Private Sector Engagement in Education: Conflict-affected and Fragile Contexts

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AIR’s International Development, Evaluation, and Research (IDER) Program has provided technical assistance in a number of post-conflict and crisis contexts. These projects have involved working with diverse groups of stakeholders that include USAID, UNHCR, UNICEF, government agencies, civil society organizations (CSOs), and donor agencies. AIR is also a founding organization of INEE.

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Abstract

US-based companies invest about $7.7 billion in corporate social responsibility annually in developing countries. About $6.3 billion goes to health initiatives while $500 million goes to education (Center for Global Prosperity, 2010). Surprisingly, 80% of these investments are cash contributions given directly by corporations who give more than their philanthropic wings¹. Fortune 500 companies give an average of about $1 million per year with the energy and technology companies giving the most. One third of the contributions are one-time investments; another third are one to three year investments with the remaining contributions being spread over three or more years (van Fleet, 2011).

Van Fleet’s seminal paper in 2011 put the spotlight on how private corporations are engaging in health and education sector initiatives in developing countries at a time when shrinking donor agency budgets were causing great consternation for the development community. The crisis in education delivery is partially attributable to unfunded mandates and initiatives by governments and donors and the “step-child” status conferred to education by humanitarian organizations who only dedicate 2% of their budgets for education. The recognition of private corporations as participants in development could not be timelier. Globalization has made private sector actors a critical part of a country’s prosperity, peace and security (International Peace Academy, 2001). This statement not only legitimizes the role that private corporations play in a developing countries’ stability and success, it synthesizes the reasons why their involvement in the education sector should be actively yet cautiously courted and strategically used in conflict-affected and fragile (CAF) contexts.

Though not exhaustive, this paper addresses three central questions: what are the narratives and practices around private sector engagement in education; how does that relate to conflict-affected and fragile contexts; and what are the critical considerations for the future?

Introduction

UNESCO estimates that almost 50% of the 61 million out-of-school children worldwide are from marginalized and poor populations affected by conflict (UNESCO Institute for Statistics, 2012). The impact of conflict on education has been well-researched and disseminated over the last decade. Education is described as another casualty in countries wrecked by violence where humanitarian agencies have tended to prioritize food, medicine and shelter (Epatko, 2011) even though the socio-economic development needs of people living in fragile states (as realized through education) are critical to overall well-being as well as development goals.

Watkins (2013) vividly describes some of the on-going challenges of about 500,000 children who fled the armed conflict in Syria to Lebanon with their families. The Lebanese Minstry of Education is working with the UN and other supporting agencies to accommodate these children within the already stretched Lebanese education sytem which is already at capacity and can only accommodate 30,000 more children. Double shift strategies and emergency recruitment of teachers are already in effect. The report states that the number of enrolled refugee children has compromised the learning environment for Lebanese children

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¹ Some corporations have established philanthropic units (i.e. non-profits organizations) that are often set up separately from the for-profit company. Examples of these are the General Electric and its non-profit arm GE Foundation or MTN’s MTN Foundation.
due to the lack of adequate infrastructure, teachers, and shortages of learning materials. The Lebanese government and its partnering donors estimate the cost of providing education to those 500,000 Syrian children to be $130 - 170 million per year at a cost of $250-350 per child. The real costs however are the children “condemned to forfeit their childhood, their future, their rights” (Watkins, 2013) as a result of years of disrupted education from protracted armed conflicts that can last up to ten years.

A report that came out of a high-level strategic meeting held in Doha, Qatar in April 2013 by Educate a Child highlights the benefits of primary education and the economic costs of out-of-school children. Primary education is described as a “core component of development strategies” (Results for Development Institute; Educate a Child, 2013, p. vi) with significant positive relations to indicators such as democratization and civil liberties. Lack of primary education was linked to stalled economic growth, poor social cohesion, crime and negative reproductive behaviors.

Promoting the humanitarian rationale for supporting and protecting education in CAF contexts has been a driving agenda amongst education sector non-governmental organizations and their allies. The basis of their advocacy is the belief that education is a fourth pillar of humanitarian response. Unfortunately, their efforts have been of little avail. Case in point, the scale of the Syrian crisis and the lack of funding for emergency education have overwhelmed the humanitarian response (Watkins, 2013). Watkins notes that “the international community urgently needs to develop an ambitious and practical strategy for responding to the education challenge [as] piecemeal initiatives funded through short-term humanitarian appeals will not be enough” (p.4). Supposedly, one of the biggest deterrents for private sector engagement with communities as a whole and especially CAF contexts is an aversion for ethnic, religious and political relational dynamics (Devex Impact Editor, 2013) that can be complicated to navigate; and can even lead to harm as demonstrated in the case of Nigeria’s Niger Delta, Sudan’s Abyei corridor and a host of other similar contexts. As an alternative to dwindling development funds and limited humanitarian support, private sector engagement offers an opportunity for securing resources to address the extreme challenges of protecting education in CAF contexts.

