

**TAMEEL**  
IMPACT STRATEGY RESEARCH



# CSR REVIEW

ITC Ltd.



**Tabassum Inamdar**

July 2020

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**AUTHOR'S NOTE**

In May 2019, I had published a report on CSR titled "Towards Competent Social Responsibility". This report succeeded in fleshing out a seven-point framework, which is the foundation of successful CSR. This was based on extensive interaction with managements of some of India's largest conglomerates and an analysis of their CSR disclosures. The seven points in the framework are: (1) focused geography, social issues, (2) plan long-term, (3) focus on scalability, (4) involve communities for sustainability, (5) corporatise execution, (6) stringent monitoring and impact assessment, and (7) employee volunteering.

In continuation of my attempt to share CSR best practices of companies, I published a report "CSR Review, Mahindra & Mahindra Ltd" on 1st July 2020. ITC CSR Review is the second report in that series.

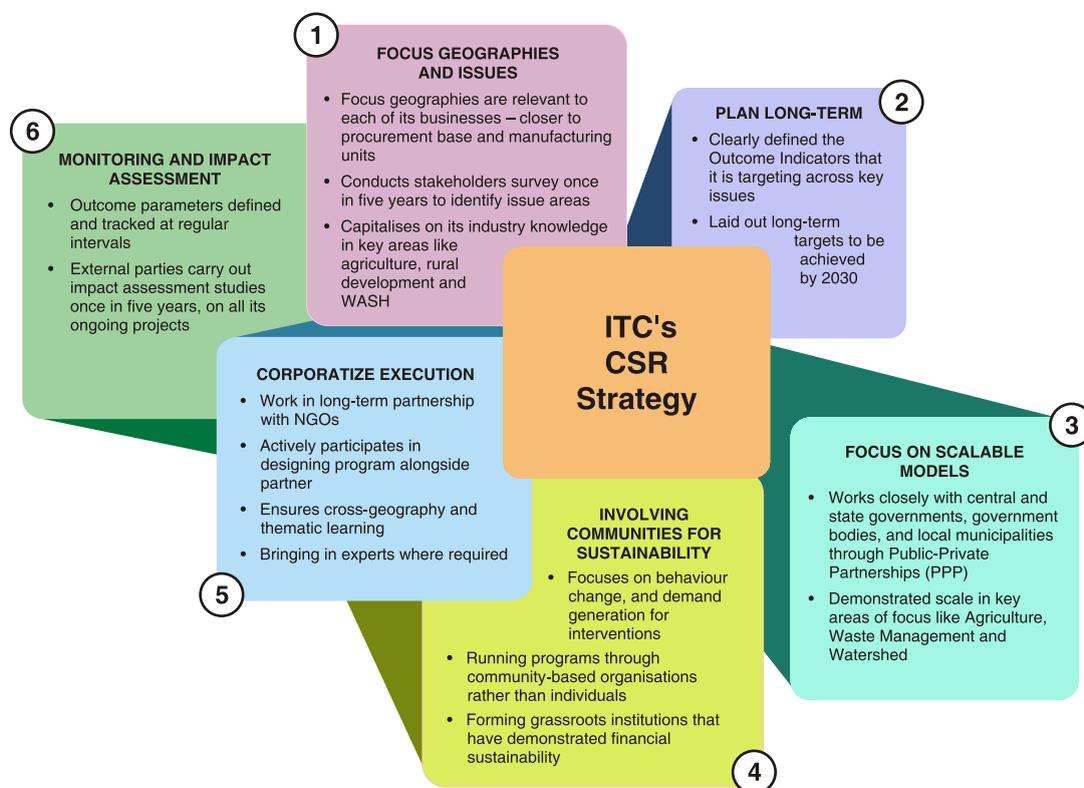
This report is based on disclosures made by ITC in its annual sustainability report (which is likely amongst the best disclosures I have seen), and visits to two of its locations - Munger in Bihar and Kothagudem in Telangana. I would like to express my appreciation to the social investment team of ITC for facilitating my visits and giving its valuable time to this project.

The objective of this report is to share some of the learnings from my visits, which is divided into two sections:

- **Section I:** Analyzing ITC on the seven-point framework — where in my view it aced six out of the seven points.
- **Section II:** Highlights some of the work ITC is executing on the ground — and, in my view, setting an example that other corporates can imitate/replicate.

I have visited only a few CSR projects of companies so far and, therefore, cannot claim that they are the best in the industry. However, I can confidently say that I am highly impressed with ITC's strategy of long-term planning and systematic project execution in the social sector. I find that ITC has aced six of the seven points in the framework on CSR strategy (see Exhibit below).

**ITC aced in six of the seven-point framework**



Source: Tameel Research

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## ITC'S ENDEAVOURS TO DELIVER A *BRIGHTER FUTURE*

ITC's social investment programme "Mission Sunehra Kal", translated into English, means a golden (brighter and better) tomorrow.

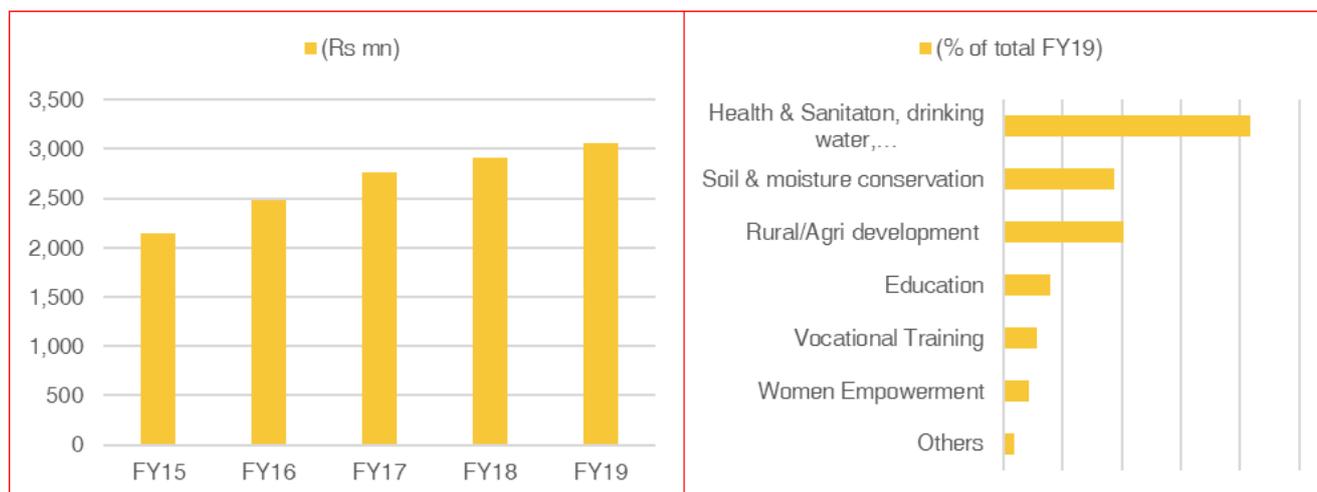
Indeed, the company has designed projects to focus on long-term planning, inculcating behavioural change, engaging communities, and making programmes inclusive. Most of ITC's projects I visited in Kothagudem and Munger target the marginalised sections of the population. In my view, ITC's CSR strategy, its projects, and consistent endeavours to deliver impactful and practical solutions to address a social gap are replicable.

■ Exhibit 1: ITC's CSR mission is to provide a brighter future for its stakeholders

ITC's Sunehra Kal mission					
Participatory development - based on empowering grassroots institutions to enable communities to independently manage their resources and become change agents without having to depend on external agencies.	Behaviour change - through a focus on demand generation for all interventions, thereby enabling participation, contribution and asset creation for the community.	Inclusive growth - which benefits the poor and marginalised communities, especially scheduled Castes/Tribes and women, thereby promoting affirmative action at ITC's project locations.	Public-Private Partnerships - with governments to enable rapid scale-up of programmes that have been piloted and tested in ITC's project locations.	Knowledge Partnerships - with national and international organisations and agencies to remain contemporary and access the latest knowledge/technical know-how for continuously improving the quality of programmes.	Implementation Partnerships - with reputed and expert NGOs for implementation of programmes.

Source: ITC Ltd Sustainability Report 2019

■ Exhibit 2: A large part of ITC's CSR spent is on health and sanitation, and agricultural/rural development  
ITC's annual CSR spend (Rs mn) and sectoral allocation (% of total FY19)



Source: ITC Ltd Annual Report

## SECTION I: ACES 6 OUT OF THE 7-POINT FRAMEWORK

### 1: A systematic approach to selecting focus geographies

Companies delivering relatively better outcomes on their CSR are the ones that usually focus on: (a) fewer issues/social problems (3-5 at the most), (b) intensifying efforts in fewer locations (rather than spreading themselves thin across multiple regions), (c) capitalising on their industry knowledge, and (d) targeting the community in which they have linkages.

ITC started its Mission Sunehra Kal programme in 2000. In 2015, it conducted the latest stakeholders' survey, in which it surveyed its core operational geographies, i.e. around 103 clusters comprising 902 villages/wards (Exhibit 3 & 4), to identify focus areas/sectors. It selected geographies based on material aspects of its business, i.e. (1) rural communities with whom its agri-business has long-term partnerships through crop development and procurement activities and (2) communities living close to manufacturing units.

Similarly, the company works on issue areas in each geography, which it identifies and prioritises based on a detailed survey. It also uses its industry experience and managerial capabilities to serve stakeholders in agriculture, animal husbandry, health & hygiene, and all other thematic interventions.

■ Exhibit 3: ITC's focus geographies are relevant to each of its businesses

Business	State and District	The logic for core areas
ILTD (Tobacco division)	Andhra Pradesh - Prakasam, Nellore, West Godavari and Guntur Karnataka – Mysuru	All Adarsh, Gram Villages identified by the Division. These are the villages identified by Agribusiness for higher concentration to get maximum benefit to communities
ABD (Agri Division)	Madhya Pradesh - Sehore, Vidisha, Guna and Ashoknagar	Wheat crop areas with high procurement & higher presence of poor and marginalised communities
	Uttar Pradesh - Chandauli & Allahabad	
	Rajasthan - Kota, Baran, Jhalawar and Bundi	
PSPD (Paper Division)	Telangana – Khammam	Villages with a significant area under plantation with high future potential within a radius of 50 km in Khammam district
Factories	Prakasam, East Godavari, Khammam, Chennai, Krishnagiri, Coimbatore, Mysuru, Bengaluru, Kolar, Pune, Saharanpur, Haridwar, Baddi, Munger, Kolkata, Howrah, Hooghly, Kamrup, Darrang, Kapurthala	Villages /municipalities within 5 km radius plus any other locality recommended by the factory

Source: ITC Ltd Sustainability Report 2016

■ Exhibit 4: ITC's conducts stakeholders' survey to ascertain their needs and update its CSR plan

Need-based assessment of key stakeholders

To ensure that its interventions remain relevant to the needs and challenges of the stakeholders, ITC conducts a comprehensive ground-level need assessment survey, approximately once in every five years. It carried out the previous survey in FY16. Also, the company conducts a baseline study at the start of each new intervention/entry into a new location.

