

Minutes of the 115th Executive Committee (EC) Meeting (face to face and virtual) of COAST Foundation held at COAST Foundation Principal Office on 24th June, 2022 at 10:30am

Member participated:

1. Professor Tofail Ahmed PhD, Chairperson
2. Gawher Nayeem Wahra, Vice-Chairperson
3. Mostafa Kamal Ahmed, FCA, Treasurer
4. Jasmeen Sultana Paru, Member-EC
5. Jacob Kumar Sarker, Member-EC
6. Anjulika Khisa-Member, Member-EC
7. Rezaul Karim Chowdhury, Member Secretary (Executive Director, COAST)

Agenda transacted:

1. Review of the last 114th EC Meeting minutes
2. Internal audit findings report discussion from 28th Pre-EC Audit Meeting
3. MF Trend Analysis
4. Organization Finance and Budget Variance
5. Budget and Business Plan for new FY2022-23
6. Policies Revision
7. Comparison of Program Output (3years)
8. GRD and CRM response mechanism
9. Status of Legal Action/Cases, Update
10. Ext Audit ToR (Draft) and new appointment for the FY2021-22
11. HRM Status Report
12. Money laundering compliances of MRA
13. Any other business (AoB)

The Chairperson started the EC meeting with welcome note to all EC members and other COAST staff participants and remembering deeply who sacrificed their lives for the independence of the country in the Independence Day of Bangladesh, 26th March, 2022. The Chairperson said that, by shedding blood of 3 million martyrs, disgrace of millions of mothers and sisters and nine-month war, Bangladesh got the independence. The spirit and slogan of the liberation war are Nationalism, Socialism, Democracy and Secularism to build a nation in establishing a democratic and non-exploitative society.

The major discussions and decisions of the meeting are as follows.

1. Review of the last 114th Executive Committee (EC) meeting minutes:

- a. Total 31 MF branch and 03 donor project are audited during the period from Dec'21 to Feb'22. Major observations are, (i) Misappropriation of money, providing syndicate loan and illegal fund adjustment still happening, (ii) lacking found in respect of approval process, vendor selection, VAT & Tax deduction and deposit in due time.
- b. The meeting has given thanks to MF Operation for showing good performance from July'21 to Feb'22 (8m) in context of COVID pandemic. Meeting found that the member balance and borrower balance both are increased at satisfactory level. Also increased the loan portfolio, which supposed to cross the target that was set for the FY2021-22. The meeting also expressed their concern on proper planning for overdue management and syndicate loan since these are also increasing and needs appropriate forecasting for fund management, and financial possible risk.
- c. Up to Feb 2022, the total budget utilization rate is 79% and as cumulative it is 54%. The meeting also expressed their concern for over expenditure on office running cost, Travel, establishing Radio Saikat, medical treatment (including COVID), and Fuel & Gas for vehicles and generator.
- d. The secretary informed that COAST still trying to solve the dispute problem of 21decimal land in Sonarpara, Ukhiya. The secretary also informed that land usage approval from CoUK (Cox's Bazar Unnayan Kortipokkho) will get by July'22 and construction work approval will get by August'22. The meeting given thanks for updating the overall progress of the Sonarpara campus construction activities.

- e. The Secretary informed the meeting that COAST has been following the Money Laundering Act-2015 properly until to date. The issue regarding money laundering, terrorist financing, smuggling and illegal drug issues are being discussed in each group meeting as well as staff meeting. These issues also mentioned in the passbooks so that the member participants can follow and be strict during spending their money taken from the organization.
- f. Where the Treasurer-EC proposed and the Chairperson-EC approved the minutes of 114th Executive Committee Meeting (ECM) held on 26th June, 2022 with the consent of all other EC members.