**The nature of private sector engagement in education**

Private sector support for education accounted for only 5% of official donor aid in 2010 and of that share an even smaller percentage was dedicated to Education for All (UNESCO, 2013). Granted, limited data is available on private sector investments in education within CAF contexts but this is interpreted as an indication that “their prime target for investment was not education” (ibid; p.13) but rather other sectors. The virtually non-existent literature specific to private sector engagement in education within CAF contexts means that one needs to extrapolate from the limited literature that exists. Historically, private sector engagement in education has been captured under philanthropy or corporate social responsibility (CSR). Contributions were “typical giveaways- with no commercial returns linked to achievement of social outcomes” (Global Business Coalition for Education; Brookings Institution; Accenture, 2013, p. 47). Various tools have been developed to help companies to meet their philanthropic and CSR commitments, yet they face two main difficulties – “defining what is responsible and the practical challenges unique to working in CAF contexts (Ballentien & Haufler, 2009) which include insecurity, weak or non-existent governance structures and sometimes a lack of human resource capacity.
a. Defining “responsible” (struggling with the definitions and expectations)
Companies sometimes undertake CSR and philanthropic activities due to obligations to governments or as their means of garnering the goodwill of communities where their operations are taking place. These activities are often framed as “strategic social investments” which is loosely defined as voluntary or legally mandated financial contributions to community development activities (Ballentine & Haufler, 2009). For example, Hess Oil contributed $20 million over five (5) years towards education system reforms that included infrastructure and teacher training in Equatorial Guinea where it is drilling for oil. Companies may also supply products or expertise (in-kind contributions) through partnerships with governments. CISCO Networking Academy trains students in emerging economies to create and maintain computer networks in a number of countries (UNESCO, 2013).

These contributions come with a set of expectations around the nature of the CSR activity and reporting. To ensure true value added, companies are encouraged to employ the same rigor in developing CSR strategies as they would for their business interests (Ballentine & Haufler, 2009). They are also expected to publicly reveal the details of their commitments through annual reports and other agreed global/regional or local platforms that monitor indicators of progress. UNESCO reports that following the appeals for EFA funding many private companies were unwilling to report on their corporate engagement activities in the education sector at the Global Partnership for Education meeting held in Copenhagen in 2011. This made it difficult to determine if corporations were honoring the previously pledged contributions, if the pledges were previously planned, or if there were additional commitments following the appeal.

The specific data on private sector contributions to education is not transparent or are reported using aggregated data that can be often misleading. Of the reported $548 million spent on education annually a large portion is in-kind contributions, or activities focused on leveraging resources for business purposes – e.g. youth, adult skills training, and ICT. CISCO and Intel each reported spending $100 million a year on education in developing countries but most was in-kind contributions (UNESCO, 2013).

b. The business case: promoting the shared value concept
Reasons for the patchy data on contributions to education could be simply technical but the literature points to a number of tensions that are slowly being resolved through platforms like the Global Business Coalition for Education and Business Social Responsibility. The resolution to these tensions could unlock unlimited resources for not only the education sector but also education within CAF contexts.

While philanthropic and CSR activities often have a specific purpose the determination of the technical and geographic area of investment and who implements the activities can be seen as idiosyncratic – based on variations of a company’s presence in the country, contractual agreements, personal agendas and networks and the business case.

Tension #1
Why should corporations care more about education in CAF contexts beyond current investments?
As corporations are deemed primarily in business to make a profit, it was important to make a compelling case for why beyond their current investments they should care about education in CAF contexts. A
broader response that encompasses education in stable contexts has been the basis of the argument presented by the education sector. Organizations such as the GBC-Education, UN Global Compact, Education Cannot Wait, and Brookings recently published reports that articulate main reasons why corporations should invest in education in CAF contexts. While emphasizing the human rights and child protection imperatives expressed in international law (Winthrop & Matsui, 2013) these organizations offer additional reasons such as (a) education advances economic development, (b) supports child protection and well-being in and after emergencies, (c) can facilitate peace-building and state-building, and (d) reduces risks from and increases resilience to disasters and climate change (Winthrop & Matsui, 2013). The rationale was that education produces the future workforce/talent in the country and that without it nations were most likely fated to cycles of poverty and violence that were detrimental to economic growth and peace (Global Business Coalition for Education; Brookings Institution; Accenture, 2013). The same report urges that equitable access to education is a major constraint for business in terms of securing their future workforce and talent. The report also proposes that every $1 invested at the start of education returns about US$53 at the start of employment. Using India as the context, they approximate a 42% return on investment annually to education (Global Business Coalition for Education; Brookings Institution; Accenture, 2013, p. 43).

Tension #2

What is “the intersect” of business interest and education sector needs in CAF contexts?

Corporations’ involvement in social and environmental challenges around the world is changing from a support role to a proactive one. Prior to the 1970s, 80% of all international fund flows were driven by the public sector; today it is reversed and 80% of all international fund flows are driven by the private sector” (Jordan & Bird, 2013, p. 2). Johnson and Bird posit that CSR is evolving as the “connective tissue” between corporations and their consumer base. They go on to suggest that corporations must prioritize the social challenges that influence and affect their operations on a day-to-day basis…this ranges from access to healthcare services, quality of secondary education, access to basic financial services, and gender discrimination” (p. 3). Companies are recognizing that community engagement is a critical strategy and part of how they do business. They can no longer hide behind their corporate foundations as a way of outsourcing social responsibility (The Partnering Initiative, 2011).