The profile of the stakeholders covered was as follows:

- 500,000 HH, 2.4 mn population
- 1/3<sup>rd</sup> poor
- Women headed 5%
- 23% of the population was Scheduled Castes/Scheduled Tribes
- 30% of the population was < 14 years of age
- 25% of the population between 14-25 years of age
- Farmers had fragmented landholding with an average size of 1 ha
- 60% were small and marginal farmers
- Arable area – 2,13000 ha of which 60% was rainfed agriculture

Development challenges identified

ITC's comprehensive ground-level survey helped identify critical issues by evaluating the socio-economic profiles of its stakeholders and the development challenges they faced. These geographies became the nucleus of the 2-Horizons suite of interventions that ITC identified to execute its social investment programmes. The company's sustainability report highlighted the key challenges as follows:

- People surveyed indicated that the most urgent concern is for their children to grow up to be healthy, educated, and a skilled resource so they can participate in job markets.
- Poverty is a challenge, requiring focus on poor, marginalised and women-headed households.
- Farming is the mainstay of rural households as smallholder agriculture dominates them, necessitating building the resilience of rural families to climate change through the adoption of sustainable nature-based solutions.
- More than half of agriculture in ITC's core area is rain-fed, and development of water resources is a key priority area.
- Off-farm opportunities are restricted, demanding focus on reduction in youth unemployment, maximising enrolment, minimising dropouts, and significantly improving the quality of learning in primary schools.

Source: ITC Ltd Sustainability Report 2016

While baseline studies form the foundation for long-term planning, the company's social investment team prepares annual plans in consultation with programme-implementing agencies (NGOs) and community-based institutions, keeping the following as criteria: its focus areas, catchment's emerging needs and available funds.

The needs assessment highlighted (in Exhibit 5 on page 6) multiple interrelated development challenges faced by the stakeholders. Based on the survey results, ITC selected its areas of focus, taking an integrated approach to development. The company's usual practice is to start with fewer interventions and layer more on top as it goes along or extend them to surrounding geographies as the key initiatives reach saturation levels.

Additionally, for a business perspective on social issues, ITC annually consults the relevant business managers in the project locations. These plans need get clearance from the Management Committee of the Social Investments Programmes, Corporate Management Committee, CSR/Sustainability Board Committee, and the board, in that order.

■ Exhibit 5: 'ITC's 2-Horizon approach to solving development challenges

Stakeholders challenges	2 - Horizon Approach to solving Development Challenges		
	Approach	Objectives	Initiatives & Interventions
Poverty remains a challenge in the core areas and is endemic to both rural and urban populations	Horizon 1: Making today's dominant source(s) of livelihood sustainable  This programme is spread over 235 districts of 27 States/Union Territories	Enable the poor to manage and reduce risks in their current portfolio of economic activities	On-farm: Natural resource management & sustainable farm practices to strengthen agriculture
Farming is the mainstay of rural HH, which is dominated by smallholder agriculture			Off-farm: Create non-farm livelihood opportunities, especially for women
More than half of agriculture in the core area is rain-fed			
Stunted growth in children and high infant and maternal mortality are cause for concern in some states	Horizon 2: Creating capabilities for tomorrow	Improve habitats to reduce morbidity and ensure a healthy community  Invest in education to enable young people to develop skills for gainful employment	Invest in social infrastructure
Off-farm opportunities are circumscribed in the project areas			Focus on quality learning in schools
The poor state of primary education			Align skills training with market demand
<p>Further, the company:</p> <ol style="list-style-type: none"> <li>1. Defined the desired outcome with respect to the baseline</li> <li>2. Put in place specific interventions to be carried out over a 10 to 15-year period to achieve the desired goals (see Appendix 3)</li> <li>3. Monitors its programmes regularly - monthly, quarterly and annually across the management spectrum</li> <li>4. Conducts programmes' impact assessment once in 3-5 years</li> </ol>			

Source: ITC Ltd Sustainability Report 2016

### Capitalising on core strengths

In my observation, those companies most effectively deliver social change, which can capitalise on their industry knowledge while delivering on their social responsibility. Several of ITC's products, not just its agri-business, are critically dependent on agricultural supply chains. ITC, therefore, works closely with the farming community through many programmes, which help them improve productivity, make informed decisions, earn better revenues, and generate a livelihood even though they are not obligated to sell to the company.

These programmes include social forestry, real-time information sharing on weather forecasts and market prices, capacity building with improved practices and technologies, soil and moisture conservation, and livestock development.

As CSR programmes evolve and community groups start running these activities on their own, they also start directly engaging with relevant businesses; for example, pulpwood producers with the paper unit. While in some cases, like in Munger's livestock development plan, communities simultaneously engaged with ITC's dairy business when the programme started.

## 2: Clearly laid-out benchmarks and targets to be achieved by 2030

Companies that run successful CSR plans can lucidly identify and define the goal/impact that they are trying to achieve — whether it is increasing income, eradicating an illness, reducing poverty levels, decreasing the number of accidents or improving learning levels — and then work on a detailed plan of action to achieve the same. While the modes of the delivery could change over time, having a clear objective in mind enables companies to plan their programme for long-term intervention.

ITC follows a structured approach to pick and choose causes and its long-term targets. Exhibit 6 and 7 indicate the coherently defined outcome indicators and targets that the company wants to achieve by 2030.

Most of the programmes I visited have been running for varying durations. While some have been operating for three years, others have been around for over 10 years. For the successfully-concluded projects, the company continues to engage by providing a light-touch support. Sometimes in such projects, it shifts its focus to other priority sectors or expands and replicates the successful programme to surrounding geographies, wherever possible.

■ Exhibit 6: ITC has clearly defined the Outcome Indicators for "Adarsh Habitations"\*

Outcomes for "Adarsh" Habitation	Indicator	Benchmark
Sustainable agriculture	Soil organic carbon (SOC)	0.75 – 1 %
Water security	Groundwater recharge	From semi-critical / critical/"over-exploited" to "safe" category
Fuel & fodder security	The area under biomass (forest or tree cover)	33% of the total geographical area
Women economic empowerment	Financial and social inclusion of women	100%
Inclusive and equitable quality primary education for all	Learning Outcomes	At par with the best state as per the ASER Survey
Improvement in health status	Maternal Mortality Ratio (MMR)	National SDG goal – 109*
	Infant Mortality Ratio (IMR)	National SDG goal – 27**
End of extreme poverty and hunger	Maternal Mortality Ratio (MMR)	National SDG goal – 26

\* These are the focus villages identified under the social investment programme Mission Sunehara Kal to deliver maximum benefit to communities

Source: ITC Ltd Sustainability Report 2019

■ Exhibit 7: ITC has clearly laid out long-term targets to be achieved by 2030  
Performance target 2030 for mission Sunehra Kal – CSR programmes

Objective	Initiatives	UoM	Target 2030	Achieved till 2018-19	Balance to Achieve	Timeline* (years)
<b>HORIZON 1 - SUSTAINABLE LIVELIHOODS TODAY</b>						
De-risk poor rural households by diversifying farm portfolios through the promotion of tree-based farming	Social Forestry	Acres	630,000	329,047	300,953	11
Integrate diverse elements of the rural portfolio of initiatives into a Climate Smart Village approach	Sustainable Agriculture	Acres	3,000,000	279,366	2,720,634	11
Ensure water security for all stakeholders through watershed development and managed aquifer recharge	Watershed Area	Acres	2,200,000	1,011,601	1,188,399	11
	Structures	Nos	50,000	15,086	34,914	11
	Storage Potential	Million KL	60.00	34.64	25.36	11
	Biodiversity Conservation	Acres	100,000	22,031	77,969	11
Actively promote non-farm livelihood opportunities to diversify income portfolios of poor households	Women Economic Empowerment	Nos	1,50,000	64,606	85,395	11
<b>HORIZON 2- CREATING CAPABILITIES FOR TOMORROW</b>						
Ensure that every child is in school and learning well through improvement in pedagogy and the learning environment	Improvement in learning outcomes	Nos	1,300,000	690,882	609,118	11
	Infrastructure support to government schools	Nos	4,000	1,802	2,198	11
Align skills training to market demand to maximise the employment of youth from our core areas	Vocational Training	No of youths	2,82,000	67,496	214,504	11
Reduce morbidity, especially amongst women and children, by promoting a clean and healthy environment	Toilets Constructed	Nos	40,000	35,916	4,084	11
	Solid Waste Management - Households Covered	No of HHS	600,000	211,826	388,174	11
Note: 1. Timeline from the base year of 2016-17 2. 1 hectare = 2.47105 acres 3. Figures on sustainable agriculture area and SWM - households covered, pertains to FY 2018-19						

Source: ITC Ltd Sustainability Report 2019

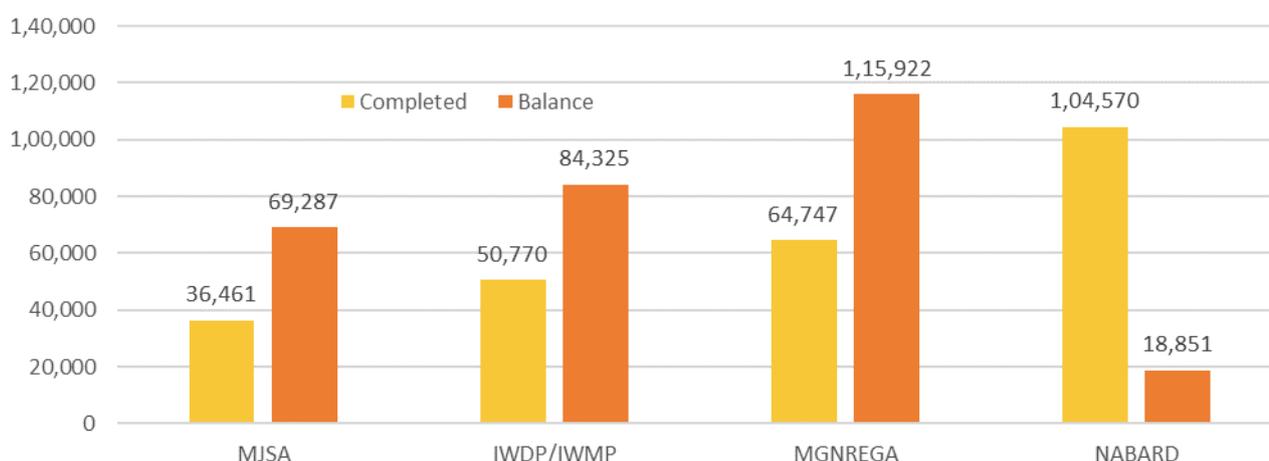
### 3: Achieving scale, working with multiple governments and institutions

Companies seldom want to work directly with the government as accessing the latter and communicating with it is not easy. The concerned bureaucrats change frequently, and there are political parties with whom it needs to contend. However, the best examples of scalable projects are the ones where organisations work in tandem with governments. ITC has tied up with Central and state governments and government bodies like NABARD through Public-Private Partnerships (PPP) on various projects. It has thus managed to rapidly scale up programmes, which have been piloted in its project locations. Some such examples are as follows:

1. Watershed: structures to store water and implementing measures to reduce soil erosion. The company executes this programme with the help of NGOs, academic/technical institutes, state governments, and water 'users' groups formed for this purpose. The company has tied up with NABARD and state governments of Andhra Pradesh, Madhya Pradesh, Rajasthan, and Maharashtra with the aim of covering 545,000 acres of land, of which 47% (or 256,000 acres) has already been completed until FY19. On a cumulative basis, the company has covered around one million acres of land (which includes the 47% mentioned above). I have discussed the details of this in the Field Visit section.