2. Internal audit findings report discussion

Director-IA&ME has presented the major findings from internal audit section as follows,

Microfinance:

- i. Total 29 MF branch and 03 donor projects are being audited during the period from March to May 2022. Major observations are,
 - ii. Tk.1,42,505 identified as misappropriation by 80 (43%) staff where Tk.1,41,198 are realized and Tk.1,307 to be realized during final payment as two staff left the organization.
 - iii. The ED has expressed his concerned about major misappropriate happened by one staff (Tk.76,182) in Dagon Bhuiya branch. The Director-CP has brief the reason of the incident, and its action and regulatory measures on this.
 - iv. Some financial irregularities e.g., lack of approval, illegal fund adjustment etc. also been observed during audit. In this regard the Treasurer advised for timely action and properly.
 - v. Informal syndications are observed among the loanee in 10 branches among 29. Around Tk 37.20 lac was disbursed to 57 members and among them 23nos are syndicators, their loan outstanding is Tk 15.74 lac, and from this amount 47% loan outstanding [Tk 7.38 lac] has already gone overdue.
 - vi. Meeting has expressed their deep concern on it and has advised to pay proper follow up on it.

Projects:

- i. 03 donor project [A2Jus, UNHCR and ACCORD] are audited from IA section. Major observations are,
 - ii. Lack of following proper procurement process, misappropriation, over payment made, wrong posting of expenditure and VAT and Tax have not properly deducted and deposited to govt. treasure.
 - iii. Treasurer suggested orienting the accounts staff, strengthening follow up and monitoring in this regard.

3. MF Trend Analysis

The Director-Core Programs presented the Micro Finance trend analysis up to February, 2022, where major observations are;

- i. At the end of May 2022, total branches are 107. Total member is 1.51 lac and loanee is 1.26 lac (83.4% of member). Performance trend observed as positive growth due to increased demand in the field.
- ii. Total MF portfolio is stand on May'22 as Tk. 414.60 cr is satisfactory and will reach to Tk. 500 cr by the end of this year (end of June'22).
- iii. Surplus is observed increasing trend [137% achievement than target] during this financial year. From July'21 to May 2022, MF program has made a net surplus Tk. 12.23 cr against the target of Tk. 8.9 cr
- iv. End of May'22, the accumulated surplus/Capital fund is stood as Tk. 56.15 cr.
- v. Portfolio at Risk [PAR] is 8.40% which is continuously reducing after pandemic and expected to go below 5% by end of the financial year (end of June'22).
- vi. He also presented an analysis on following portfolio management indicators.
- vii. Salary cost 41% of total operational expenditure, which is below the national standard and average.
- viii. Cost of fund 28% a little bit high due to fluctuation of payment schedule & interest provision.
- ix. Administrative cost is 9%.
- x. Bank Liability is Tk. 75.37cr which is 18% of total fund. And

- xi. Debt to Equity ratio is 6.20:1. Portfolio yield is 20% and Rate of Return is 3.69%. Based on the indicators, organization has gained a Credit Rating "A" for long term and ST-3 for short-term perspective.
- xii. The meeting has given thanks to MF Operation for this achievement and expressed their concern on proper planning for overdue management and syndicate loan and appropriate forecasting for fund management and financial possible risk.

4. Organization Finance and Budget Variance

The Director-FCC&EA has presented the financial position and budget variance up to May 2022, where major observations are,

- i. Up to May 2022, the total budget utilization rate is 79% and as cumulative, it is 40.65% comparing the percentage with total annual budget for the FY2021-22.
- ii. Some of the expenditures have crossed the budgetary allocation and these are Office running cost 105%, Travel 132%, Radio Saikat 124%, Fuel & Gas 178%, and General Medical support 240%.
- iii. The over expense has been made due to increase cost at all level and increased field visit for monitoring and others. The Treasurer suggested preparing next year plan considering the price hike and real needs.
- iv. The meeting appreciated that COAST has paid VAT & Tax around Tk. 85 lakh end of May'22 and there are no due in this regard since these are paying timely. COAST is expecting that end of June'22, the total VAT and Tax will around Tk. 95 lakh.