In his speech during the launch of the Education Cannot Wait campaign, United Nations Secretary General, Ban Ki-Moon stated that the need to find common solutions to pressing challenges is what drives CSR (Ballentine & Haufler, 2009). Within that statement is the implicit idea that the solutions will come at no cost for the beneficiaries and no gain for the benefactor. This model of engagement was the genesis of private sector involvement in development where the corporation’s interest in contributions were for “reputational value” and where programs had no strategic alignment with the nature of the corporation’s business, assets or competency of its staff (The Partnering Initiative, 2011). The engagement activity was typically sub-contracted to an implementing partner agency whose main interactions with the funder was ensuring that there were enough photo opportunities demonstrating what good was being done. Social investments were considered something nice to do rather than a sustainable and profitable way of doing business (The Partnering Initiative, 2011). This model of engagement drew a number of criticisms. UNESCO (2013) described contributions from the private sector to education as uncoordinated. Van Fleet (2012) in highlighting the narrow vision of corporate engagement over the past
decade concurs that investments were small-scale, short-term, and un-coordinated in nature. In addition, “when coupled with its systematic failure to reach the most marginalized, corporate support for education does not make an aggregate measureable impact on education globally” (p. 103). Van Fleet contends that corporations’ activities over the last decade have left no track record of their contribution to scalable, systemic change in education. He proposes that corporations’ and the education sector could be served by better coordination and establishing a direct link between education and a company’s core business assets and objectives.

Subsequently, there is an on-going paradigm shift in which corporations are taking the lead in bringing business financial and human resources as well as system approaches to corporate partnerships. In their paper focusing on corporations and conflict dynamics, Ballentine and Haufler (2009) categorized responsible business practices into four areas: a) Core business b) Government relations c) Local stakeholder engagement and d) Strategic social investment. They recommend that companies examine the interaction between their business operations and conflict dynamics. This recommendation was made in light of Global Compact Ten Principles for working in CAF contexts. Corporations were being tasked with extending the core business activities to support peace and development. Corporations were being asked to make responsible investment decisions that reinforce positive trends, build trust and stimulate peaceful and sustainable growth rather than pursue an agenda of indiscriminate profit.

One of the biggest tensions surrounding private sector engagement is the unspoken trade-off where business expertise, products or financial contributions are proffered in exchange for access to consumer markets. This tension is generating distrust and skepticism about private sector engagement. Critics have gone as far to say that corporations are using education as a social cause to further their own business interests (Useem, 2013). In its 2011 report, the Partnering Initiative concludes that improving the partnership arrangements (between corporations and stakeholders) includes recognizing the self-interest as well as the advantages for attracting corporate partners (The Partnering Initiative, 2011, p. 11).

To make the partnership arrangements more palatable CSR has been recast with corporations being described as moving from good intentions to “shared value partnerships” where social investments are driven by their core business strategy (The Partnering Initiative, 2011). The Partnering Initiative defines this “shared value” as the intersect, overlap, or convergence of business and stakeholder interest.

There is no question about the validity of concerns regarding profit as a motive. In a recent report on private sector financing of education UNESCO acknowledged the risk that private companies may influence education policy in their favor – that is exploit partnerships to their economic advantage. They also provided the caveat that “corporations may provide genuine value to education systems even if they profit from it” (UNESCO, 2013, p. 5).

These tensions are not unique to the education sector. Pharmaceutical companies are criticized for their contributions to the health sector in developing countries. There is no secret that corporations are looking for business – for new markets, new products and a bigger consumer base and they will leverage whatever advantage they have to get it. All the assertions about ulterior motives have not stopped the health sector
from receiving $7 billion in corporate contributions; perhaps they have figured a way to make it work and made peace with the shared value tradeoff.

**Tension #3**

**What are the specific investment entry points for PSE?**
The pay-off of private sector engagement is access to innovative solutions, resources for program implementation and scale-up of solutions that work, and continuity of investment -- in short, to find lasting solutions to some of the dogged development challenges of our time. As mentioned earlier, businesses also have their own agenda which may intersect or overlap the education as a human right and development good agenda. This makes the issue of articulating the specific investment needs and entry points for support critical. Van Fleet (2012) charged that the vision for corporate engagement has been weak. Using the Millennium Development Goals (MDGs) as a reference point has not been exactly successful.

At the Private Sector Outreach session led by Unilever during the Post-2015 Development Agenda meeting, all companies present agreed that business could play an important role in achieving the MDG goals. They also identified what made sense to them as their entry points – economic development and job creation (Unilever, 2012). Even more noteworthy during this same session, of all the things listed by the session group as “what can the private sector contribute” nothing specific was articulated about education. Education was rather listed under “what government needs to deliver” (p. 3). A survey was also distributed to Chief Executive Officers (CEOs) of companies that were represented at the meeting. In the summary of survey results, CEOs agreed that while partnerships were good in principle, they were difficult to make work. They identified “a clear sense of purpose and agreed goals” as one of the dependent factors for success. In the synthesized outcomes of thematic consultations where discussions focused on development areas the turn-out for two areas was poor. The discussions on education and energy each had only one corporate participant whereas other areas had multiple participants. Unilever acknowledges that the sample of companies who participated in the consultation was not representative as invitees were CEOs identified as thought leaders on specific areas and also self-selected to participate in the discussion.