■ Exhibit 8: 47% of the targeted area under government-related programmes completed

Details of watershed programme



Source: ITC Ltd Sustainability Report 2019

2. Waste management: ITC has been running multiple waste management projects involving municipal corporations and local authorities. E.g.:
  - a. The dry waste recycling programme was executed in 651 wards, covering 8.9 mn citizens and focused on increasing awareness for 1.5 mn school children.
  - b. In rural India and small towns, ITC is working closely with gram panchayats and municipal corporations. It has encouraged and trained 0.2 mn HH to segregate waste at source to reduce landfills. These HHs are now processing wet waste directly at home or closer to home. The company is targeting close to 0.6mn HH by 2030.

Section II of this report discusses the details of waste management programmes in Kothagudem and Munger.

3. Agriculture: ITC entered into a partnership with NITI Aayog on 25th April 2018 for improvement of agriculture and allied sector in 27 Aspirational Districts of eight states (Assam, Bihar, Jharkhand, Rajasthan, Madhya Pradesh, Maharashtra, Odisha, and Uttar Pradesh). The company is helping build capacity of Agriculture Department officers who, in turn, would cascade the methodology to the farmers.

ITC developed the training material in consultation with scientists from agriculture universities and Krishi Vigyan Kendras (KVKs). It published training kits in local languages - Hindi, Marathi, Assamese, and Odiya - for wheat, gram, and paddy, which are the major rabi crops of these districts. Since the launch of the programme in September 2018, the Village Resource Persons (VRPs) have trained around 200,000 farmers.

■ Exhibit 9: ITC has signed multiple MOUs with central and state governments and their departments

Theme	State	Department/programme	No. of MoUs
Agriculture	Karnataka, Rajasthan, Maharashtra, Bihar, Madhya Pradesh, Assam, Jharkhand, Uttar Pradesh, Odisha	NABARD's Tribal Development Fund (TDF), MGNREGS and NITI Aayog's Aspirational District Programme	3
Education	Karnataka, Assam, West Bengal	Department of State Education Research and Training	3
Livestock	Andhra Pradesh, Madhya Pradesh	Andhra Pradesh Livestock Development Agency (APLDA) and NABARD's Farmer's Technology Transfer Fund (FTTF)	2
Sanitation	Rajasthan, Punjab, Uttar Pradesh, Uttarakhand	District drinking water and sanitation departments	4
Solid Waste	Uttar Pradesh, Andhra Pradesh, Tamil Nadu, Karnataka, Punjab	Saharanpur Municipal Corporation, Guntur Municipal Corporation, Coimbatore -Karamadai Panchayat, Greater Chennai Corporation, Zilla Panchayat Mysuru and Municipal Council of Kapurthala	6
Water Stewardship	Madhya Pradesh, Andhra Pradesh, Maharashtra, Rajasthan, Bihar	Mukhyamantri Jal Swabhalamban Abhiyan (MJSA) of Rajasthan, MGNREGS, Integrated Watershed Management Programme (IWMP) and NABARD	38
Women Empowerment	Madhya Pradesh, Maharashtra, Bihar, Rajasthan	State Rural Livelihood Mission	4
Vocational training	Madhya Pradesh	NABARD	1
Total			61

Source: ITC Ltd Sustainability Report 2019

#### 4: Buy-in from communities to serve sustainability goal

For CSR to be effective and sustainable, companies try and involve local communities/panchayats to participate and contribute both in financial and non-financial terms. ITC aims to achieve sustainability in a few essential ways:

1. through behaviour change, or by focusing on demand generation for interventions, i.e. encouraging more participation from the community,
2. by forming and running programmes through community-based organisations; with training and support through capacity building for communities. ITC has formed 9,200 grassroots institutions, which have 149,464 members and a corpus fund of Rs 159.6 million, and
3. the company gradually reduces its presence, as the communities become self-sustaining.

In multiple projects at Kothagudem and Munger, ITC has provided the initial corpus/grants required to the community. These funds then get revolved and are used for expanding the user base. E.g.

- a. Funds provided for making toilets: The government provides individual households (HH) funds for building toilets. However, the users bear the costs and get reimbursed by the government in a few months to a year. Most marginalised HHs do not have the cash to incur these costs. Here, ITC steps in to provide corpus funds to the village community who in turn advances these funds to the HH to build the toilet. The HH then claims the refund from the government, which is then deposited back in the community fund to be given to other users, thereby expanding the base.
- b. Funds provided for buying saplings: In Kothagudem, ITC provided funds to farmers' association – which in turn loaned them to farmers to buy eucalyptus saplings. The association revolves the credit to a new set of farmers for buying saplings or other agricultural tools from the repayment received.
- c. Funds provided for women's nursery: While in the above two cases, funds remain with the community, in the case of a women's nursery in Kothagudem, the women's group has already repaid ~50% of the funds received from the NGO, which has then redeployed them to others with similar nurseries, thereby expanding the scope of the programme.

■ Exhibit 10: ITC aims to make its programmes sustainable and thus forms multiple grassroots institutions

Intervention	Institution	Nos of groups	Members	Corpus Fund (Rs mn)
Watershed	Water User Groups (WUGs)	2,793	49,055	11.7
Social Forestry	Vanikaran Sanghas (VSs)	1,788	43,048	18.3
Agriculture	Agri-Business Centres (ABCs)	351	11,212	25.5
Women	Self Help Groups (SHGs)	3,586	42,057	104.1
Education	School Management Committees (SMC)	682	4,092	
Total		9,200	1,49,464	159.6

Source: ITC Ltd Sustainability Report 2019

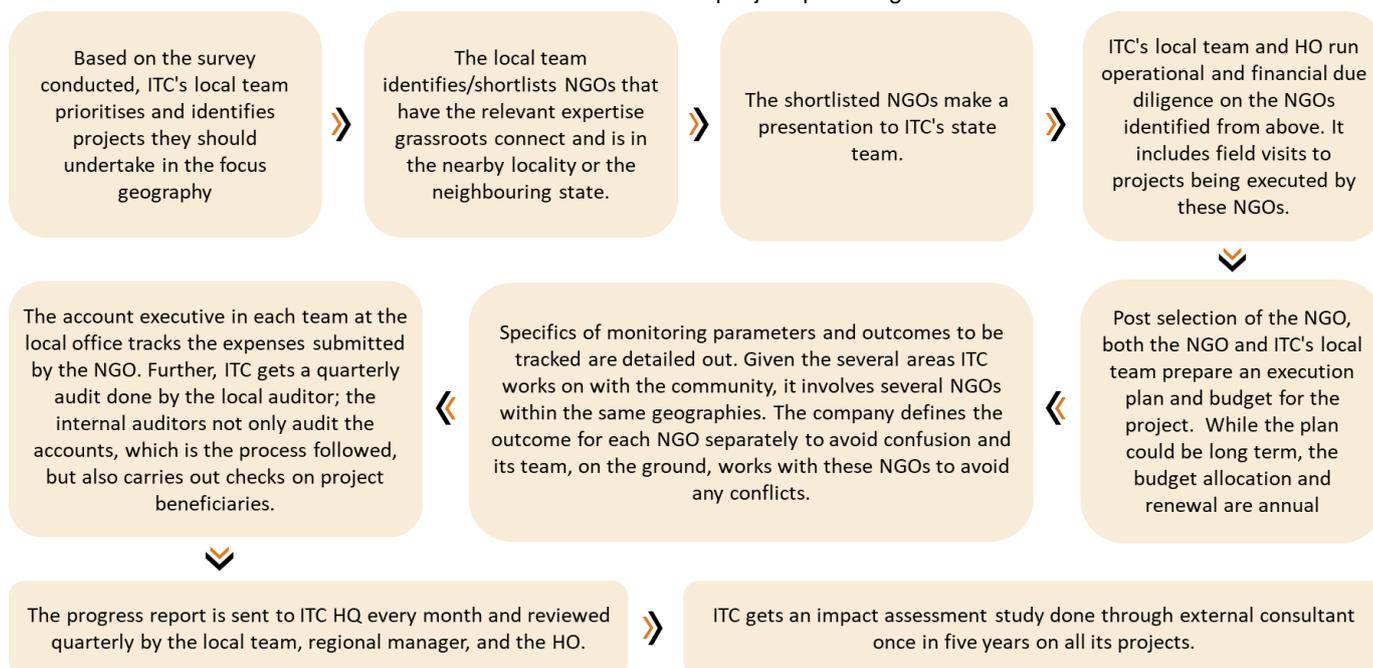
## 5: Execution through NGOs, ground-level supervision from internal teams

Companies execute CSR projects in multiple ways, i.e.: (a) through NGOs with domain knowledge and community connect, (b) via their foundations, (c) directly, or (d) a mix of the above. Even within companies that work with NGOs, there are two types of organisations: (1) those which primarily fund programmes designed by an NGO. These relationships are generally short-term in nature with maximum 1-3 years of funding; (2) those that work long-term on a clearly defined programme launched jointly or work with a partner to modify/change/enhance their programme. The latter typically has separate teams and hires social sector experts to deliver on their CSR activity. ITC follows this model.

At present, ITC is executing ~155 projects spread across 21 states through 86 NGOs. In most thematic interventions, there is more than one partner in place to ensure (not necessarily in the same geography) that there is no risk to the project in case of any untimely closure of the partnership. The company identifies these NGOs after conducting operational and financial due diligence. ITC provides guidance and supervision on projects through a 70-member strong team, which is based across key project locations and at the HO. The company has a state project team of 4-5 employees near the location, headed by project managers, who report to regional managers.

Most of ITC's projects are relatively long-term and as mentioned by the company in its sustainability report FY18: "Whilst the agreements (with NGOs) are renewed annually, the partnerships tend to be long term, enabling a deep understanding of the contextual realities and ITC's systems & processes by the partners, thus leading to the effective delivery of desired outcomes."

**Exhibit 11: ITC's state and Central team work with NGO on project planning and execution**



Source: ITC Ltd, Tameel Research

**Exhibit 12: ITC works with some of the large NGOs in multiple geographies and sectors**

Focus area	Bhadradri Kothagudem	Munger
Social forestry	OUTREACH, SSGS	NA
Water stewardship	DHAN Foundation	DHAN Foundation
Waste management	WASH	NEEDS
Ultra-poor women	Bandhan Konnagar	Bandhan Konnagar
Vocational training	Pratham and D BTech	Don Bosco Technical institute
Education	Pratham and LLF	WASH
Animal husbandry	BAIF	SEWA
Women farmers/nursery	OUTREACH, SSGS	SEWA Bharat

Source: ITC Ltd

**Training team, providing exposure to NGOs**

ITC runs similar programmes across multiple geographies and realises the importance of cross-learning to make its CSR programmes more effective. Towards this end, it runs several interacting and training programmes for its social investment team, which include:

- Meeting between regional heads and project managers across all regions once a year to exchange ideas
- Leadership training programmes for senior managers
- Sharing learnings by conducting thematic reviews or as per requirement across different geographies
- Sometimes sending NGOs to other areas to observe and learn from other teams/NGOs

## Feedback from an NGO

I decided to take feedback from an NGO to further corroborate the results of my research. The feedback I received from an NGO in Telangana suggests that ITC works closely with it to implement resolutions, identify resources, provide technology, and bring in experts like BCI. Additionally, it provides a market for products (where possible), help NGOs establish more robust systems and processes and has a structured approach to implementation when executing at the grassroots level. The NGO official also mentioned that ITC guides reporting, auditing, monitoring and documentation. It carries out a descriptive case study once a year. The NGO, in turn, provides a weekly update to the team on the ground.

