

Minutes of the 95th Board of Trustee Meeting of Coastal Association for Social Transformation Trust held on 17th November, 2017 at COAST Principal Office, House-13, Road-2, Shyamoli, Dhaka.

Member participated:

1. Begum Shamsun Nahar, Chairperson
2. Minar Monsur, Vice-Chairperson
3. M. Zahirul Alam, FCA, Treasurer
4. Dr. Tofail Ahmed, Member
5. Dr. Abbas U Bhuiya, Member
6. Ruma Akter, Member (from PO leader)
7. Rezaul Karim Chowdhury, Ex-officio Secretary (Executive Director, COAST)

Agenda transacted:

1. Review of the last 94th BoT Meeting
2. Review of internal audit section report
3. COAST Governance
4. Procurement Policy for Emergency Response
5. Micro finance and financial trend analysis
6. Gender development and HR status
7. Legal Procedures status (Case update)
8. Bad debt mobilization
9. Project Information matrix
10. COAST Rohingya Response Strategy paper
11. Money laundering compliances of MRA
12. Renewal of NGOAB registration
13. Any other Business (AoB)

The meeting has been started with the welcome address from the Chairperson. The decisions and major discussions of the meeting are as follows.

1. Review of the last 94th BoT meeting minutes

- a. **Agent Banking:** AD-CP informed that COAST has planned to introduce agent banking system instead of mobile banking since mobile banking operation is high cost of transactions and other infrastructure deficiencies. He also informed that an agreement has been made with Midland Bank to introduce agent banking at Torabgonj branch, Laxmipur which will be kick-off from 1st January, 2018. The board has appreciated the initiative and approved it.
- b. **Follow up top-10 branches based on the outstanding:** Standard format has been developed regarding financial security audit for top outstanding branches with view to focus the status of bank transactions, loan disbursements, daily collection and depositing process into bank, asset management etc. and reported to Executive Director by central finance section. DD-FC&CA informed that due to shortage of staff in finance section, the audit could not be conducted from Sep-Nov'17. But it is planned to audit 5 big branches by Jan'18.
- c. **Reporting on Syndicate Loans:** In next BoT meeting the AD-CP will present the progress and performance on the realization of syndicate loans which was identified by COAST internal audit section.
- d. **Overdue situation:** The board again expressed their concern for increasing the overdue in Cox's Bazar area comparing to other areas. The board also suggested to give special support to improve the situation and strengthening monitoring and support supervision in there.
- e. The Chairperson and other members of BoT informed that the group members and other persons from COAST working areas sometimes make phone call to them and like to visit their house and the situation is increasing day by day. In this regard it is decided that the house address and mobile no of all BoT members will be removed from COAST website and COAST annual diary. The board also requested to create separate

email IDs for all trustees rather than their personal IDs. DD-FC&CA and Head-ICT will take necessary measures in this regard.

2. Report from internal audit sections (MF program)

Internal audit section has presented the summary of audit findings from Sep-Oct'17 (2m) and during this time total 14 branches were audited. Major observations are as follows,

- i. **Financial Misappropriation:** Misappropriation **observation has been decreased in latest audit.** The amount of misappropriated money is **Tk. 4.42 lakh which was earlier Tk.5.06 lakh.**The major portion of misappropriation happened in two branches (Khasherhat: Tk.3.61 lakh and Pekua: Tk.26,278).Total Tk.4,42,279/- has been realized instantly and rest of the amount Tk.1,53,525/- is under process of realization. Head-IA informed that total 45 staff are engaged with misappropriation case which is 46% of total MF staff (CDO).

The board also instructed to prepare a misappropriation status report (staff and branch wise) comparing with last year and presented it in next meeting through graph. The report will also include the steps taken by COAST for boosting up the morality of staff and team building.

- ii. Apart from the above observations, there are also in practice of financial irregularities in daily transaction like without taking any formal approval, loan disbursement violating rules & process and savings withdrawal and administrative expenses at MF branches. These are common phenomena and similarly critical for monitoring and financial discipline.

3. COAST Governance:

1. The Executive Director informed that as per MRA compliance COAST needs to form two committees which are, General Committee (GC) and Executive Committee (EC).

(i) General Committee (GC): The member size of the GC will be minimum 15 and maximum 31 where minimum 2 female members will be compulsory. There are no any clear instruction regarding tenure of the GC and minimum one meeting will have to be organized in year.

