

Minutes of the 100th Board of Trustee (BoT) Meeting of Coastal Association for Social Transformation (COAST) Trust held on 29th June, 2019 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. Ruma Akter, Member (PO leader, Cox's Bazar)
6. Halima Begum (PO leader, Bhola)
7. Rezaul Karim Chowdhury, Ex-officio Secretary (Executive Director, COAST)

Agenda transacted:

1. Review of the last 98th and 99th BoT Meeting
2. Plans and Budget 2019-20 Fiscal Yr.
3. Possible persons to be invited as the General Council Members
4. Micro finance and financial trend analysis
5. Brief summary of Internal Audit section
6. HR development status
7. Gender development report
8. Appointment of External Audit Firm
9. Reinstatement of ED as Member-Secretary and Extension of ED's job tenure
10. Money laundering compliances of MRA
11. Any other Business (AoB)

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

1. Review of the last 98th and 99th BoT meeting minutes:

- a. **IDCOL Loan:** The Secretary informed that COAST has successfully repaid all IDCOL loan against Solar Home System which is almost Tk 2.00cr. A loan clearance certificate has also been taken from IDCOL.
- b. **Reporting on Syndicate Loans:** Board has suggested to develop a system to identify those MF staff specially CDO and BM who are involved with for providing syndicate loans. Due to time constrains and pre-occupation of the program activities, the pre-decided study on syndicate loan could not conduct with an objective to identify the reasons like who paid, why paid, recovery strategy, financial and program impact etc. DD-CP informed that the study will be conduct by July'19 and a report will be present in the next BoT meeting in this regard.
- c. **Postponed of Joint Stock Registration:** The Secretary informed that COAST has postponed the joint stock registration due to as yet selection of GC members and the process is quite complicated and time consuming. The secretary also informed that there are some other peer organizations who yet registered with joint stock companies rather have formed the GC and EC as per MRA compliance and have been running the organization under either Trust Act/Social Welfare/Cooperatives.
- d. **Withdrawal of suspended certification by HQAI:** The Secretary informed that the HQAI (Humanitarian Quality Assurance Initiatives) was held up its certification due to some lacking on policy implication and its practice. Based on this and as per recommendation of HQAI, COAST has prepared seven additional policies and two formats, which are approved by the BoT during its last 99th BoT meeting. These approved policies later on submitted to the HQAI for their further review and interview and finally has reinstate the certificate. The board appreciated COAST for its positive and productive measures.

2. Plans and Budget FY2019-20 :

The Director presented the plans and budget for the year 2019-20 and its execution plan. The EC has primarily approved the plans and budget and given instructions to take some necessary revision on it. Besides, the EC also instructed to include MF investment and its fund management in to the budget in order to see the total financial reflection for the new year and also instructed to present it in to next EC meeting. The Director briefed the followings.

A. Major achievement in 2018-19

- New branches are (10 main branches and 02 sub-branches) open.
- 86% achieved of Business Plan
- Well managed of FDMN projects

B. Not achieved

- Required fund for MF
- Overdue arrest at a satisfactory level
- Fund manage for Community Radio.
- Staff misappropriation.

C. Major Plan & Strategies

- OD realization will be emphasized through giving special support from Principal Office.
- Establish the community radio station in Cox's Bazar.
- Managing more fund from private sectors for revolving credit fund.
- Management and monitoring streamlining for MF and the projects.
- Strengthen the climate change adaptation through CITEP.
- MF new branches will not be extend rather will increase the branch wise loan outstanding and per CDO member coverage.
- MF loan disbursement plan is Tk 467.57cr during the FY2019-20 and there is fund deficit of Tk 27.00cr which will be arranged from 05 different banks.

D. Comparative Financial Plan (Expenditure Budget)

- Proposed budget Tk.617.92cr (11% increased) including MF investment and repayments Tk 525.40cr.
- Net surplus from MF is Tk 8.10cr (86% increased than last year) and for Organization (global) Tk 7.02cr (100% increased than last year).