## 6: Regular monitoring and impact assessment

Monitoring and impact assessment is a part of a successful CSR programme. Few companies/social sector organisations are structured in their approach in monitoring programs. Organisations benefit from tracking whether their activities are being implemented according to plan, understand the shortcomings, identify changes that need to be carried out, and iterate on the programme design and implementation. Similarly, while companies do not earn a financial return on their CSR spends, it is essential to focus on the eventual impact of their programmes.

ITC's social investment team, along with NGOs, clearly defines the outcome parameters to be tracked at regular intervals. The company also hires external parties to carry-out impact assessment studies once in five years on all its ongoing projects. As can be seen in Section II of this report, the company closely monitors the impact of its programmes.

## 7: Employee volunteering

ITC does not have a formal volunteering programme. However, its agribusiness divisions provide expertise on inputs and help with procurement, although farmers are free to sell their produce to any seller. Also, once a programme matures and no longer needs the support of ITC's social investment team, the business team starts interacting with the farmers directly, as is the case with milk procurement in Munger. Additionally, employees may participate wherever possible; examples are the WASH programme and safety training in schools.

## SECTION II: FIELD VISIT – ITC SETTING AN EXAMPLE

ITC has many ongoing projects in selected geographies. However, interestingly, the focus area may not be the same in all the villages, and it carries out 2-3 projects per village/group of villages. In Kothagudem and Munger, I visited the following key CSR initiatives:

1. Sustainable Agriculture and Biodiversity
  - a. Social forestry
  - b. Watershed
  - c. Animal husbandry
  - d. Biodiversity
2. Women empowerment – women farmers and ultra-poor women programme
3. Sanitation and solid waste management
4. Vocational training
5. Education

### Munger

In Munger, where ITC has a cigarette factory, printing unit, and dairy plant, it has employed a five-member team of professionals to manage the initiatives undertaken in Bihar and Jharkhand. The company's state heads report to the regional manager (east).

It works with communities neighbouring the factory and farmers (by crop area) of this region. The focus is within 5-km radius. ITC wants to first saturate this area with the initiatives before expanding further. Munger has nine blocks with ITC being present in six of them, including the main (Sadar) block which has 45 wards and 13 gram panchayats. The selected blocks satisfy at least one of the following criteria: (1) there is significant farm produce of wheat or milk; (2) they are the most backward blocks; (3) it should be an area that can revive traditional irrigation systems. Focus areas were selected, after a detailed survey in representative villages, block-level need assessment and secondary data analysis. The Munger team works with 13 NGOs, and the annual expenditure here is ~Rs100-110mn.

### Kothagudem

ITC has a factory of its Paperboards and Speciality Paper division in the Sarapaka village of the Bhadradi Kothagudem district in Telangana. Its social investment team based in Bhadrachalam manages the interventions in the state and report to regional manager for the south. In Kothagudem, ITC is presently executing around 16 projects with 15 partners across 400 villages in the district. Bhadradi Kothagudem is a backward district with low levels of incomes. It predominantly has a tribal population and borders close to the disturbed areas of Chhattisgarh, Andhra Pradesh, and Odisha. ITC's CSR spend in this area is roughly Rs140mn.

# 1. SUSTAINABLE AGRICULTURE AND BIODIVERSITY

Farmers constitute one of the largest groups of stakeholders for ITC and, to serve them, the company runs multiple CSR programmes in the agriculture space. These include (1) social forestry, (2) women nursery, (3) climate-smart agri, (4) biodiversity, (5) watershed and (6) animal husbandry.

Social forestry, sustainable agriculture and biodiversity			
Programme Objective			
Women empowerment - training them in farming techniques, introduce mechanisation.	Creating a commercially viable land use options for smallholder farmers through tree-based farming - i.e. diversifying incomes from land while developing alternative food, fodder and fuelwood security.	Biodiversity	
Launched	1. Social forestry: 2001-2002	2. Women empowerment 2001	3. Water Security 2000
Benchmark	Soil Organic Carbon (SOC) - 0.75-1% For pulp production benchmarked to best wood productivity as may be applicable from time to time	Financial and social inclusion of women - 100%	Ground water recharge - From "semi-critical"/"critical"/"over-exploited" to safe category
Key Learnings			
<b>Focus Area</b>		<b>Use core-competency</b>	
5 km radius around the factory and key crop production area		Through R&D, developed a eucalyptus sapling that requires less water and shorter period for growth. This sapling is now being used across India	
<b>Bring expertise</b>		<b>Create a sustainable model</b>	
In Telangana, ITC has tied up with the Better Cotton Initiative to bring in best practices in cotton production, improve yield, reduce cost, and increase farmers' income. In Munger, ITC tied up with International Union for Conservation of Nature to develop a sustainable model to conserve not only flora and fauna but also provide a livelihood for farmers.		<ol style="list-style-type: none"> <li>1. The scope of the corpus created for providing loans for the purchase of sapling has now widened to include other agriculture purposes.</li> <li>2. The loan provided to women nursery in Telangana is now being repaid.</li> </ol>	
Work on scale			
<b>All focus geographies</b>			
<ol style="list-style-type: none"> <li>1. Until FY19, ITC's Farm and Social Forestry programmes covered &gt;7,33,000 acres of land and generated 135 million person-days of employment.</li> <li>2. Until FY19, the water stewardship programme has covered an area of over 1 mn acres across 15 states, by building 15,086 water harvesting structures, thus creating fresh water-harvesting potential of 34.64 million kl.</li> </ol>			
<b>Telangana and Munger</b>			
<ol style="list-style-type: none"> <li>1. Training women farmers on mechanisation, and now working with local government to expand coverage.</li> <li>2. Working with the forest department to replicate a biodiversity experiment on 300 hectares of land near Kothagudem.</li> </ol>			

Source: ITC Ltd Sustainability Report 2019, Tameel Research

## A. Increasing farmers' income through social forestry

This programme of ITC focuses on creating a commercially viable land-use option for smallholder farmers through tree-based farming - i.e. diversifying incomes from land while developing alternative food, fodder, and fuelwood security. As per ITC's Sustainability Report 2019, on a cumulative basis, the farm and social forestry programme has greened over 733,000 acres of land and generated 135 mn person-days of employment in its focus geographies.

■ Exhibit 13: Cumulative coverage under pulp, energy, and bamboo plantation across ITC's focus geographies  
Helping farmers achieve sustainable livelihood

Villages Covered	Nos	5,087
Beneficiaries	Nos	1,21,557
Plantation Area	Acres	3,29,047
Saplings Planted	Mn	692
Agroforestry Area	Acres	1,12,318

Source: ITC Ltd Sustainability Report 2019

### Pulpwood production in Telangana

**Capitalising on industry knowledge:** ITC owns a paper mill in Sarapaka village near Bhadrachalam town in Bhadrachalam district of Telangana state, which is one of the focus geographies for the company. Before launching the social forestry programme in FY01-02, ITC was importing pulpwood. The company's R&D division developed saplings that have fibrous roots and no tap root which reduces water intake (eucalyptus absorbs much more water). This new sapling could be grown in 4 years vs 7 that eucalyptus usually takes. This clone is now grown across the country.

In the initial phase of this programme, ITC provided farmers with technical and financial support, and the plantation model was a block one. Later, from 2012 onwards, ITC has focused more on the agroforestry model of plantation, i.e. farmers plant eucalyptus trees on the existing farms alongside other crops. They plant two rows with a spacing of 1.5 metres, leave a gap of 8.5 meters and sow other crops, like cotton, groundnut, green gram, beans, and black gram. Most of these are small farmers who were growing food for their consumption, and the plantation has helped them earn an additional income.

**Ensuring sustainability:** To enable these small and marginal farmers to buy the saplings, ITC formed village committees (Vanikaran Sangh) and gave a grant. Under it, farmers who wanted to buy the sapling had to pay 1/3rd of the price upfront, while the balance 2/3rd was converted into a loan. The loan was repaid to an account created by the committee and the funds thus generated were redeployed for selling sapling to other farmers. In few cases, the committees have redeployed funds up to four times. As the fund requirement for saplings has reduced, the committees now use the outstanding corpus fund of Rs1.86 crore for making loans for other agriculture-related uses, example hand pump repair and emergency health loans. Farmers can sell this pulpwood either to ITC or other factories. However, based on their feedback, I gathered that ITC is their primary buyer in this area for pulpwood.

**Exit mode:** As the project became self-sustaining, ITC and the NGO reduced the mandals covered under this programme from 20 to seven (and the villages from 200 to 25).

**Monitoring:** On a regular basis, ITC and the NGO track the yield of wood, intercrop, the net return to farmers, cost efficiency, and the mortality of plants under the new plantation area.

**New initiatives:** ITC is planning to replicate the success of wood pulp by indigenising the bamboo (currently imported) used in agarbatti, the work for which has commenced in Tirupura.

### Assessment of Social Forestry Model April-September 2016

#### Key objective of the assessment

Assess the total impact on net incomes earned in agro-forestry (AF) model vis-à-vis traditional field crop cultivation and pure block model of tree cultivation.

#### Districts covered

States: Andhra Pradesh, Telangana. The study covered Prakasam, East & West Godavari, Krishna, Nellore, Khammam, Warangal, Nalgonda:

#### Key findings

- The agro-forestry model allows small and marginal farmers to utilise their field for tree plantations but brings in dual benefits of regular income from field crops and steadier and lumpsum income from tree crops. The average per hectare annual net return from agro-forestry was Rs. 36,000 compared to Rs. 25,000 from pure block plantations and Rs. 21,000 from pure field crops cultivated in the area.
- It was observed that ECP with Chilli & Tobacco intercropping gives highest returns of more than Rs 50,000 per year per acre.

Source: TransGraph Consulting Services Pvt Ltd

### Assessment of Social Forestry Model January - March 2016

#### Key objective of the assessment

Assess if a commercially viable land-use option was promoted as a diversification strategy to hedge risks against crop failures arising from seasonal uncertainties and if the wealth generated from the programme set in motion a virtuous cycle of economic growth for farmers.

#### Districts covered

State: Andhra Pradesh —Seven mandals of West Godavari:

#### Key findings

- Project beneficiaries have achieved higher economic growth since implementation of the programme with a 77% increase in annual income. The beneficiaries have 128% higher annual income than the control farmers in the post-intervention stage.
- Per acre earning of farmers who adopted the agro-forestry model have attained 25% higher income as compared to those adopting the block model after intervention and 18% more than the field crop.
- Corresponding to the increase in income, the expenditure of project beneficiaries has increased 50% from pre-intervention levels and is 162% higher than the control farmers. The absolute spending of beneficiaries has increased in all the heads, especially on more capital-intensive investments like agriculture inputs, equipment or livestock.
- The programme has had a positive social impact with an increase in expenditure on education and health by 60% and 38% respectively since implementation of the programme. 42% of the respondents also stated that there has been an improvement in their social status after adopting social forestry.