The tension here is as described by the Partnering Initiative (2011). Companies often lack the expertise to know how to manage CSR funds. This tension is also attributable to what Nigel Cameron (President of the Center for Policy on Emerging Technologies; C-PET) refers to as silo-ed conversations where “the CSR people talk to the CSR people and the corporate people talk to the corporate people… there isn’t a connected discussion going on at a high level” (Whaley, 2013). Consequently, companies may rely on decision-making committees that are not as knowledgeable about providing financial assistance and may be ultimately ineffective about determining what a good strategy for their CSR initiative is. According to the Partnering Initiative, to date 73% of 250 global companies who responded to a survey by the Partnering Initiative have a CSR strategy in place; 65% have key performance indicators; and 60% are reporting against their own indicators (The Partnering Initiative, 2011).

While the health sector has its own set of unique problems related to service delivery, the scale of the education sector’s challenges seem daunting to corporations (The Partnering Initiative, 2011). The health sector appears to have had more success because their interventions are often discrete and easy to track.
The education sector is cast as not being so lucky. It is still in the process of developing a coherent advocacy message along with user-friendly tools that will appeal to corporations. Yet it needs to go further. The Global Business Coalition for Education (GBC-Education) has been convening meetings around developing a platform for private sector engagement. This includes about 20 businesses, nongovernmental organizations (NGOs), foundations, multi-lateral organizations, and other stakeholders. GBC-Education has launched a framework for how education investments should be made in a way that ensures maximum impact (Global Business Coalition for Education; Brookings Institution; Accenture, 2013). Although there are questions about some of the concepts within the framework that appeared disconnected from business linkages, the discussions on steering corporations on best practices for engaging in education were agreed upon by the 20 stakeholder group. One of the recommendations from the UNESCO (2013) report on boosting private sector financing for marginalized children was that “governments, donors, NGOs and multi-lateral organizations that want private sector support have to specify more clearly how the private sector can contribute to collective effort” (p. 7). In other words, the appeals for support are too generic for businesses who feel more comfortable making contributions (especially in-kind) based on their areas of expertise, industry focus and geographic presence. This point is reiterated in a Center for International Strategic Studies report which states that the private sector should be provided advice on areas ripe for development - that are economically viable while being advised against areas that are not. Specifically, the paper asserts that some private sector groups want a “matrix that lists relevant opportunities, challenges, target industries, information on subnational and local governments, and which companies can operate in the local environment” (Center for Strategic and International Studies Working Group, 2013, p. 8). See Figure 1. In other words there is a need to clearly define the what, why, when, where, how, with whom and to what end aspects of these partnerships so that corporations have easily accessible entry points and all stakeholders have assessable targets. This sentiment is captured in a report by the Partnering Initiative (2011) that summarizes the thoughts of several leading corporations who expressed the idea that businesses are more interested in activities with tangible impacts that can be seen and measured. The Partnering Initiative takes this recommendation one step further by developing a matrix of industry sector, principal interest in education and skills and what they can bring to a partnership (The Partnering Initiative, 2012, p. 13).
### Figure 1: Industry Corporate Giving: Principal Interest Matrix

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>Principal interest in education and skills</th>
<th>What they can bring to a partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biotechnology</td>
<td>Availability of scientifically skilled workers; access to university research labs</td>
<td>Finance, employee volunteering, and material development to support school STEM education; co-development, sponsoring of specialist university courses; co-financing, equipment donation, technical support to research labs</td>
</tr>
<tr>
<td>Chemicals</td>
<td>Availability of technically proficient workers; sufficient level of literacy to ensure health and safety</td>
<td>Finance, employee volunteering, and material development to support school STEM education as well as basic education; co-development, sponsoring of specialist university courses</td>
</tr>
<tr>
<td>Construction</td>
<td>Availability of workers with the required trade skills; potential business opportunity</td>
<td>Co-financing and technical input into curriculum development and provision of experienced trainers in vocational trade skills courses; construction of new schools through public-private finance arrangements</td>
</tr>
<tr>
<td>Consultancy and professional services</td>
<td>Availability of skilled workers; reputation enhancement; employee engagement</td>
<td>Financial and employee volunteering to support schools and teacher training; development of vocational training courses and colleges</td>
</tr>
<tr>
<td>Consumer goods</td>
<td>Reputation enhancement; marketing</td>
<td>Sponsorship arrangements which schools and product-based campaigns to encourage parents to send their children to school</td>
</tr>
<tr>
<td>Engineering</td>
<td>Availability of technically skilled workers</td>
<td>Supporting STEM education in schools; provision of trainers, co-development, sponsoring of university courses and vocational training</td>
</tr>
<tr>
<td>Finance</td>
<td>Financially literate consumers; reputational enhancement</td>
<td>Development of material and supporting programmes to increase financial literacy</td>
</tr>
<tr>
<td>ICT</td>
<td>Business opportunity; availability of skilled employees</td>
<td>ICT companies may support schools and colleges with free software and equipment and co-develop and deliver training in the use of their products</td>
</tr>
<tr>
<td>Extractive industries</td>
<td>Licence to operate; availability of technically skilled workers / contractors; sufficient level of literacy to ensure health and safety</td>
<td>Supporting STEM education in schools as well as basic education; provision of trainers, co-development, sponsoring of vocational training</td>
</tr>
<tr>
<td>-----------------------</td>
<td>-------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Tourism</td>
<td>Increase the overall attractiveness of a country as a tourist destination; availability of staff with foreign language skills</td>
<td>Support foreign language lessons in schools; co-develop and sponsor adult foreign language training</td>
</tr>
</tbody>
</table>