3. **Possible persons to be invited as the General Council (GC) Members:** The Secretary informed that at present the BoT has total 07 members including 02 PO leaders from Bhola and Cox's bazar and in order to form GC members it should be minimum 15 and maximum 31 members. To make-up this gap the secretary has proposed the following names as possible GC members and they are,

(i) Nurul Alam Masud (Head Executive-Participatory Action Network (PRAN, Noakhali), (ii) Mobashir Ullah Chowdhury (Social Activist, Bhola), (iii) Abu Morshed Chowdhury (President, Coxsbazar Chamber of Commerce), (iv) Dr Alauddin Mojumder (Ex-Director-Health, Ctg Division), (v) Dr. Md.Shah Alam Sharif (Civil Surgeon, Patuakhali (Retired), (vi) Mahamuda Kathun (PO leader, Laxmipur), (vii) Farjana Begum (PO leader-Chattogram) and (viii) Beauty Akter (PO leader- Barishal). Member inclusion will be finally approved as GC members in the next BoT meeting to be held on 20 July, 2019 at Principal Office. The board urged that COAST should need more female and finance related professionals in the board.

4. MF Trend analysis:

The DD-CP has presented the MF performance up to May 2019 and the major discussions were,

- Up to May 2019, some indicators related with MF operational performance are as following;
 - **Outstanding:** Though loan outstanding Tk 33.51cr (17%) is increased at the end of May'19 than July'18, but this is an increasing trend.
 - **Overdue:** End of June the Overdue balance was Tk 6.02cr and end of May'19 it stood Tk 10.65cr which is increased Tk 4.63cr (77%) by 11months.
 - **Surplus:** Surplus made from July'17 to May'18 (11m) it was Tk 8.43cr and from July'18 to May'19 (11m) was Tk.4.12cr i.e. 51% is decreased. This is alarming that in spite of increasing the loan outstanding the surplus trend is declined.
 - **Savings:** End of June'18 the savings balance was Tk 67.04cr where end of May'19 it was Tk 77.35cr i.e. 15% is increased.
- The DD-CP proudly informed that COAST has been selected for the Citi Micro Entrepreneurship Award (CMA) for the year 2019 as a creative MFI category (2019) for its work in uplifting the underprivileged. There are Over 300 entrepreneurs and 50 MFIs are competed for getting this award. The prize giving ceremony will be held on 3rd August 2019.

The DD-CP stated that as a part of ongoing commitment to recognize initiatives by micro entrepreneurs in order to strengthen the global entrepreneurial spirit, the Citi Foundation in

Bangladesh has been organizing the Citi Micro entrepreneurship Award (CMA) program successfully since 2006 with the assistance of local MFIs and networking organizations.

5. Brief summary report from Internal Audit section:

Internal Audit section has presented their audit report and summary observation on 66 branches during the period on Oct 2018 to May 2019. There BDT 75,58,804/- has been identified as misappropriation and tk.10,92,045 is realized. COAST has been trying to realize the rest of the amount from the staff and in some cases, legal procedures will be adopted. Apart there following decision made to be implemented;

- i. A follow up will be done in Noakhali and Sonapur branches on the progress of realization money and report will give by 30th July 2019 by audit section.
- ii. Director will visit Banskhali branch and follow up on same issue with reporting.
- iii. Legal measures will be adopted after 2 month by August 2019, if satisfactory performance not achieve in realizing the money from the staff engages with misappropriation.
- iv. Staff are engaged with misappropriation in connivance with beneficiaries in loan disbursement process and a portion of loan taken from members after disbursement.
- v. A Development education lesson will be prepared for members on the issues of transaction with staff, misappropriation responsibility & liability. Apart from this the loan application form also will be revise including a clause on “transaction & misappropriation liability if happen between staff and members”.
- vi. A case study and report to be prepared for organizational learning on misappropriation by staff and its management strategies.
- vii. Checklist and an observation report to be prepared on syndicate loan mentioning;
 - (i) Why it's happen, (ii) Process of detection and monitoring, (iii) Realization and impact and (iv) Organization learning.

6. HR development status:

The AD-HRM has described the changes and progresses of HRM from March to May, 2019. She mentioned that COAST Trust is running total 17 projects for social development and FDMN (Forcibly Displaced Myanmar Nationals) besides the core programs. She mentioned that currently total 1492 staff are working in the organization. Out of that 737 staff are working in MF, 251 staff are working in the projects related to social development and 431 staff are working in the projects for FDMN. 60% of total staff is male and 40% is female. She also mentioned that HRM functions and reporting process will be easier, smooth and accurate when HR software will be used in HR functions in a full swing and the data entry and constructions of software are going on. The board has suggested to arrange more training to create leaders.