Source: AGRIWATCH

## Agro-forestry and soil moisture conservation programme in Kothagudem



### B. Bringing in external expertise - The 'Better Cotton Initiative' (BCI)

In Telangana, I visited farms which focused on BCI. ITC has tied up with WWF India to promote BCI for inculcating best practices amongst farmers in the production of the cotton crop. A Forest Stewardship Council was formed, and farmers who enrolled with it have to follow the process laid out by BCI relating to the use of pesticides; they have to ensure protection of surrounding crops from an adverse impact, adherence to gender equality requirements, and avoidance of child labour. The regulations on pesticides control the adverse effects on surrounding crops. ITC has trained over 10,000 cotton-growing farmers in sustainable cotton cultivation as per BCI principles, covering about 28,000 acres of plantations. These practices have aimed at reducing the cost of cultivation (by around 50-60%) and improving productivity. These farmers are covered under the BCI certification – which gives them the advantage of getting linked with the ginner's supply chain developed by WWF India because of which they can access the fair market.

## C. Empowering women farmers

Women play a critical role in the agricultural sector. However, they are not recognised as farmers and do not count as decision-makers. ITC works with such farmers to implement a novel intervention to empower rural women through knowledge and technology. For example, in Munger, Bihar, and Kharagpur regions, women work in farms, while the males migrate to cities on jobs. These women perform most of the tasks at the farms (which are primarily rented), although they are not appropriately trained. Similarly, in Telangana, ITC has helped women farmers set up their own nurseries for producing eucalyptus and fruit saplings.

### Munger women farmers trained in the mechanisation of agriculture

Reducing drudgery through mechanisation: In 2012, ITC promoted four Custom Hiring Centres (CHC) or Agri-Business Centres (ABC) to promote sustainable agriculture practices. To begin with, it formed the CHC association, where each member is required to pay a nominal fee. The company conducted a pilot on 0.5 acres of land per individual across multiple farms. Initially, women faced hurdles like family restrictions, lack of acceptance by other farmers, difficulties in operating agri-equipment, and shortage of finances. However, the regular and continuous training equipped them with adequate technical and financial knowledge to operate and manage the ABC independently.

Each centre has a group of women farmers as members who are trained in operating equipment, implementing, and employing the best agricultural practices, including zero tillage. There are now 278 beneficiaries/users at these centres who are involved in multiple activities like: (1) hiring out of agri equipment, (2) nursery raising/seed production, (3) capacity building of other farmers and (4) using their collective power to access government schemes.

With the help of these 'machines', i.e. zero tillage cum seed drill equipment, farmers can effectively sow seeds without prior land preparation and disturbing the soil where previous crop stubbles are present.

It also enables these farmers to spread fertilisers more efficiently, thus reducing the cost of labour and water usage. Besides, it leads to an increase in production (the number of tillers increased to 25-41 from 4-12 earlier) as the farmers can now effectively sow the seed at a specified interval (gaps). The programme now covers 90,000 acres and 25,000 farmers who are now managing to grow three crops, i.e. wheat, rice, and moong, as against two crops earlier.

ITC also helps make farmers aware of multiple government schemes and programmes. Due to the success of the intervention, government officials offer the women ABCs the first right to take benefit from government schemes and agricultural inputs at subsidised rates.

Women farmers indicated improvement in the quality of life: ITC's assessment shows improvement in their Human Development Indices (HDI) like access to quality healthcare, children education, nutritious meals, savings account, and linkage to social security schemes. The women from a group I met indicated that their social status amongst villagers seems to have improved, given the successful implementation of the programme, which has increased productivity and reduced costs. Additionally, these women now have more time for rearing cattle, and their children now go to school vs helping at the farms earlier.

### Scaling with the help of government organisations

- ITC is now working in collaboration with Bihar Rural Livelihood Promotion Society. BRLPS is investing in these machines and forming tool banks, which are being rented. Around 100 SHG groups run these Custom Hiring Centres and each rent out around 4-7 machines.
- ITC has also tied up with NITI Aayog to cover five districts in Munger. Here it is training master trainers who, in turn, prepare field staff who educate farmers.

**Assessment of sustainable agriculture practices in Bihar and Uttar Pradesh**

Total impact on farm income

Collectively, the profit earned while employing DSR, ZT & summer crop is 311% of the conventional method.  
 Profit while employing MPT, ZT & Summer crop is 287% of the conventional method.

The study covered 5 districts of 2 states- Lakhisarai, Munger and Begusarai of Bihar and Chandauli and Ghazipur of Uttar Pradesh (UP). The impact assessment combined household surveys focus group discussions and case studies. The study revealed the following:

Paddy monsoon crop – profit per acre under DSR 5.25X higher than conventional transplantation

- Crop yield of paddy using MPT and DSR is almost twice the yield of conventional transplantation.
- Most farmers adopted the DSR method of sowing because:
  - The cost of cultivation with DSR is 32% lower.
  - Crop yield with DSR is 21.75 qtl/ acre against 11.71 qtl/ acre for conventional transplanting.

Wheat winter crop – extra income of Rs15,202 per acre over broadcasting seed method of farming

- The average yield of wheat using ZT method of sowing is 52% and 63% higher at 23.85 qt/ acre and 22.70 qt/ acre in UP & Bihar respectively, v/s broadcasting method.
- Cost of cultivation for ZT method of wheat sowing is lower by 17%, net profit per acre is 2.4 X higher than the conventional method.
- On average, a farmer saves Rs 2,277 per acre by adopting ZT method of wheat sowing, which is equivalent to increased production of 1.42 qt/ acre.

Moong summer crop – third crop production post-intervention

- Farmers adopting mechanisation can cultivate a third crop, summer crop (moong, green gram, etc.), thus ensuring around-the-year engagement for smallholder farmers.
- Summer crops generate an average yield of 5.1 qt/ acre leading to an average profit of Rs 12,349, which is almost 180% more than the cost of cultivation.

Source: Thinkthrough Consulting 2019

**Village map where women farmers are implementing mechanised farming in Munger**



## Women farmers using machine tools for farming in Munger



### Telangana women running a successful nursery, paying back loans

In 2015, ITC helped a group of women start a nursery which grows and supplies the eucalyptus saplings to farmers. The nursery is set up on 2.5 acres of a rented plot (rent paid of Rs44,000 per annum) and can grow 2.5mn saplings. It has seven chambers, each with the capacity to house 70,000 saplings, and can produce 1.47 mn saplings (three rounds of the sapling, i.e. 70000 X 3 X 7). Recently, three more chambers have been added to the capacity.

**Making women self-sufficient:** This group has 14 permanent members and employs labour based on requirement and rotation. ITC had given Rs 3.2 mn in grant to the NGO, which in turn loaned this amount to the women's group. The group has paid back Rs1.2 mn in year 2 and Rs0.5mn in year 3 to the NGO and is likely to repay the balance as they generate profits. Currently, this group is supported by the NGO, whose coordinator helps maintain accounts and write minutes of meetings; the coordinator's salary is shared equally by the NGO and the committee.

These women used to work as daily agriculture labourers on farms in harsh conditions (Telangana temperature can soar above 40 degrees centigrade during summers), travel far, and pay for their transport. They now work for 7-8 hours a day in flexible timings and earn Rs 250 per day plus get a dividend from profits earned from the nursery. The nursery paid a dividend of Rs6,000 per member last year.

**Diversifying product:** Given the reducing demand and increasing competition from private nurseries supplying eucalyptus saplings, this women's group is being encouraged to diversify to other crops. Last year, they started growing guava of which they sold 140,000 saplings. They also cultivated marigold flowers to meet the demand during the festival season.

## Women owned and operated nursery in Kothagudem



### D. Targeting water security

ITC is focusing on improving water security, particularly in areas around its focus geographies. In Telangana, statistics show that agriculture consumes 84% of water, industry 6%, regular domestic consumption 9%, and livestock rearing the remaining amount.

In FY19, ITC's water stewardship programme covered nearly 1,37,000 acres of land and, on a cumulative basis, it has covered an area of over 1 mn acres across 15 states. To achieve this, ITC helped build 15,086 water harvesting structures creating fresh water-harvesting potential of 34.64 million kl across its focus geographies.

Much work has been done by government, corporates, NGOs, and industry participants on the supply side, including watershed, water resources development, and aquifer recharge. ITC believes it is time to focus on water demand and is working on improving soil, micro-irrigation, drip irrigation (e.g. in sugarcane), efficiency in usage through zero till (not till direct seeding, which would reduce the duration and save water). It is doing this in addition to drought-proofing agriculture by improving groundwater status in agri-catchments. The company selects areas with water scarcity and works on sustaining groundwater by building structures for targeted recharge.

■ Exhibit 14: ITC has created a water storage capacity of nearly 34.6 mn KL across India

Area covered under water-harvesting and watershed and beneficiaries

Activity	FY19	Cum to FY2019
<b>Water-harvesting</b>		
Minor Structures (No)	2,250	11,141
Major Structures (No)	396	3,945
Total Structures	2,646	15,086
<b>Watershed Area (acres)</b>		
Area Treated	97,128	6,82,139
Critical Irrigation Area	39,977	3,29,462
Total Watershed Area	1,37,105	10,11,601
Water Storage Capacity (mn KL)	3.39	34.64
Direct Beneficiaries (Nos)	25,744	3,10,435
Empl. Person-days (mn)	1.62	58.60

Source: ITC Ltd Sustainability Report 2019

## Telangana increasing crop productivity as the water level increases

In Kothagudem district, ITC's NGO partner for implementation, the DHAN Foundation, has identified catchment areas and recharge zones where they have helped build low-cost trenches and water bodies on the farmland leading to a 1-3 meters increase in water level. In all the villages, there are common water bodies (tanks). In the catchment of those tanks, ITC has had farm ponds dug to reduce silt going into tanks and improve groundwater recharge. The Telangana government's Mission Kakatiya programme mostly attends to the bigger tanks. ITC's work is complementing this programme as overall groundwater table has improved while protecting community tanks from reduced siltation.

To ensure the sustainability of its programme, the DHAN Foundation has formed four village committees in the area, each with 20 members, spanning 200 villages. Farmers have paid 20% of the cost either in cash or kind (i.e. labour) to build these ponds in their fields. In addition to meeting farmers' critical irrigation requirement, viz., supplementing rainfed crops, use of water for seeding, and drinking water for cattle, these ponds could increase the water levels at the Godavari river.

The community meets once a month, and each has an executive, an accountant, and four field staff members. The target is to increase this to 10 mandals/communities (each mandal has 10-15 villages). In all, ITC has helped build 406 ponds across these mandals, deepened, disilted another five tanks to improve soil fertility. Farmers here indicated improvement in cotton production from 6 quintals to 10 quintals per acre since the implementation of the project.

## Munger – reviving traditional irrigation system

In Munger district in Bihar, ITC has been working on reviving the traditional floodwater harvesting systems called Ahars and Pynes. Ahars are reservoirs with embankments on three sides, built at the end of drainage lines such as rivulets or artificial works like Pynes. Pynes are diversion channels led off from the river for irrigation purposes and for impounding water in the Ahars.