5. Budget and Business Plan for new FY2022-23

Director-Core Programs presented the Business Plan of Micro Finance Prog. the FY2022-23. He mentioned that,

- i. No of branch will be remain unchanged i.e. 110 like last year (FY2021-22).
- ii. At the end of 2022-23 the total number of member participants will be 171,831 which is 12.47% more than that of last year (151,916).
- iii. The outstanding balance at the end of 2022-23 will be BDT 522.55 crore (US\$ 56.18 m). This is 25.14% above from last year (BDT 417.56 crore- \$44.89 m).
- iv. The member savings at the end of the year 2022-23 will be BDT 213.85 crore (\$22.99 m) that is 23% higher than that of 2021-22 (BDT 166.95 crore-\$17.95 m).
- v. During 2022-23, RLF will be needed BDT 185.20 crore (\$ 19.91 m). It is expected to manage the amount of BDT 55.00 crore (\$ 5.91m) from PKSf and BDT 121.00 crore (\$13.01 m) from commercial banks and BDT 9.20 crore (\$ 0.99 m) from organizational statutory funds (Provident Fund, Gratuity and Staff Welfare Fund) as loan.
- vi. During the year of 2021-22, the organization received BDT 158.03 crore (\$ 16.99 m) from different commercial banks and PKSf and paid BDT 115.24 crore (\$ 12.39 m) as per repayment schedule.
- vii. This year the cost of fund is BDT 26.45 crore (\$ 2.84 m) which 24% increases from last year (BDT 21.38 crore-\$ 2.29 m) due to receiving more RLF from banks, PKSf and increased amount of group savings. The cost of fund includes the interest payable to group savings, PKSf, organizational statutory funds and private banks for using their fund as RLF.

Director-FCC&EA presented the new year budget (FY2022-23), last year budget utilization and its fund management in to the meeting. He mentioned that,

- i. The budget for the year 2021-22 was BDT 929.85 crore (\$ 99.99 m) where the operating cost was BDT 71.71 crore (\$ 7.71 m). The total expenditure was BDT 892.10 crore (\$95.92 m). Here the utilization rate is 96%. On the other hand the operating expenditure was BDT 74.19 crore (\$ 7.97 m) and the utilization rate is 103%.
- ii. Proposed new year budget for the FY 2022-23 is BDT 1204.20 crore (\$ 129.48 m) while the operating budget is BDT 102.82 crore (\$ 11.05 m) with the surplus of BDT 15.59 crore (\$ 1.68 m). Among this amount BDT 1126.61 (\$ 121.14 m) is involved with Revolving Loan Fund (RLF) like loan disbursement, repayment and cost of fund. Total budget has been increased 30% than that of 2021-22. Here the program and administrative costs are 95% and 5% respectively

- iii. This year the budget of the donor grant is BDT 22.17 crore (\$2.38 m) which is 4% more than that of last year (BDT 21.03 crore/\$2.26 m). The utilization rate is 119%. This happened due to launched 03 new projects at the middle of FY2021-22.
- iv. In the operating budget of BDT 102.82 crore (\$ 11.05 m), 77% will be contributed from micro finance program and rest 23% will be from grants of different development projects and other income.
- v. During 2021-22, total 81.36 lakh was paid for VAT and Tax. Among this amount VAT is BDT 44.94 lakh and Tax is BDT 36.42 lakh.

After a long discussion, the Treasurer Mostafa Kamal Ahmed, FCA has proposed to approve the Budget and Business Plan for the FY 2022-23, while Mobashir Ullah Chowdhury (Member-GC) supported the proposal. Then the meeting finally approved the Budget and Business Plan of COAST Foundation for the FY2022-23.

6. Policies Revision

The Deputy executive Director (DED) has presented the 6 policies as a part of revision and these are (i) Anti-Fraud and Bribery Policy, (ii) Complaint and Response Mechanism policy, (iii) Conflict of Interest Policy, (iv) Safe guarding policy, (v) Staff Security and Anti-Terrorism Policy, and (vi) Whistle Blowing Policy. The DED has presented the change matrix comparing with previous policies. The meeting reviewed the policies minutely and given approval for its execution.