Source: (The Partnering Initiative, 2012, p. 13)

**Tension #4**

*How to avoid taking on government responsibility?*

As discussed previously, tensions exist around the concept of shared value. At the same time that civil society feels uncomfortable about corporate gain through what is construed as philanthropic contributions or realization of human rights, Ballentine and Haufler (2009) explain that corporations also feel that private actions cannot substitute for effective governance and bi-lateral cooperation. Even as different coalitions bring businesses together to discuss what private sector resources can be leveraged for education, we must still pay attention to whether governments are absconding or are feeling absolved from their service delivery responsibilities. These concerns are laid out in the Partnership for Education: Building the Foundations of a Green, Prosperous and Equitable Global Economy report (The Partnering Initiative, 2012) where the authors acknowledge that each stakeholder has a role to play. In a prior report by the same group (2011, p. 5) Manish Jain, Johnson and Johnson’s Director Health Policy articulates his perspective: “the responsibility of creating equity among larger sections of society rests with government. However, we do see a hybrid model emerging where there is a role for NGOS to be the catalyst, facilitator and watchdog for development initiatives. Corporations are facilitators through initiatives that are either implemented by them or by their NGO partners.”

**Tension #5**

*Balancing the philanthropic and for-profit agenda.*

CSR has been a catch-all phrase for corporate giving supposedly driven by an altruistic motive. And yet, as the education sector purposefully reaches out to private sector to support quality education and servicing marginalized children we must make a business case that resonates with corporations’ profit agendas. It is almost like acquiescence to corporations’ specific objective of financial gain by the education community in exchange for their support. However, as the Partnering Initiative references in their two reports (2011, 2012) there is a different model emerging that combines the core business strategy of corporations with social investment activities. The Partnering initiative goes further by creating a typology framed as the “drivers of business engagement” and that make the distinctions among the different types of scenarios for corporate contributions. Among the purposes of the typology are understanding how partnerships can be set up and evaluated to ensure accountability, accessibility, equity and quality; and developing a framework to strengthen the quality of collaborations for education and the learning they provide (The Partnering Initiative, 2012).
Using this typology may be a breakthrough for private sector partnerships as it identifies different scenarios for contributions that may make stakeholders feel more comfortable in knowing the “precise” incentives around the partnership.

Examples of contributions driven by core business strategies are available in a number of reports. Freeman (2012) referenced a Discovery Education program in Romania in which Discovery Education and Discovery Networks partnered with the Romanian Ministry of Education to demonstrate the power of digital content in transforming teaching and learning. The Romanian Ministry was interested in digital content for learning and teacher professional development. The Discovery Scoala program was therefore established which allowed Discovery Networks to broadcast Discovery shows in the classroom thus expanding its global network, i.e. its viewer base. In addition, Discovery Education is setting up school and teacher partnerships with US-based institutions; and Discovery Networks has made a commitment to support school improvement for six (6) under-resourced schools established by Discovery Communications’ foundation – Discovery Channel Global Education Partnership.
In a second example, Devex Impact describes the on-going GAVI-Vodafone partnership in Mozambique which is a health sector initiative but demonstrates some of the tensions identified thus far. GAVI and Vodafone partnered to improve the vaccine supply chain through mobile technology – known as mHealth. Vodafone had a pre-existing desire to break into the mHealth market and saw Mozambique as a great opportunity. When contacted by Devex Impact GAVI was responsive in sharing their side of the partnerships arrangements. Vodafone was less forthcoming about how the partnership would help it break into the mHealth market (Useem, 2013). Hanson (2013) reports that the mHealth services are expected to produce $23 Billion in revenues by 2017 with Africa comprising 5% of that share – i.e. $1.25 billion. Mobile phone operators are the biggest winners in this arrangement as they are expected to capture 45% of the mHealth revenues. Clearly, Vodafone has a strong business incentive for helping the Mozambique Ministry of Health.

In another Vodafone example: the company helped set up the mPesa mobile money program in Kenya in partnership with DFID in 2007 through Safaricom which is a local mobile network operator it partly owns. M-Pesa now serves 18 million customers in 10 countries. Vodafone does not publish revenue figures from mPesa even though the partnership arrangement was predicated on “shared value”. These examples are not to single out Vodafone but only to demonstrate that there needs to be more articulation and agreement on whether the “shared value” proposition of a specific activity is equitable in terms of the benefit derived by each of the parties (i.e. stakeholders).

Tension #6

Ensuring transparency and accountability.

Vodafone is not the only company that does not disclose how its development-focused initiatives help its profits (Hanson, 2013). Corporations become defensive about their profits because as Justin Bakule (Executive Director of Shared Value Initiative) explains many companies see creating value for themselves even while simultaneously creating social good as negative (Useem, 2013). Bakule goes on to elaborate that when core business strategy is involved, businesses are more likely to remain silent about their benefit. Consequently, there is very little empirical data on how these “shared value” partnerships function in terms of finances, project outcomes and governance. (Useem, 2013). Useem goes on to explain that the very nature of shared value partnerships leads to corporations being less open with information.