(ii) Executive Committee (EC):The member size of the EC will be minimum 5 and maximum 10 where minimum 2 female members will be compulsory. This EC will be elected from GC. Its tenure will be for 3 years and every 9 years and afterward the members will be changed. Minimum 4 meetings have to be organized in a year.

The board opined that registration process can be started with joint stock company in order to form General and Executive Committees as a part of MRA compliance. It is also needed to sort out how other organizations are managing their programs apart from Microfinance like BRAC and others. The board also instructed to scan whether MF program can be run through joint stock company as separate registration and other non-MF program can be done under Trust act.

The Executive Director informed that an advocate has been appointed to examine all these matters and may attend in next BoT meeting. in that meeting the advocate will present/brief the registration process like constitutions and governance, member inclusion and change, nature of Trust act, coordination between joint stock and Trust, approval authority of the committee of GC and EC (joint stock or Trust ?) etc. The board has accepted the proposal and given instruction to ensure his participation in next meeting.

The Executive Director stated that as per MRA rules the tenure of most of the trustees will be ended by next April 2018 (maximum for 9years) and has presented a matrix in this regard. The ED also informed that the existing trustees can be stay at GC. The board reviewed the matrix minutely and has decided to discuss it more in next BoT meeting. Board also proposed to form the EC with existing trustees as a part of fresh engagement under Joint Stock registration and it would be subject to the agreement of MRA compliance.

4. Procurement Policy for Emergency Response:

The Executive Director informed that COAST needs to introduce an emergency procurement policy a part of existing general procurement policy. The objectives of the policy are,

- (i) To purchase food, medicine and other necessary materials for disaster affected area and families
- (ii) To deliver food and non-food items to the disaster affected people and families in a short period as well as the timeline given by donor(s).

The ED informed that, in to the proposed policy, the approval limit has been increased and also made flexible the quotation collection, vendor selection, giving work order and final payment. But formation of committee will be same of existing policies. The board gone through the policy profoundly and requested M Zahirul Alam FCA (Treasurer-BoT) to review the policy with existing policy before its final approval. The Treasurer-BoT has accepted the proposal.

5. MF Trend analysis:

Asst. Director-CP has presented the MF trend from Jan'17 to Sep'17 and the discussions are as follows:

- i. (a) Micro finance programs loan outstanding reached BDT 169.63crore in Sep'2017. The loan outstanding has been increased up to 22.54crore than Jan'17. (b) The trend of member balance is also increasing. End of Sep'17 the balance is 1,07,188 which is 4,690 more than Jan'17. Gradually net savings have been increased Tk.7.73crore than Jan'17.
- ii. **Overdue seen as increasing trend:** End of Jan'17 the overdue balance was Tk.4.88crore and end of Sep'17 the balance is Tk.5.99crore and it has been increased about Tk.1.11crore than Jan'17 i.e. 23% has increased. The board has expressed their deep concern for increasing OD balance and given instruction to take necessary measures to arrest it.
- iii. **Accumulated Surplus:** The accumulated surplus/capital fund trend is also upwards. End of Jan'17 it was tk.19.33crore where and end of Sep'17 it is tk.26.27crore. Net increased Tk.6.94crore.
- iv. **Funding Composition:** COAST has received loan fund from PKSF, SF, different banks, members savings fund and staff welfare fund and end of Sep'17 the net loan fund was Tk.93.65crore as liability. Among this amount banks portion is 19%, member's savings fund (31%), PKSF/SF fund (31%), own capital fund (14%) and staff welfare fund (5%). The board has instructed to increase the ratio of own fund by declining the dependency on others.

6. Gender development and HR status :

Gender :

The AD-HR & Gender has presented the gender development policies and its actions to the board like its objectives, importance, discussion issues, possible solutions and challenges. The board appreciated the initiatives and suggested to

- (i) present the specific report, result oriented and numeric figure in respect of gender actions including case study.
- (ii) follow the Govt. rules in respect of punitive measures,
- (iii) to keep attention whether the members are being dominated or exploited during loan receive
- (iv) prepare a report on reporting flow chart and actions (what, to whom and how?)
- (v) actions should be done through committee
- (vi) to present a change matrix on revised gender policy in next BoT.

Human Resource :

The AD-HR & Gender also presented the human resource status of COAST. She mentioned that at present COAST total staff is 1173 including MF and donor projects. As a part of disciplinary actions warning letter (to 19 staff) and Salary deduction (to 17 staff) have been made during July-Nov'17. During this period 249 staff joined and dropped out 24 staff. The present male and female ratio is 55 : 45.

The board has advised to mention the male and female ratio and numbers in all reports.