7. Comparison of Program Output (3years)

The Deputy Executive Director (DED) has presented the comparison of program output a part of plan of operation for the FY2022-23 as mentioned below:

a. Major Achievements in 2021-22:

- i. Registered by Societies Registration Act, 1860 as COAST Foundation
- ii. Effective COVID-19 responses to staff & beneficiaries with staff capacity development and treatment cost
- iii. Four new projects funded by Tear Fund and Swed-Bio
- iv. Staff turnover rate stands below 5%.
- v. Area expansion of MF program (10 branches).
- vi. Cost control
- vii. Completed internal review of the programs and sectors

b. Not Achieved in 2021-22 :

- i. Organizational Enterprise Development
- ii. RLF (Revolving Loan Fund) management for MF (Micro Finance) programs

c. Major Objectives for 2022-23:

- i. Preparing the Strategic Plan for 2023-27 of the organization through the involvement of external consultants
- ii. Vertical expansion of micro finance
- iii. Fund raising for development projects and Rohingya responses
- iv. Developing knowledge based human resources
- v. Enterprise development in the organization level
- vi. Increasing primary health care support to the MF clients
- vii. People's Organization and Social Actions

d. Output status with comparison (2019-20, 2021-22 and 2022-23):

The organization delivered the services to the people as:

e. Core and Non-core Programs Output Analysis:

SI	Program name	2019-20 (Population)	2020-21 Population (Target)	2020-21 Population (Achievement)	+/- %	2022-23 (Population) Target	+/- %
1	Core Programs	1.62 million	1.67 million	1.66 million	99%	1.69 million	1.8%
2	Non-Core Prog.	0.99 million	1.00 million	0.99 million	99%	1.04 million	5.1%
Total		2.61 million	2.67 million	2.65 million	99%	2.73 million	3.02%
% of Poor People Coverage		7.77% coverage of total poor people of the country (33.6 million) Assuming 21% of poverty rate	4.76% coverage of total poor people of the country (56.0 million) Assuming 35% of poverty rate	4.73% coverage of total poor people of the country (56.0 million) Assuming 35% of poverty rate		4.88% coverage of total poor people of the country (56.0 million) Assuming 35% of poverty rate	

f. Rohingya Refugee + Host Community:

2020-21 (Population)	2021-22 Population (Target)	2021-22 Population (Achieve)	+/- %	2022-23 (Population) Target	+/- %
596 thousand 54% coverage of total Rohingya refugee (1.1 million)	463 thousand 42% coverage of total Rohingya refugee (1.1 million)	606 thousand 55% coverage of total Rohingya refugee (1.1 million)	131%	480 thousand 44% coverage of total Rohingya refugee (1.1 million)	14%

g. Project information: 2021-22

(BDT in crore)

Nature of project	Total	Total budget	Total received	Total expenditure	Utilization rate
Development projects	9	36.99	19.79	18.83	95%
Rohingya projects	4	37.44	23.76	18.87	79%
Total	13	74.43 (\$8.75 m)	43.55(\$ 5.13 m)	37.70 (\$4.44 m)	87%
Projects in pipe line	2	4.56			

h. Advocacy Achievements

- Advocacy to reduce the child marriage in Bhola and Cox's Bazar.
- Campaign for banning plastic use in camps.
- Campaign for not taking subscriptions from tax payers in universal pension scheme.
- Side event seminar in COP-26 for availing the rights of climate induced displacement.
- Localization campaign in Rohingya camps through CCNF (Cox's Bazar Civil Societies and NGO Forum).
- Campaign for constructions of embankment with concrete blocks and maintenance to the local govt.

- i. **Study conducted:** Study on Child Marriage in Cox's Bazar and its reasons, impact and prevention measures. The study revealed that the rate stands at 57.67% (National is 51.40%)

8. Gender Relation Development and CRM response mechanism Update

Deputy Director- Gender, Training & Community Radio (Ms. Rume) has presented the gender status and Complaint Response Mechanism report end of May 2022. She informed the meeting that,

Last three months COAST has received several complaints such as misappropriation, service related, threats, non-cooperation on menstrual leave, misbehavior in front of others, loan dissemination etc. from different parts. All complaints had been attended and resolved. She mentioned that COAST has organized a PSEA orientation and gender meeting engaging total 360 no of staff working under different projects. The participants are divided into 5 batches and attended orientation in person from Cox's Bazar region.