7. Gender development report:

AD-GTCR has presented the gender development report end of June'19. She mentioned that Gender Relations Development meeting is organized on quarterly basis with an objective to (i) Create gender-friendly and sexual harassment free environment and (ii) to increase gender sensitivity among the employees and members of the organization. Through this meeting, the male staff are now more active in sensitive behavior towards women. COAST is also planning to organize gender development meetings for male staff and to preserve sanitary pads for female staff at all offices.

She stated that, under the MeToo campaign all staffs are given orientation about the campaign, its objectives and its role. Besides, new gender relation development committee has been formed in the Barisal region consisting three members. She mentioned that the female colleagues are getting following facilities from COAST like, (i) Female staff are not allowed to do job after 5 pm. In case of urgent need to attend office on holidays, then it must be in the presence of another female staff. Otherwise they would not be forced to do office and (ii) Child allowance is increased which is Tk 500/- on monthly basis. Earlier it was Tk 300/-.

8. Appointment of External Audit Firm :

The DD-FC&CA has informed that the present external auditor S.F.Ahmed & Co (Chartered Accountants) has finished their three year audit FY2017-18 with COAST and hereby needs to appoint new audit firm. Accordingly the DD-FC&&CA has prepared a draft audit ToR and submitted the profile of three audit firms (i) Howlard Yunus & Co, (ii) Hussain Farhad & Co and (iii) MABS & J Partners. After review the profile, the Treasurer-BoT (M Zahirul Alam FCA) has proposed Howlard Yunus & Co to appoint as a new external

auditor for the year FY-2018-19 and the audit fee will be Tk.1,75,000/- excluding VAT. The board as accepted the proposal and requested the Treasurer to sign the appointment letter on behalf of BoT.

9. ED as Member-Secretary and Extension of ED's job tenure:

The Chairperson informed that being a founder Executive Director, M Rezaul Karim Chowdhury should also be act as Member Secretary of the Board of Trustee. She stated that at the beginning of the organization Mr. Reza had been acting as Member Secretary of Board of Trustee and later on the position was postponed. Now the board comprehended that the position "Member Secretary" should be reinstated along with the present position of ED. The Board has accepted the proposal hereby approved the position and now Mr. Reza will act as Member Secretary of the Board of Trustee as well as Executive Director of the organization.

Considering the contribution to the organization, its expansion (both horizontally and vertically), national and international reputation and linkage, management leadership, knowledge and experience; the Board has approved to extend the job tenure of Mr. Reza up to his age of 70 years subject to his fitness for holding the position of ED. The Board also approved that if Mr. Reza (being a Member Secretary) would want to resign or retirement from ED's position and want to join to the Board then he can do this. During that time, the Board will select a new ED for COAST.

10. 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. The group members have invested their loan at right schemes. From July'18-May'19 (11m) total loan disbursed Tk.358.54 Cr, Savings collection Tk.69.31 Cr, Loan Outstanding Tk.225.96 Cr and Members Savings Balance was Tk 77.35 Cr. He mentioned that no any illegal financing has been reported for money-laundering, terrorist financing, smuggling, illegal drug and any other illegal engagements or purpose. The savings fund of borrower also been utilizing properly in MF program and also as FDR.

The Director also stated that the donor projects are also 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 been made within the organization.

12. AoB:

The Treasurer-BoT has visited Chandgaon Branch office under Chattogram Region as on 19th June'19 for MF program. He also met with BM of 05 branches, 03 Area Managers, RPC, CDOs of Chandgaon Branch and has reviewed the MF trend and its BP status. He observed that (i) staff quality of the program is not up to the mark and needs to improve quality either by giving training or further recruitment, (ii) Overdue situation is alarming and upwards and (iii) Not achieved the per CDO member coverage in spite of availability of fund. Otherwise, overall situation of the branch and region seemed okay.

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

Prepared by

Approved by

Rezaul Karim Chowdhury
Member Secretary and Executive Director June 30, 2019
BoT, COAST

Begum Shamsun Nahar
Chairperson-BoT
COAST Trust