

The World Bank Group's Corporate Social Responsibility (CSR) Practice's Technical Assistance to Business and Education in El Salvador

Introduction

Under the framework of the World Bank Group's new private sector development strategy, in April 2002 the Corporate Social Responsibility (CSR) Practice, part of the Investment Climate Department, initiated a 15-month exploration of how the World Bank might best support client governments on promoting CSR as an integral part of their national economic competitiveness strategies. The CSR Practice aims to ensure that developing countries' investment climates promote socially responsible corporate behavior, ensuring that more of the benefits of investment reach the poorest of the people and lead to sustainable development. The objective has been to improve the impact of CSR by advising and supporting the public sector within developing countries on their potential roles, and by supporting implementation activities led by private sector companies that are pioneering sustainability for strategic business objectives.

Over the last 15 months, we have provided technical assistance to a number of client governments in different sectors where CSR is a necessary component for key firms in that sector. This report will frame the technical assistance program of the CSR Practice aimed at supporting the Salvadorean governments' engagement with CSR in the education sector. The technical assistance provided to the government of El Salvador is designed to stimulate dialogue around appropriate stakeholder roles in strengthening the implementation of an education-focused CSR strategy. This is part of a broader trade competitiveness and investment promotion strategy, aimed at creating linkages and partnerships between business and education. The focus of the technical assistance will be to integrate education-focused CSR strategies as part of a national action plan to close the gap between education and technology.

The broad objectives of the technical assistance were:

- To identify and prioritize viable options for addressing challenges to CSR implementation by national counterparts.
- To get agreement on desired public sector roles in encouraging responsible corporate behavior.
- To raise awareness of government officials to contribute to education-focused CSR initiative including understanding of drivers; improved capacity within the public sector to provide appropriate support to education-focused CSR; agreement from stakeholders that such roles are valid and necessary.
- To create a national education-focused CSR strategy and to clearly define roles and responsibilities of the various stakeholders working on CSR issues.

Following agreement on the recommendations of the initial technical study for the Ministry of Education in November 2002, it was agreed that follow-up technical assistance would be provided to Fondo para Iniciativas de Desarrollo Educativo (FIDES), Fundación Amigos de la Educación (FUNDAEDUCA), and the Ministry of Education (MINED), along with support for a national conference organized by Fundación Empresarial para la Acción Social (FUNDEMÁS).

Subsequently, three consultants specializing in CSR, with a background in education were recruited to contribute to these tasks and prepare the set of deliverables following specific fieldwork in El Salvador between the months of June - September 2003. During that time, the consultants interviewed public officials, individual business representatives, business foundations and associations, beneficiary schools, NGOs and other development organizations to gather perspectives on the relative importance of CSR behaviors in meeting El Salvador's education needs. The various reports, including a "CSR Diagnostic of Education in El Salvador" were the product of a process that included interviews, further discussions with World Bank staff from the CSR Practice, as well as examination of various secondary sources.

The following technical assistance was provided in El Salvador:

- FIDES: Prepared a Study focused on program scope, implementation strategy and operational instruments. This included a seminar looking at the interaction of the proposed US/Central America trade agreement, CSR and education.
- FUNDAEDUCA: Prepared a study focused on a scale up strategy for FUNDAEDUCA and recommendations for CSR activities and the development of a CSR Guide for Salvadorean Businesses.
- MINED: Prepared a strategy focused on developing an education-focused CSR action plan and providing recommendations of implementation options.
- FUNDEMÁS: Created an environment enabling three-sector dialogue leading to consensus on education-focused CSR that are relevant to the broader implementation of a CSR environment. Provided technical assistance in hosting a National Conference on Closing the Gap on Education, Technology and Productivity, organized by the Ministry of Education, managed by FUNDEMÁS - the Conference focused on how to scale up current CSR engagement and strengthen El Salvador's strategy to compete in the global economy.

Education-focused CSR

The three-tiered topology of education-focused CSR consists of 1) *providing support to the education system* through curriculum development on key issues and providing new learning methods and materials; 2) *supporting teachers and students* by being involved in governing structures and class participation; and 3) *supporting teachers and students at the workplace* through vocational

Box 1: Categories for collaboration:

- Strengthening the education system;
- Strengthening local schools;
- Supporting teachers and students through special opportunities offered at the workplace.

training and providing internships to students. Out of the three-tiered typology for education-focused CSR that has been proposed, education-focused CSR in El Salvador tends to overwhelmingly focus on category two of the typology¹.

From primary and secondary research recently conducted in El Salvador that analyzed the different levels of business commitment to CSR², it is evident that Salvadorean businesses provide a unique and complementary contribution to education efforts in their country. However, most of the focus thus far has been based on a "deficit-model" of corporate philanthropy, where corporate donations have been made to improve infrastructure and provide equipment and other materials that only provide a short-term benefit. At the end of the day, what determines whether a given activity represents the "value added" approach of CSR or the "deficit" model of charitable giving is not so much the *nature* of the topic addressed, but the *manner* in which that topic is pursued³.

We also found a misalignment between the Ministry of Education's national priorities and current businesses' CSR activities and goals. The need to identify the overlap that exists between the Ministry's goals, assets, and resource needs, and the CSR community's interests and priorities led to the proposal for development of a strategy for a national action plan integrating CSR into the Ministry of Education's framework for planning and executing programs at all educational levels.

¹ Reyes, et. al., *Education-Focused Corporate Social Responsibility in El Salvador: World Bank Technical Assistance Study* (October 2002).