7. Legal procedures status (Case update):

There are total 42 police cases are running till November 2017 where MF program is 40 and Solar Home is 2 nos. Total 5 cases have been settled down (mitigation) located at Cox's Bazar (4 nos) and Noakhali (1 no). Till November '17 COAST has able to realize Tk. 10.31 lakh where expense was made Tk. 5.75 lakh.

8. Bad-debt Mobilization:

The Director has presented the latest performance (end of Oct'17) and progress on written-off and bad debt mobilization. The report said that and shown that Tk.90.79 lakh is collected which is 39% against the target from June'14 to Oct'17. Against this collection an amount of Tk.14.09 lakh has spent as food allowance for the engaged staff for collecting bad-debt.

9. Project Information Matrix:

The Director has presented a matrix on the latest scenario of ongoing project and their progress into the meeting. Total projects are 16 including Rohingya emergency projects (5 nos) at end of Oct'17. The estimated budget for these projects were Tk.320.78 million. Till the date, the projects have received the amount of Tk. 181.26 million and the fund utilization rate is 79%.

10. COAST Rohingya Response Strategy paper:

AD-SA&DRR has presented the strategy paper on Rohingya response mechanism, its matrix and organogram. Mr. Tutul mentioned that COAST has the partnership with CARE, Dun Church Aid, Tearfund, Mercy Malaysia, Oxfam and UNICEF to implement Rohingya Emergency Support Program at Ukhiya and Teknaf in Cox's Bazar. The objectives for addressing crisis for Unauthorized Myanmar Nationals are,

- To respect, defend and uphold human rights and refugee rights,
- To provide basic support of livelihood, health, awareness and education
- To address and promote cross cutting issues of saving of environment, recycling, respecting existing institution of Rohingyas and their values, involvement of their existing opinion leaders
- To start working with host community especially with health, children and adolescent protection, human right and refugee right awareness, environment protection, and advocate with donor community to work for host community,
- To ensure Local level effort for accountable CSO and NGO building,
- To continue advocacy in national level for responsiveness to refugees and encourage government for political advocacy at international level.
- To do advocacy and mobilization in international level for responsiveness and to bring Myanmar government to the Hague international court of justice

As a part of program COAST has given following inputs for program implementation,

- International Refugees law and Human Rights Law printed and oriented
- Food and shelter assistance, medical camp with nutrition support, education for children and adolescent through *Moktab* and ECDC, WASH points
- Awareness and system for recycle management
- Technology transfer solid waste management
- People organization among Rohingya people taking responsibility on distribution and site management
- Regular meeting and event among Cox's Bazar NGOs and CSOs
- Workshop on Localization Grand Bargain, WHS commitment, Charter for change and Principal of Partnership
- Mobilization of event, seminar with government and international actors,
- Organized procession and movement
- Deploying journalist and crime reporter for fact findings
- Capacitated Rohingya people for preserve documents and submit to Hague IC Court

11. Money laundering compliances of MRA:

The Director has informed the board that COAST has been following the Money Laundering Act-2015 (amendment) properly. The issue regarding money laundering, terrorist financing, smuggling and illegal drug issues have been discussion in each group meeting as well as staff meeting. From Jan'17 to Oct'17, total loan disbursement was made Tk.342.96 crore and Savings balance end of Oct'17 is Tk.58.45 crore and the group members have invested their loan at right schemes. No any illegal financing has been reported for money laundering, terrorist financing, smuggling and illegal drug purpose. The savings fund of borrower also been utilizing properly in MF program and also as FDR.

The Director also mentioned that the donor projects are also being maintained properly. From internal audit section and also from central finance section, the audit and financial monitoring have been doing as per plan. No any suspicious and irregular/abnormal transactions have not been made within the organization.

The Director also informed that it is mandatory to discuss the issues at every group meeting and staff meetings, so that the members are aware on money laundering, terrorist financing and other illegal engagements.

12. Renewal of NGOAB registration

The Secretary informed the board that the five years tenure of COAST registration with NGO Affairs Bureau (NGOAB) will be expire by 24th February 2018 and is required to renew the registration from NGOAB for next period. The board has approved it and has given instruction to take all sorts of necessary actions in this regard.

13. AoB:NA

Having no other discussion, the Chairperson has concluded the meeting with vote of thanks.

Prepared by

Approved by

Rezaul Karim Chowdhury
Executive Director and
Ex-Officio secretary-BoT, COAST

November, 19, 2017

Chairperson-BoT
COAST Trust