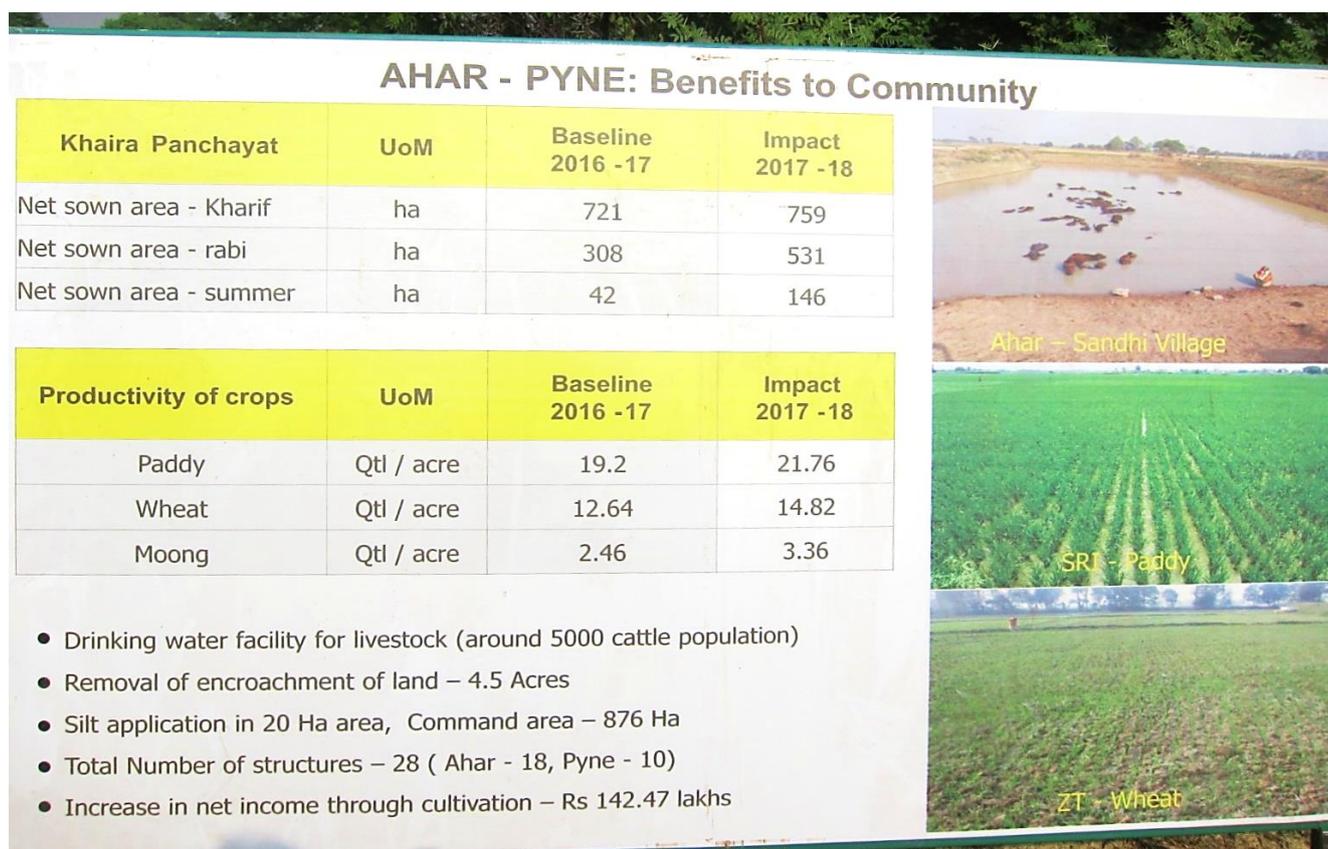
In Nov 2015, ITC made an initial investment of Rs1.6mn and farmers made the remaining Rs0.4mn to repair and construct Ahar and Pyne in a village of Munger district. This involved building 74 Ahars and 84 Pynes, and a water storage capacity of 250,000 litres. Under this project, the company revived, widened and deepened the water storage area, and removed the silt in four blocks. The programme is also incorporating critical learnings from a biodiversity initiative, i.e. multi-tier vegetation promotion, native species plantation along the Ahar and Pyne banks to ensure a long life of the system through bank stabilisation, and planting trees around water ponds.

This project benefited 5,306 acres of agriculture land and 6,336 HHs. The groundwater level in project locations was higher than non-project area by 58 – 60 feet in open wells, allowing farmers to grow three crops vs two earlier, increase the area under production for Rabi crop from 200 acres to 400 acres and increase wheat productivity by 17%, while also making water available for the cattle. The mud removed from this pond was also put to good use, i.e. towards road construction.

To ensure sustainability, the DHAN Foundation has formed a user group, which has 200 members. However, there is no fee collected for future maintenance of the project. Further, Agri Finance groups or SHGs with 15-20 female members were formed under each of the community groups. These SHGs have been saving Rs100 per month.

The DHAN Foundation plans to start block-level federation with a few representatives from each village who would be in charge of maintenance, collective purchase, and sale of farmers produce to give the latter better bargaining power and the ability to avail government schemes.

## Ahar-Pyne flood harvesting, benefiting community in Munger



## E. Biodiversity serves multiple purposes

ITC involves farmers and community members in implementing programmes for the protection of biodiversity. The focus is to not only conserve and restore flora and fauna, birds, butterflies, reptiles and amphibians but also enable livelihood/employment generation for farmers through the creation of fodder, fuel and other wood sources. To begin with, ITC conducts a study to understand the surrounding ecology, variety of plants, and trees and watersheds and then works on landscaping to rehabilitate the degraded common lands. Until FY19, the company had developed 793 biodiversity plots in 18 districts covering 22,031 acres of land in seven states including Andhra Pradesh, Telangana, Karnataka, Madhya Pradesh, Rajasthan, and Maharashtra.

In Munger, Bihar, ITC has collaborated with the International Union for Conservation of Nature (IUCN) to develop a 'Sustainable Agriscape for Future'. Not only is ITC working on a pilot but has also started incorporating learnings from IUCN project as feasible around its watershed projects. IUCN will train an NGO working with ITC and government officials.

### Telangana – may replicate the experience with the forest department

The land under biodiversity project that I visited in Kothagudem was, as I understand, earlier a barren land belonging to the tribal community. The plot was uneven and, therefore, not cultivated by a farmer. ITC installed two water tanks on this farm and planted medicinal plants, which can be sold by the farmer to earn an income. This plot is now lush green, and while I did not get the sense that the farmer was earning much income, the indirect benefit to the environment is likely more from such an initiative. Perhaps another way of gauging the success of this programme is the fact that looking at the change achieved, i.e. from barren land to lush green, the forest department in Bhadradi Kothagudem district is partnering with ITC to improve its degraded forest land that is spread over 300 hectares. ITC has completed a survey of the area and signed an agreement with the department for working jointly on it.

## F. Integrated animal husbandry programme

ITC's animal husbandry programme provides an opportunity for farmers to diversify their livelihood portfolio from primary dependence on agriculture to enhancing the milk yield of milch animals. The programme provides extension services, including breed improvement through doorstep artificial insemination (AI), fodder propagation and training of farmers to increase their incomes by enhancing milk yield of cattle in 21 districts of six states.

Indigenous breed promotion was given a particular focus in all project areas to build resilience in livestock-based livelihoods. 67% (97,647) of AIs were carried out with native breed semen for both cows and buffalos in 2018-19.

### Munger – goat-based livelihood programme

In Munger, ITC runs an integrated animal husbandry programme, covering 1,29,000 cattle of over 55,000 dairy farmers spread over 426 villages in six districts.

I had the opportunity of visiting ITC's the goat-based livelihood programme that was launched by ITC in FY16 and is executed by the NGO SEWA Bharat. This NGO trained 77 Pashu Sakhis (translated as the animals' friends) covering 81 villages across six gram panchayats. These Pashu Sakhis, who are also owners of goats, are trained for 10 days, including five days of on-field training and five days of training in Lucknow where Goat Trust has its headquarters. These animal friends are trained in preparing fodder/feed for goats, homemade remedies for small illnesses like cold and cough, are trained to check heartbeat, carry out deworming (which is carried out every three months), and provide vaccination. Besides, improving the productivity of its own cattle, the Pashu Sakhis earn a small income from carrying out this activity. Here the NGOs conducted:

317	727	45,000	46,000
Training programmes on clean milk production and mastitis control	Animal Health Camps	Animals Covered	Distributed doses of deworming and vaccinations

Further, SEWA has trained 16 of these Pashu Sakhis as Master Trainers who, in turn, would now train more Pashu Sakhis. The NGO has also helped them form a goat's association where these females make food packages, natural product/medicine for cold/cough. ITC plans to further implement this programme in 20-25 more villages, which have similar goat population.

ITC got a study conducted in Sadar Munger block of Munger to assess the outcomes of the goat-based livelihood programme. The assessment was undertaken through a mix of quantitative data and qualitative information using household survey and focus group discussions. The study pointed out that the majority of goat owners adopted improved animal husbandry practices such as (i) regular cleaning of goat sheds; (ii) watering of goats thrice a day; (iii) providing first aid; and (iv) deworming and vaccination of goats and kids.

■ Exhibit 15: The goat livelihood programme resulted in significant improvement on multiple parameters

Indicators	Unit	Pre-Intervention	Post Intervention
Mortality – Adults	%	20.9	1.4
Mortality- Kids	%	27.0	3.6
Morbidity	%	46.0	22.0
Weight at Maturity	Kg	15.6	25.8
Change in Herd Size	Nos.	4.2	7.4
Sale price per kg of weight	Rs	190.0	210.0
Jidding Interval	Months	11.5	8.5

Source: ITC Ltd Sustainability Report 2019

### Telangana – improving milk and cattle productivity

This project commenced in 2007, covering 98 villages. ITC formed seven Cattle Development Centre committees, mainly covering tribal areas (each covering 10 villages and 3,500 cattle). The community had a herd, but the production of milk and cattle was low. One person from each of these CDC is trained by the NGO and provides advisory service to cattle owners on an ongoing basis. The CDC pays the NGO for this service. ITC had provided a corpus fund of Rs4/5mn at the beginning of the project. The seven CDCs currently have a fixed deposit in the bank amounting to Rs2.6 mn, interest earned from which is used to supplement the income.

The CDC members train farmers on proper breeding techniques, quality of nutrition, i.e fodder, which can be grown, and health care. Farmers whose milch animals are on heat would call the committee member to do artificial insemination, against a service fee of Rs120 per service.

Impact: As per ITC's internal assessment, farmers maintaining the cattle have seen a 50-100% increase in their milk production. Besides, there are more cattle available now for sale due to the higher level of success from AI.

Near exit: ITC provides minimal support now for this project. E.g., ITC spent just Rs36,000 in FY19 on this project, and I understand that this amount has been reducing consistently over the years.

