Petroleum Ltd.	1,171	15%	15%	12%	58%
2	Fatima Fertilizer Ltd.	635	85%	7%	-	8%
3	Lucky Cement Ltd.	436	8%	75%	17%	-
4	Engro Corporation Ltd.	499	20%	11%	23%	46%
5	Pakistan Services Ltd.	455	23%	48%	-	29%
6	Mari Petroleum Ltd.	219	5%	48%	42%	5%
7	Habib Bank Ltd.	129	12%	83%	4%	1%
8	The Hub Power Company Ltd.	109	41%	7%	26%	26%
9	International Steel Ltd.	64	20%	29%	-	51%
10	Jahangir Siddiqui& Co Ltd.	39	5%	42%	-	53%
11	Habib Metro Banks Ltd.	101	26%	18%	2%	54%

Another way to look at how some of the top giving PLCs in Pakistan have prioritized their philanthropic initiatives is to examine the cumulative spending under each pillar of the Ehsaas Program (Figure 5).

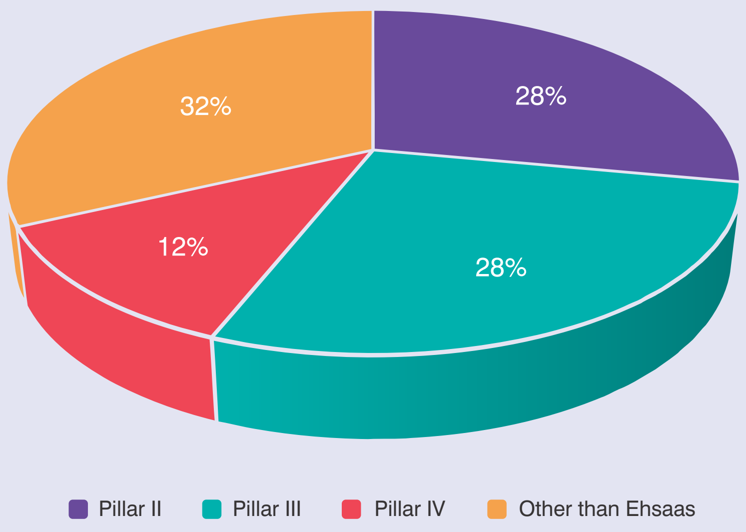
Figure 5 depicts four important and interesting findings;

- That health (Pillar II) and education (Pillar III) are the top priorities of the business sector;

This fact attests to the finding as described under Table 13; and

- Overall, about 68 percent of social responsibility initiatives of companies fall within the purview of the three pillars of the Ehsaas Program. The remaining 32 percent of the budget goes to projects not directly or indirectly linked with the Program's priorities areas.

Figure 5: Overall CSR Spending vs. Ehsaas Pillars



CONCLUSION

Corporate sector around the globe is increasingly expected to play a bigger and effective role in tackling sustainable development issues. The findings of the current CPS report make it evident that companies in Pakistan, irrespective of their size and nature of business, have risen to the call by contributing financially to causes ranging from education, health, poverty alleviation, technical skills, to environmental protection. While larger companies mainly in the category of PLCs, have been persistent in their philanthropic donations, the medium and smaller sized companies mostly in the category of PUCs and PvLCs, have also been forthcoming in performing their social responsibility obligations.

An all-inclusive picture of corporate philanthropy or CSR is still an evolving phenomenon. Companies at the forefront of corporate philanthropy, motivated by a drive to make more impactful and gainful social investments, are experimenting with different models. Many of them now realize that their concern for giving to social causes not only comes under the ambit of social responsibility but can also serve their business interests. This is supported by the evidence that socially responsible companies not only attract highly talented employees, but also make their profits as preferred by conscientious consumers. Hence, more and more companies are incorporating social responsibility initiatives in their business strategies. However, not much progress has been witnessed in Pakistan on this front as majority of companies still adopt old mechanisms and practices of making philanthropic donations, with no separate departments or management of CSR budgets. It is the need of the hour that companies in Pakistan come out of the 'cheque-book donation' type of philanthropy and explore innovative ways such as impact investments, impact bonds, and other tools to ensure effectiveness of their funding.

One possible way to be impactful would be to align their CSR program with the priorities of the government through building effective partnerships to achieve common development goals. The recently launched Ehsaas program by the government covers a wide range of actions that would go a long way to reduce poverty and social inequality in the country. A cursory mapping exercise undertaken for CPS 2018 reveals that the corporate sector is already contributing substantially towards the target areas under the Ehsaas program. For example, at least four of the eleven companies that provided detailed financial information on their CSR activities, spent more than 90 percent of their budgets on projects directly and indirectly linked with the three pillars of the Ehsaas program. Given that disaggregated data on companies' social responsibility programs is not available for majority of companies, it is difficult to precisely ascertain the overall CSR spending on a specific pillar or action area of the Ehsaas program.

Nevertheless, the substantial contributions made by the companies worth PKR 12.77 billion in year 2018 indicate their willingness and commitment to participate in social development activities. This amount is about 40 percent of the grant amount that Bill & Melinda Gates Foundation has agreed to provide to the Ehsaas Program under the recently inked MoU. It is encouraging to note that philanthropy by PLCs increased almost 40 times since the base year 2000 and by 20 percent within a year from 2017 to 2018. The PUCs and PvLCs which are relatively smaller in size than PLCs but constitute much larger segment of the corporate sector, also contribute to social responsibility initiatives. The proportion of their philanthropy, however, is lower than PLCs as only 23 percent of sampled PvLCs and 33 percent of PUCs made philanthropic donations in year 2018.

Despite the fact that companies have increasingly internalized social responsibly causes, the government has not taken any concrete step to harness this potential resource through facilitation, recognition, and other policy actions to make it more effective. The CPS-2017 found a significant correlation between the level of information about Sustainable Development Goals (SDGs) among higher management of companies and alignment of their CSR programs with the goals. This may also concur with pillars and policy actions of the government's current Ehsaas program. The government, therefore, needs to improve communication, interaction and facilitation with the top management of companies to provide guidelines for CSR to attract greater investment in the prioritized areas to achieve positive social impacts.

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