In an extreme case of lack of transparency and accountability, Pfizer is implicated with two of its partners, USAID and Bill and Melinda Gates Foundations in a pending class action suit by groups seeking punitive damages for a public-private-partnership initiative to promote family-planning. Pfizer provided contraceptives which are alleged to pose a huge and irreversible health threat to the women who received the drugs through “charitable” family-planning programs. This situation led to accusations that Pfizer, USAID and Bill and Melinda Gates Foundation are part of an elite institutional clique operating unethical research programs and manipulating policies to support extreme regimes of population control (The Rebecca Project for Human Rights, 2013). In the end, the beneficiary (in this case) feels they were deceived into receiving drug donations that were provided with an ulterior motive and caused them harm.
At a Devex Impact Strategic Advisory Council meeting this year, representatives from companies agreed that they want Devex Impact to provide in-depth examples of corporations connecting their core business to development outcomes. Corporations also want data beyond what financial resources were leveraged. USAID (2010) acknowledges that “both partners and donors struggle to measure not only how well a partnership is executed, but also how the alliance contributes to each partner’s desired impact (whether development or business oriented). Furthermore, partners want to understand the incremental value of partnerships.

In an example around lack of transparency and clarity in reporting, the World Economic Forum through its Global Education Initiative launched a number of multi-stakeholder initiatives in Jordan, Egypt, Palestinian Territories, and Rajasthan. WEF claimed that it raised $150 million in educational investments and had impact on the education of two (2) million students but there were no rigorous evaluation to substantiate these claims. Of the evaluations that were conducted, one concluded that there was no change in the delivery of education that could be attributed to the Global Education Initiative (van Fleet, 2012).

One of the Partnering Initiative’s (2011) recommendations for effective partnerships is improving project monitoring and reporting. Yet some critics contend that less information and data will be shared as development work shifts from corporate citizenship to core business strategies implemented by emerging market business units (Useem, 2013). Interestingly, the Donor Committee for Enterprise Development (DCED) recently re-released its “Practical Guidelines for Implementing the DCED Standard” which proposes standards for measuring private sector development achievements in CAF contexts (Donor Committee for Enterprise Development, 2013). The guidelines are based on the DAC principles which while informative are very complex to follow and document on a consistent basis.

A simpler framework is proposed by Baldini (2013) which identifies four main areas for monitoring results from private sector activities: (a) resources leveraged (b) policy outcomes and innovations (c) bottom-line benefits for companies and (d) partnership governance. Baldini also references yet another tool developed by World Business Council on Sustainable Development – the Impact Reporting and Investment Standards. These are not the only accountability tools that have been produced and therein lies another tension. Many of the accountability and transparency models are the legacy of bi- and multi-lateral donor arrangement, legal and humanitarian standards and even one-off propositions by practitioners. Do we now overlay, modify, or adapt these models for private sector partnership use; or come up with something new?

Recounting his years of experience in development work Davies (2013) says that he has seen it all, especially the slow arrival of evaluation results after they are considered outdated, the subsequent rejection of project models and measurement frameworks as flawed by donors, and the rapid turnover of approaches and methodologies which contribute to the knowledge-management gap. While conceding that this rapid change reflects our own nimble thinking around what works and what does not, Davies observes that because little learning has taken place the community has perfected the craft of “coming up with new ideas to engage constituencies – whether those are taxpayers or lawmakers or check-writing philanthropists ….by telling the same story” (p. 2).
Tension #7

Modalities for private sector engagement in CAF contexts

The security, socio-economic and political threats in CAF contexts make providing and promoting education not only challenging but dangerous. With the death toll over 100,000 and with over 1 million refugees fleeing to neighboring countries and armed battles within the country, Syria is a conflict-affected nation that requires both a humanitarian emergency response and a long term plan for dealing with immediate and protracted needs of those affected. Layering on the previously described tensions around engagement may make investment in education less attractive to private sector companies. For those willing to continue or start engaging in the education sector there are a number of existing modalities - although still in the nascent phase. This in itself is not a bad thing afterall there cannot be a one-size fits all approach to such challenging development issues. Long-term predictable financing, coordination and planning in CAF contexts may need to vary based on contexts, partners, and the specific challenge. The question is whether any of the current models have any practical lessons to offer from their application over a period of time and what modifications if any should implementers consider when using these models.

Three modalities that have shaped the current discourse on private sector engagement in CAF contexts are the Paris Declaration on Aid Effectiveness, the OECD DAC Principles for Good International Engagement in Fragile States and Situations, and the Millenium Development Goals. The Paris Declaration is focused on institutional capacity and governance instruments for planning, budgeting, fiduciary safeguards, and environmental assessments (OECD, 2005). The DAC Principles and UN Global Compact’s 10 principles were similarly based on the “do-no-harm”, inclusive and transparency approach of the Paris Declaration. The UN Global compact required corporations to commit to implementing its 10 principles broadly framed under governance, delivery and monitoring of private sector engagement. These have all had mixed success according to Oxfam, whose primary concern was that there was no reliable measure of whether donors were meeting their commitments (The Guardian, 2011). The Guardian Newspaper from which Oxam’s perspectives were shared also alluded to the issue of donors failing to change their practices as evidence that the Paris Declaration had not worked. They also charged that the Paris process had reduced “aid effectiveness into some fairly technocratic targets” that had little meaning for the lives of real people.

In a critique of the OECD DAC Principles, Berry (2009) examines whether they are a viable and sufficient mechanism for governing the delivery of education aid and concludes that government-driven frameworks are an important context variable for private sector engagement. Berry notes the definitional issues and lack of country case-study comparability that affects our understanding of best applications of the principles and other similar frameworks that have followed.