## 2. WASTE MANAGEMENT AND SANITATION

Waste management and WASH		
Program Objective		
WOW Wellbeing Out of Waste	SWM Solid Waste Management	WASH
Promotes a clean and green environment through source segregation and recycling of dry waste	This initiative includes segregating waste at source and minimising waste to landfills and is achieved by (1) running behavioural change programmes for citizens in collaboration with civil societies and municipal corporations; (2) identifying and implementing suitable end-of-life solutions for each waste stream: recycling for dry waste streams and extensive use of composting for wet waste; (3) decentralised community-owned waste management, i.e. pushing waste management closer to the generator.	The program objective is to promote hygienic environment through the prevention of open defecation and reduction in the incidence of water-borne diseases
Launched	2006	
Benchmark and target for 2030	Reduce the incidence of dengue, malaria, viral fever Waste Management – cover 0.6 mn HH, built 40,000 toilets	
Key learnings from across India		
Focus area	(1) Around community and (2) other geographies based on a request, e.g. Temple in Tamil Nadu	
Work on scale	<ul style="list-style-type: none"> <li>ITC works with multiple government organisations including local panchayats, municipal corporations, urban local bodies and zilla parishad.</li> <li>Waste recycling programme: a door-to-door collection of segregated waste. In FY19 51,696 MT of dry waste was collected from 651 wards covering 8.9 mn citizens. .</li> <li>SWM: covered 211,826 households and handled 12,608 MT of waste during FY19. 10,892 HH engaged in home composting and 69% or 147,000 HH practising source segregation</li> </ul>	
Sustainability	<p>The gram panchayat or municipal corporation (or even committees may) charges fees from HH for collecting waste</p> <p>To ensure the sustainability of the programme, particularly in rural areas, ITC has helped form household clusters or Mohalla Committees, to encourage home composting, push waste management closer to the generator, and minimise associated costs.</p>	
Impact Assessment		
WOW Wellbeing Out of Waste	SWM Solid Waste Management	WASH
Created 178 social entrepreneurs and sustainable livelihoods for 14,745 waste collectors	Only 14% waste that is non-recyclable dumped to landfills	Improved hygiene and health, lowered incidence of diarrhoea, increased safety for women

Source: ITC Ltd Sustainability Report 2019, Tameel Research

## Telangana – villages implementing waste management

In Telangana, ITC launched a 'solid waste management' programme in 2018 in two villages covering 175 HHs and targeting a mosquito-free zone.

Here, villagers use magic soak pit for wet waste, while dry waste is segregated into recyclable and non-recyclable waste. Post disposing of the recyclable waste, a mere 7-8% now goes to the landfill vs 100% earlier. The local panchayat has constructed a shed to sort out dry waste. It also purchased pushcarts that can be used by the six women collectors who visit the HH daily to collect the segregated waste. The panchayat pays these women a salary of Rs5,000 per month for half a day of work and charges Rs30/HH per month for providing this service.

The sanitation committee formed has been given training, cross-learning exposure by visiting other sites, and help in capacity building and tech support. Community participation is encouraged by inviting youth to come and help clean the villages for two hours every week.

As per ITC's internal assessment, the incidence of dengue, malaria, and the viral fever has reduced post the program implementation.

## Managing wet waste closer to source in Munger city

In Munger district, ITC runs a Solid Waste Management programme which deals with both wet and dry waste. Unlike the metro and urban areas, waste collection is not very well-organised in small towns. To overcome this challenge, ITC has tied up with the local municipality, while also involving the community to deal with the waste closer to home. While the wet waste is composted closer to the locality, the dry waste is segregated by the collector, who sells the plastic and other waste, and balance nearly, 15% goes to landfill v/s 100% earlier.

Scaling with the help of the Municipal Corporation: ITC has provided 10 composters, which are located close to residential areas. The local Municipal Corporation has so far provided five composters and plans to install 45 more, one in each ward. The composter's body is made of fibre, and it has a life of around 5-6 years. These composters have three sections; all wet bio-degradable waste is put in one section which fills in 30 days. Once it is filled, the garbage collector will open the second section and so on. By the time the last section of the box is half-filled, the first section is ready to be processed as compost. To prevent the garbage box from stinking, holes are made in the box, and the garbage collector puts a mix of haldi, besan, and curd liquid.

ITC has also provided 50 carts and four tippers to transport the waste to the processing site. The Municipal Corporation has added another 100 carts and 6 tippers. After keeping the waste in the composter for 45 days, the dried waste is removed from the first compartment, where it is moved to the central site for further processing. Here it is dried, sieved, and sold as compost after packaging. The compost takes around 3-4 hours to dry in summer, 12-13 hours in the winters and, during monsoons, it has to be covered.

The municipal authorities have provided 6 acres of land for central processing. Currently, around 2.5 metric tonnes of waste is brought here every day, v/s a capacity of 10.2 metric tonnes. The cost of processing is not fully recovered through the sale of compost, and ITC bears 50% of the cost.

Community involvement and fees to sustain project: ITC has formed close to 30 Mohalla Committees across 33 wards each with 10 members covering nearly one-third or 11,000 households. These members are generally retired individuals, teachers, who keenly participate in activities in their region and include ward representative from that area. Each MC covers around 200 HHs. Munger region would need around 150 'MC's v/s 55 formed so far (including those formed by Municipal Corporation). The MCs meet once a month, ensure that the garbage collectors are regular and discuss any issues with the ward representative. To encourage the participation of HH in segregating waste and maintaining cleanliness, the MCs organise events like temple and Ganga cleaning.

The garbage collector used to get paid Rs40 per HH under the ITC programme and also earns some income from the dry waste that can be recycled – e.g. plastic. Since the project has now been taken over by the Municipal Corporation, they pay a monthly salary to these collectors. The authorities would soon start biometrics for the collectors to ensure regular attendance and garbage collection. The municipal authorities charge an annual fee of Rs600 per HH for providing this service. Additionally, the corporation earns an income from the sale of compost. The NGO continues to handhold the Municipal Corporation and manages the processing centre.

### Wet-waste/compost processing centre in Munger



### Processing wet waste closer to home in Munger



### WASH – behaviour change and support for building infrastructure

ITC launched its sanitation programme in 2000. Its objective was to promote hygiene and prevent open defecation plus reduce the incidence of water-borne diseases. This intervention is aligned to the Swachh Bharat Abhiyan. In FY19 alone, ITC helped construct 4,443 household toilets in 26 districts of 15 states. The toilets are constructed on a cost-sharing basis (10-25% paid by HH and the rest by the government) and are followed by awareness campaigns, to ensure ownership and behavioural change. Nearly 468 of the project villages/wards (95%) where ITC is involved have been declared open defecation free by the government.

While the government also provides financial assistance for constructing toilets, it disburses funds only after the toilet has been built. Individuals/villagers may not have the funds to build toilets and this is where ITC steps in. It provides funds to village committees for building toilets at individual residences. When the government pays the villagers these funds, they redeploy them into the community for other users

In addition to individual home toilets, ITC has also been supporting communities without space/land by building community toilets for them. In FY19, it constructed 15 community toilets in Munger (Bihar) and Kidderpore (Kolkata) catchments, with the operation and maintenance being managed through funds generated by the community. Cumulatively, 62 community toilets have been constructed until March 2019, benefitting over 30,000 people. Toilets for community and school children in Munger

### Munger WASH programme

**Community toilets:** ITC, with the help of the NGO WASH, has built /renovated community toilets at six locations on government land. The reason for building community toilets vs individual toilets was the lack of space in the crowded slum with approximately 40 HHs residing there. The toilet I visited in Munger had 2 cubicles for males, 2 for females, a bath area for male and one for female, bath area for children and a separate section for washing clothes. The female toilet also had a sanitary napkin disposal facility. The community collects a fee of Rs50-100 per user per month to pay for maintenance and cleanliness of the toilets.

**Toilet in school:** I visited one of the schools, where ITC has provided the toilet facility. The school has around 140 students, mostly girls. Parents contribute around Rs5-10 per month, and teachers & HMs contribute a small fee per month for the upkeep of the toilet. The female toilet has a sanitary vending machine and an electrical incinerator. The school had a Child Cabinet of ministers in charge of different areas including cleanliness, environment, and health.

### Assessment of individual household and community toilet

The study was conducted in 24 districts of 14 states and used a combination of household surveys, key person interviews and focus group discussions.

#### Key findings

- At HH level, usage of a toilet was around 90%, while at an individual level this was 95-97%.
- Women played a critical role in the construction of toilets as previously they faced problems in defecating in the open. Post toilet construction, 96% of women beneficiaries felt safe since their access to the toilet during the day and night had become convenient and easy.
- Panchayat heads and NGO partners' continuous interaction and awareness activities (mike campaigns and street plays) was successful in encouraging households to construct toilets, increase toilet usage and ensure sustainable operation and maintenance.
- 97% of the respondents confirmed the daily cleaning of the toilet as compared to 65% of control respondents.
- 98% of the respondents felt that toilet construction improved the health profile of family members. 89% of the respondents highlighted that there was no occurrence of diarrhoea among children (age <3 years) post the construction of toilet
- Extensive information and education activities resulted in 95% and 88% of respondents washing their hand with soap after defecating and before meals, respectively.

#### Community Toilets

- All respondents affirmed the usage of community toilets during the day and at night. 62% of the respondents confirmed the daily cleaning of the community toilet.
- In Bihar and West Bengal, all the community toilet beneficiaries paid 'user fees', which in turn is used for operation and maintenance of the community toilet. However, in Delhi, the municipal bodies are responsible for operation & maintenance of the community toilet, including regular cleaning.

Source: ITC Ltd Sustainability Report 2019

## Toilet for community and school in Munger



### 3. ULTRA-POOR WOMEN: RAISING SOCIO-ECONOMIC STATUS

In 2014, ITC launched a programme for the ultra-poor women to improve their socio-economic condition. Bandhan Konnagar is implementing it across all states. This programme is being run in 8 districts of Bihar, West Bengal, Madhya Pradesh, Telangana, Rajasthan, and Assam and, until FY19, had selected 22,700 women. As per the company, 13,795 women who graduated have seen significant progress on outcome indicators such as financial inclusion, literacy, health, water, sanitation, nutrition, and income. 72% of these graduate women have seen incomes triple to over Rs 60,000 per annum from a low of Rs 18,000 per annum (Exhibit 16). The end of the programme target is for women to earn an income of Rs4000 per month and have assets worth Rs20,000.

#### Field visits Telangana and Munger

I had the opportunity of visiting the ultra-poor women programme in both Kodugudem and Munger. In Telangana 2,100 women have been trained in two batches, covering nine blocks/mandals and 160 villages. For the third batch, ITC has enrolled another 1,000 women. Similarly, in Munger, 2,400 women have completed this programme, and 400 will be completing graduation this year.

As explained by Bandhan, it does a participatory appraisal of wealth ranking in the presence of panchayat to identify the neediest women. They also visit their homes to gauge their financial condition. In some cases, these women have difficulty getting even two meals a day. The NGO uses 14 parameters to identify these women based on village surveys. Some of the key requirements for selection is that she is a divorcee, widow or does not have any male member supporting her, i.e. a woman is heading the HH, which has an income of less than Rs 18,000 pa, and the family is struggling to get two meals a day. A committee is formed even in this village which has influential people from the village who try and provide support to this programme.

The programme is run for two years as follows: (1) for the first four months, the coordinator meets the women, in a group and individually, once a week, and pays these women a minimum compensation; (2) the women are provided four refreshers in two years to guide and motivate them. They are provided farm and or non-farm assets worth up to Rs11,000 such as livestock, sarees, groceries/material for the shop, sewing machine). Also, the NGO helps link these women to SHGs for saving and social security programmes. The women are expected to keep a daily record of their activity and the use of assets.