Some recommendations were made from the orientation by applying open secret method:

- Female colleagues are requested not to put extra work pressure during the menstrual cycle.
- Need to arrange sessions with the program participants of the host and Rohingya community about PSEA.

9. Update of Legal Issues (Court cases against staff and member-participants)

Director-Admin &SR gives an update on legal procedures [Case running against staff and members]. He mentioned that there are in total 78 cases running where claimed money is around Tk. 1.15cr in May'22. ED has advised to increase contact with them in order to set-a-side the cases giving some reduction.

10. Ext Audit ToR (Draft) and new appointment for the FY2021-22

The Treasurer-EC has presented the external audit report of FY2020-21 in the meeting. The Treasurer mentioned that the auditor S.K. Barua & Co audited the financial issues very professionally and timely in FY2020-21. He mentioned that end of June'21 the Capital Fund has been increased Tk.7.43 cr though it was decreased TK.1.64 cr in last year (FY2019-20) due to COVID pandemic. Property and Assets has been increased Tk.1.96cr (13%) and the loan outstanding (investment) has also been increased Tk.56.47 cr (22%) than last year.

For appointing new year external audit, the Treasurer-EC has presented the ToR of external auditor for the FY2021-22 and also proposed to approve the same audit firm S.K.Barua & Company (Chartered Accountants) again as 3rd time auditor for the FY2021-22. Then Anjulika Khisa (Member-EC) proposed for approval while Jesmin Sultana Paru (Member-EC) supported the proposal and then the house approved **S.K.Barua & Co. (Chartered Accountants)** for conducting audit of COAST Foundation for the FY2021-22.

11. HRM Status Report

The Deputy Executive Director presented the status of HRM report up to May, 2022. Total staff no. is 1379 where male female ratio is 68:34. Among them core staff number is 910, non-core staff number is 134 and staff number in Rohingya projects is 335.

12. Money laundering compliances of MRA

The Director-FCC&EA informed the meeting that COAST is following the Money Laundering Act-2015 (amendment) properly until the date. The issue regarding money laundering, terrorist financing, smuggling and illegal drug issues have been discussion in each group meeting as well as staff meeting. These issues also mentioned in the passbooks so that the member participants can follow and be strict during spending their money taken from the organization.

The Director-FCC&EA also mentioned that there are no any illegal financing has been reported for money-laundering, terrorist financing, smuggling, illegal drug and any other illegal engagements in respect of MF operation (for loan disbursement, loan realization, members savings collection and other transactions), donor funded projects (fund receiving and its utilization) and other operation of COAST Foundation.

10. AoB :

a. Amendment proposal of Memorandum of Association (MoA):

The secretary (ED, COAST Foundation) briefed the change matrix of MoA registered under Joint Stock Company. The Secretary informed that before presenting the change matrix of MoA, the Chairperson and the Vice-Chairperson has reviewed the MoA (deed) and its justification. The Secretary informed the meeting that the revision has been made under the clause 18(b), 23(b), 26(c), 26(d), 26(f), 26(g), Complaint Response Mechanism (CRM), and 32(b).

Mr. Mobashir Ullah Chowdhury, Member-GC has proposed to approve the revised MoA while Abu Murshed Chowdhury, Member-GC supported the proposal and then the meeting approved the revised MoA after anonymous support from all GC members. The meeting decided that if any correction comes next then it should be reviewed again. Then the meeting approved for taking signatures of all GC members in order to submit it to the Joint Stock Company for getting approval.

b. The decision has been taken that the next Pre-ECM audit and finance-monitoring meeting will be held on 17th Sep'22 and 116th EC Meeting will be held on 24th Sep, 2022 in person.

Having no other discussions, the Chairperson concluded the meeting with a vote of thanks and hoped to follow the health protocol to protect the COVID-19.

Prepared by

M Rezaul Karim Chowdhury
Member Secretary and
Executive Director, COAST Foundation

28 March, 2022

Approved by

Professor Tofail Ahmed, PhD
Chairperson
COAST Foundation