Similarly, the United Nations Global Compact’s 10 principles and the MDGs have had their own share of criticisms. Atkinson and Claude (2008) describe the compact as needing to overcome its voluntary and procedural nature. Mcintosh (2008) explains that while most corporations understand the imperative for CSR, “they do not know how to deliver it” (p. 141). Clemens and Todd (2005) note that while well-intentioned the MDGs may not be realistic for all countries. The Global Education First Initiative mirrors...
some of the same concepts as the Global Compact as it pertains to human rights, the business case and
global citizenship but with a special focus on getting every child into school; but is still in its early days to
critique.

A number of the existing private sector modalities focus more on the resource needs of the education
sector and less on the private sector expectations which have not been explicit either. They appear to be
generic guidelines that help stakeholders think about their engagement activities and how to frame their
partnerships but not on its exact architecture. The frameworks do not comprehensively address the
questions around financing, implementation/operations, monitoring and evaluation and the viable entry
points for the private sector.

According to David McGuire (President & CEO at the QED Group) this lack of clarity and exactitude
creates mixed messages around the shared value partnership in that corporations feel relegated to the role
of passive partner writing checks to bankroll social investment projects (McGuire, 2013). McGuire
explains that while there may be varying reasons for private sector engagement, their core business
values: development, creating local capacity, economic growth and long-term viability of their operations
and markets are what keeps them in emerging markets. He acknowledges corporations’ different
motivations for and perspectives on CSR – whether for partnership, compliance or good public relations,
“the best motivation is when a partnership helps a company’s bottom line and fits into their business
model. That’s when the private sector is willing to invest significant resources.”

In a policy roundtable that was conducted in 2008, the Inter-Agency Network for Emergency Education
(INEE) outlined a number of recommendations to address some of these challenges. They included
drawing on the experience and knowledge of financing modalities in other sectors; develop advocacy
strategies and targeted policy recommendations on the use of different existing and emerging aid
modalities, and creating a simple and flexible funding mechanism that would be effective in CAF contexts
(Inter-Agency Network for Education in Emergencies, 2008). While INEE did not take on this task
directly, it engaged with the Post-2015 and Rio +20 agenda to ensure that education in CAF contexts was
not side-lined. They also ensured that advocacy for education in CAF contexts is on the agenda for
emerging and powerful groups like the UNGC and the GBC-Education.

Since its inception in 2012 the GBC-Education has been moving to coalesce the private sector specifically
on the issues of quality education and out-of-school children. The current members are described as
proponents of leveraging core business assets for education for all. Their working draft “Business
Engagement Framework for Education and Learning” is in line with a combination of agendas that relate
to the business case from a shared value perspective, outcome oriented engagement and best practice in
philanthropic and social investments (UNESCO; UNICEF; UNGC; UNSEGE, 2013). However, the draft
document offers a guidance section on “Business Opportunities: Engaging in Education and Learning”
that signposts some of the entry points for corporate investment. According to the document, corporations
can build local talent for businesses by collaborating with governments to define competencies needed in
their business sector to improve relevance of education in secondary school and other post-primary
education centers (UNESCO; UNICEF; UNGC; UNSEGE, 2013). GBC-Education launched its
Framework for Business Engagement in Education in September 2013 followed by a series of meetings
for business leaders who are signatory to the agreement to continue the conversation around CSR
modalities. The meeting was covered by Devex’ Michael Igoe who reported that compared to 2010 when many CEOs felt confident about the businesses efforts to mitigate or solve global sustainability challenges, there has been a decline in this year’s measure for the same indicator (Igoe, 2013). Igoe goes on to describe CEO frustration with the process for creating CSR tools and frameworks because of business as usual mind sets and also the lack of distinction between corporations that are engaged in CSR as a side venture and those engaged in it as part of their core business strategy. Some even described the meeting as more of a networking opportunity with few concrete opportunities for action.

Clearly, there is a need to expand the scope in existing and current modalities so that they address this tension. According to Igoe the UN Global Coalition Leaders Summit’s main objectives will be to address these challenges. In the interim, the community is challenged by the Indian Chapter of the International Business Leaders Forum (Joe Phelan) “to understand that the power to influence outcomes and create change comes not from playing at well-known roles and pushing worn-out buttons, but from engaging properly with potential partners, listening to their perspectives and being honest” (The Partnering Initiative, 2011, p. 5). Lest these forums become just another in the list where conjecture and prescription are the modus operandi and the private sector quietly slips away due to the amiguous and even nebulous nature of the partnership proposition, the education sector is going to have to be laser-focused, think innovatively and more important inclusively.

**Tension #8**

**Ensuring an inclusive process for investments**

In 2007 there were 4000 signatories to the UN Global Compact (McIntosh, 2008). To date there are 8000 corporations that have signed on (United Nations Global Compact, 2013). With this number of stakeholders around the table there are bound to be competing interests or what Suder and Lefevre (2008) refer to as “stakeholder goal incompatibility” (Suder & Lefevre, 2008). The differing perspectives of corporations on CSR have already been identified as an issue which could be interpreted as incompatible agendas. The situation gets more complex when you add more and different stakeholders such as the beneficiary host governments and/or community. The Center for Strategic and International Studies Working Group advocates for international community focus on ways to engage and support country-owned processes (Center for Strategic and International Studies Working Group, 2013). Programs without government or community buy-in are rarely successful which is why inclusive processes have to be part of the design and implementation phase of activity.