Women in Munger have gone into opening tea, grocery store, selling dry fruits and rearing goats. One of the women I met was now travelling to Patna to buy the dry fruits in bulk. Those that have completed four years under this programme, boasted of having purchased assets like the refrigerator, and accumulating savings in banks.

■ Exhibit 16: Ultra-poor women's project assessment

Ultra-poor women have seen a significant increase in their income post programme implementation

HH income before project Rs/month	HH income post-project Rs/month				% of total
	3000-4999	5000-6999	>7000	Total	
500-999	1,856	3,671	1,678	7,205	52.2
1,000-1,500	1,992	3,354	1,225	6,571	47.6
>1,500	10	6	3	19	0.1
Women Numbers	3,858	7,031	2,906	13,795	
% of total	28.0	51.0	21.1		

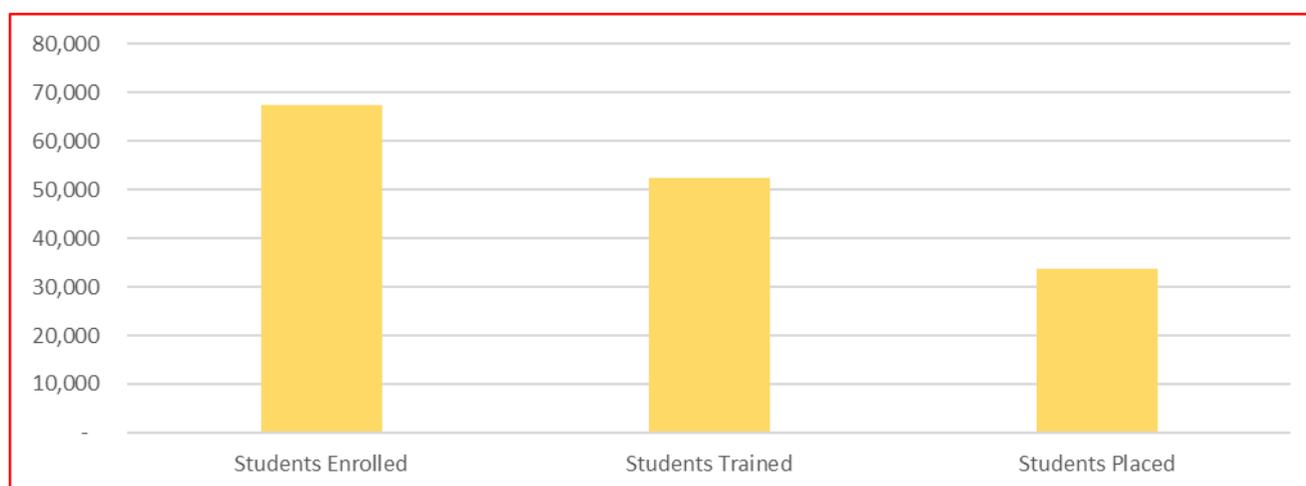
Source: ITC Sustainability Report 2019

## 4. VOCATIONAL TRAINING: SKILLING TO SURVIVE

Under its Vocational Training programme, ITC focuses on providing market-relevant skills to unemployed youth to make them industry-ready and employable. This programme covers around seven skills and has been implemented around ITC's factories and agribusiness catchment areas in 32 districts across 17 states. Since its launch, the programme has covered 67,496 young students, of which, 36% have been from the SC/ST communities, and 44% have been female.

The programme is not meant for self-employed youth but for those seeking employment. The selection of skills to focus on for a particular area is decided based on demand in a given region and aspiration studies. 72% of total enrolment is in hospitality, electrical areas, computer skills, and bedside assistance.

■ Exhibit 17: 69% of all trained students got placements, earning an income of Rs5,000-12,000 per month



Source: ITC Ltd Sustainability Report 2019

### Kothagudem residential facility

In Kothagudem, I visited a vocational training facility, which is being run by the NGO Pratham and focuses on electrician courses. Pratham has rented large premises, which is being used as a residence and training centre. The NGO takes two batches of 30 students each at a time. The programme runs for two months and covers ~300+ students each year.

Pratham mobilises the youth by speaking with the village Sarpanch and SHG groups. The minimum qualification required is 8th standard pass. The candidate/youth has to apply online and accept the training programme by sending an SMS. Post application, a counsellor meets and talks to the young people to ascertain interest in the vocation. The NGO charges a minimal fee of Rs1,000 per student, to entertain serious applicants only. The NGO waives the fees for the impoverished students on a case-by-case basis.

Post-training, ITC and Pratham issue a passing certificate and invite 40-50 employers for placements. Most of the employment may be outside of Kothagudem, and the employers generally provide accommodation and food and pay a salary of around Rs10,000 per month.

Post-placement, the NGO also tracks candidates' performance, i.e. the dropout levels and pay scales, for a period of six months to a year. Pratham has also formed an alumni network for them to connect.

### Girls and boys training to be electricians in Kothagudem



### Munger – hospitality and general assistant courses in demand here

Here, ITC runs its vocational training programme in conjunction with Don Bosco Technical Institute. The two programmes it runs here are Hospitality and General Assistant. Beneficiaries who wish to enrol have to be 10<sup>th</sup> pass and 18 years or above in age.

The NGO manages to attract students (who generally come through references) after talking to village representatives. Don Bosco first runs a formal assessment to check the level of interest amongst prospective students. It invites parents during enrollment as well to expose them to the programme their children would be enrolled in. Students are asked to contribute Rs1000 as fees, which the NGO waives for those living in abject poverty. Generally, the trend has been that students enrolling stay in close proximity of 4-5 km from the classes; also, there is no residential facility for students as in Telangana. The training programme includes lectures, practical training, 2 guest lectures and 1 visit to the relevant establishment. Students also get to interact with alumni.

Generally, 70% of students get placements. The NGO tracks students' performance for one year after employment and finds that 50% stay in the same job, 25% apply for other jobs, and 25% may drop out or completely change their profession. Generally, girls are employed in Bihar, while boys get jobs outside Bihar.

## 5. EDUCATION INITIATIVES TARGETING LEARNING LEVEL IMPROVEMENT

Under its education sector initiatives, ITC has a target to achieve: (1) improvement in learning outcomes for ~1.3mn students, which would bring the latter at par with the best states (as per ASER data) and (2) provide infrastructure support to 4,000 government schools. To achieve these objectives, ITC is working with two NGOs - Pratham and LLF. The former, Pratham, conducts remedial classes, while the latter provides additional classes for out-of-school children in pre- and post-school hours to bring them at par with other students.

The infrastructure support and maintenance that ITC is providing to 1,802 government primary schools and anganwadis create an enabling learning environment. The company has also assisted the strengthening of 682 School Management Committees (SMCs) to enable active participation, ownership, and involvement for sustaining maintenance of school infrastructure. Besides, the company has helped form 545 Child Cabinets and strengthened its presence in all project locations to introduce and spread cleanliness and hygiene in schools.

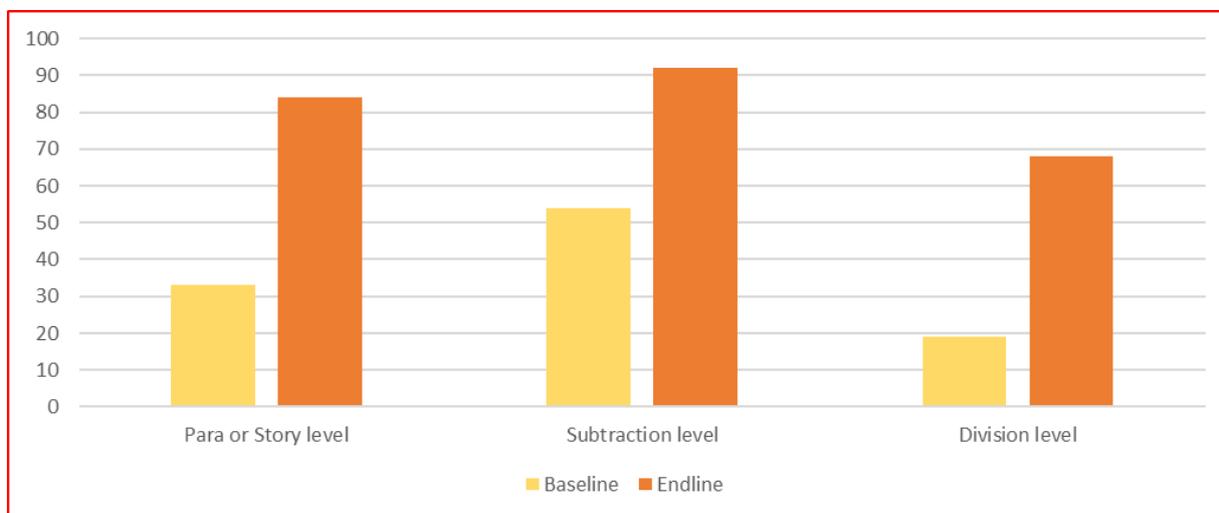
To further its initiatives, the company is now getting involved at the macro level. For example, in Assam and Karnataka, it has started working with education departments. This is a cascade-approach intervention aimed at training government school teachers. In these states, the company with its NGO partners is working with DIET to train master trainers who, in turn, train teachers. A baseline and end-line assessments are done after each training.

### A few takeaways from my visit to a school

Around Kothagudem, ITC has been involved in 52 schools covering 18 villages. It has helped revive and train the School Management Committee and encouraged their involvement in infrastructure maintenance. The Committee took the primary responsibility and raised funds from the community and public to contribute towards infrastructure development, while ITC filled the gap. The programme was implemented in a phased manner, starting with school infrastructure, cleanliness, and remedial classes to improve learning levels. Five of these schools received the prestigious WASH award at the district level and one at the state level. I witnessed the following on my visit to this school:

1. The Telangana school had 75 students from 1st-5<sup>th</sup> standard, learning in Telugu.
2. The school has a 15-member school development committee including parents, teachers, and a headmaster. As per ITC, this committee mobilised funds from corporates and affluent individuals and contributed towards 20% of infrastructure funds. The committee also raises Rs 5-10 per month from parents towards regular maintenance cost.
3. ITC has helped build boundary walls around the schools. Before these walls came, animals would freely defecate in the area or villagers consume liquor, making it unsafe and unhygienic for students.
4. ITC also built toilets (to reduce dropouts), classrooms, dining rooms, kitchens, and provided kitchen sets, i.e. gas cylinder and hob, replacing wood, which was previously used for cooking.
5. Pratham runs a 45 days remedial programme from anganwadi to 7th standard,
6. LLF has worked on remedial modules and conducts 'before and after' school classes for dropouts for 1st-7th standards. Children are grouped, based on their learning levels.
7. ITC helped form a Child Cabinet to encourage students to take up environment and cleanliness causes around the schools. This five-member Cabinet comprising students checks that all students keep their nails clean, hair tied with ribbons, and toilets clean. It also ensures that students maintain hygiene after toilets by washing their hands after using toilets and before having food. It also ensures that the gardens are kept in good condition (by removing weeds and planting trees). This Cabinet holds a monthly meeting and regularly updates the headmaster about any issues.

■ Exhibit 18: ITC's impact assessment of its Read India Programme shows significant improvement in learning level  
 Learning levels for primary (FY19)



Source: ITC Ltd Sustainability Report 2019

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