Furthermore, CSR products and services must be distributed equitably among community stakeholders where applicable so that these do not create conflict dynamics. The idea that education is a resource that can foment conflict due to inequitable access and its use as a weapon of propaganda is not new. Bush and Salterelli (2000) outline the potential drivers of conflict embedded within an education system (i.e. the delivery, participation and content) in their paper entitled “The Two Faces of Education”. The paper describes the power of education as a tool for transformation, and as a weapon and tool of denigration for the oppressed. The idea that agents and advocates of education are not neutral is also not new. The INEE has produced a number of tools including the Minimum Standards for Education and the Conflict Sensitivity Tool which provide excellent guidance on how to mitigate and address (among other things) issues of inclusion within the education sector.
In a piece published in the Harvard Business Review, Harvard Business School Professor Michael Porter states “Shared value is not social responsibility, philanthropy or even sustainability, but a new way to achieve economic success” (Whaley, 2013). While this statement resonated with many heads of corporations, dissenters like Larry Summers (former U.S. treasury secretary) was overheard at the 2013 World Economic Forum meeting in Davos challenging the viability and business sense of the approach (Whaley, 2013). These opposing views only underscore the fact that getting the private sector’s attention on education through the promise of shared value is just the beginning of the conversation given the myriad of tensions outlined.

c. Future considerations for an INEE private sector engagement tool kit and conclusion

Just as the focus on access and gender parity led to record levels of enrollment without corresponding investments in quality; so too can a narrow focus on private sector engagement without parameters or governing tools to mitigate other un-intended development challenges.

The summary of tensions presented in this brief paper is to demonstrate that the education and development community are a still a long way from developing a strong platform and framework for private sector engagement. Definitions need to be clarified; typologies of private sector contribution need to be established along a crisis-to –reconstruction-continuum; appropriate parameters of engagement for each of the types of contribution also need to be established. Other major issues include:

1. There appears to be no shortage of frameworks and tools for private sector engagement but a lack of case study comparability makes it difficult to identify the most appropriate.

2. It is true that donor development assistance for education is shrinking and that private sector engagement is a promising alternative, but some caution must be exercised so as not to replicate development assistance models that do not strengthen systems but rather only supplant the source of funding while sticking to the same inefficient models of prescription that side-lines local structures, businesses and capacity.

3. Expertise in education within the private sector is limited. Corporations do not have in-house expertise or a clear understanding of connection between educational outcomes and company’s core business objectives and they are not sure how to deliver on the common goals.

4. Private companies want to contribute in their areas of expertise – or contribute products within their supply chain. This isn’t always an easy fit for education because many of the companies are not in the education sector.

5. Lack of transparency and accountability are a huge stumbling block against trust and for monitoring effective partnerships.

6. Corporations want specifics when it comes to their contributions. There may be need to develop tools that map those needs.
7. PSE cannot be relied on as a sustainable or sole source solution to finance gaps in education unless there is un-mitigated buy-in from the private sector that education is part of their value chain. Right now it appears to be an expedient marriage.

Lastly, education in CAF contexts cannot be subsumed under broader development agendas for education. It cannot be the footnote to the 2015 agenda because the response environments for CAF contexts demand special strategies to address socio-political grievances, security threats, gender violence and civil society distrust among other factors. The broader development objectives (driven by lack of service delivery, corruption and mismanagement) in stable contexts are not an appropriate reference point given the destruction, deprivation, and extreme needs for resources in CAF contexts. Furthermore, while the education sector may not be able to completely escape the profit aspects of private sector engagement, the international development community simply cannot stop trying to find additional resources for CAF contexts.

The discourse around private sector engagement is largely about resources (in-kind or cash contributions). The private sector voice is consistent in its expectations for newer markets and opportunities and perhaps the education sector needs to rethink its response to what specific guidance can be provided. The INEE is engaged in a number of groups that are focused on developing private sector engagement tools. They should continue – adding their voice of experience and knowledge. INEE’s voice is invaluable in this discourse and will help to spotlight the critical and specific issues that need to be addressed. Without this appropriate guidance, PSE may continue to be idiosyncratic and create “parallel investments below the radar of governments” (van Fleet, Business and the Global Learning Crises: Principles for Sustainable Engagement, 2012).

More research is also needed to understand the nuances of private sector engagement in terms of effectiveness, modalities and monitoring and evaluating impact. Specifically, the international development community needs to understand the following:

1. Effectiveness of private sector approaches versus traditional donor aid that compares the critical driving forces behind each; and what are the tensions and opportunities in relation to CAF contexts?

2. What are some examples of platforms for private sector engagement in education within CAF contexts; and how effective have these platforms been in addressing education delivery and quality challenges?

3. What if any differences are there between private sector engagement performance metrics and those of traditional donor aid; and how do these metrics reflect/drive the implied mission of each approach?

It is only after we have a broader reference point of experiences and testaments that an effective and user-friendly PSE platform can be established. Secondly, developing a solid PSE approach is a response and counter-action to how we balance the trade-offs of profit and shared-value. For the moment, we can only characterize current initiatives as part of a mutual discovery process that will hopefully unveil lessons learned and best practices.
Works Cited


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