² Nationwide Business Survey carried out by Fundemas, September 2003.

³ B. Levinger et al., *Marco de Referencia del Ministerio de Educación del Plan de Acción Nacional sobre Responsabilidad Social Empresarial*, EDC (2003)

Box 2: Business Contributions to education-focused CSR:

- A business perspective that can contribute toward the enhancement of curriculum design
- A business perspective can help the education sector better focus on the skills and attitudes needed for El Salvador to compete in the global marketplace

The CSR approach to education-sector strengthening in El Salvador reflects the assumptions that a business perspective already exists that can contribute towards curriculum design and pedagogical practices, focused on the skills and attitudes that will be needed for El Salvador to compete and, that a set of business competencies will help improve delivery of educational services.

In addition to the assumptions stated above, the business sector's contribution to education is optimized when the following conditions prevail:

- Businesses have access to clear and straightforward guidance from the Ministry of Education on the ways in which they can engage with education;
- The Ministry of Education supports moving away from ad hoc *project interventions* and toward *systemic, sector-wide approaches* that are most likely to yield significant education sector performance gains; and
- Mechanisms are in place to support partnership-based approaches to educational quality improvement.

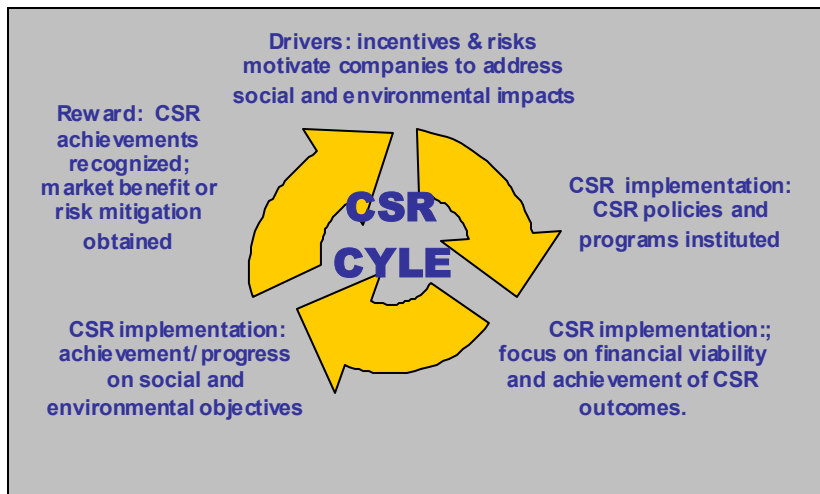
CSR Cycle [leave in or take out?]

The World Bank’s CSR Practice advises developing country governments on the roles they can play to best encourage CSR. The CSR Practice utilizes different frameworks of analysis for identifying appropriate public sector roles in strengthening corporate social responsibility - relating to the focus and nature of government intervention.

The CSR Cycle framework relates to the set of factors that must be in place to ensure that businesses continue to engage in CSR activities. The World Bank’s CSR Practice has identified these factors as falling under the following three categories:

- *Drivers:* Are the drivers, i.e. the mix of market incentives or potential sanctions, sufficient to motivate companies to undertake CSR?
- *Capacity and resources:* Do the companies have the ability to implement CSR in a financially viable manner and are the necessary support institutions in place?
- *Access to rewards:* If companies undertake CSR, will they successfully mitigate risk or access the market rewards for their action?

Diagram 1: CSR Cycle



The government should therefore focus on addressing the deficiencies that may exist within the CSR Cycle. A separate question that is not addressed by the “CSR Cycle” is the issue of how the public sector can influence the CSR issues pursued by the private sector to align with domestic development objectives.

Diagnostic study of CSR activities related to education in El Salvador and the respective public sector roles that strengthen CSR

The CSR Practice provides a country-specific diagnostic designed to enable developing country governments to work more effectively with business on this issue, to use CSR more strategically in development plans, and to take advantage of dynamic linkages between CSR-based voluntary approaches and regulations. The Diagnostic identifies twenty-two categories of CSR behavior, grouped in 4 themes: economic, environmental, social, and good-governance actions.

Using the “Diagnostic and Appraisal Tool (Version 1.0)⁴”, the following section identifies the current CSR initiatives in El Salvador most closely related to the education sector, its potential alignment with public sector priorities, and the roles and instruments that are available to the public sector in maximizing CSR.

Box 3: CSR Diagnostic Categories Linked to Education

1. Monetary flows to the public sector
2. Employment and human resource development
3. Procurement and supply chain management
4. Fair labor standards
5. Communities and stakeholder engagement (where the business community is viewed as a stakeholder in the education process)
6. Charitable giving
7. Social investment (implementation of community development projects including construction of clinics and schools; support for community-based enterprises; cause-related marketing; development of employment policies that secure local labor supply)

Some of the behaviors identified are closely linked to the objectives set out by the Ministry of Education in El Salvador. It is important that CSR behaviors are closely linked to these objectives, or they risk creating even more obligations for programs that are already under-resourced⁵.

The table below provides the rationale of the existing CSR behaviors along with an explanation of how each one relates to educational outcomes.

Table 1: Rationale for Education-Promoting CSR Behaviors

CSR Behavior	Rationale
1. Paying required taxes and government-imposed fees	Taxes and fees allow government to make the investments needed to set and meet ambitious targets related to educational quality, equity and coverage.
2. Paying wages consistent with legal requirements	Household income is a crucial determinant of educational outcomes particularly in countries with large disparities in wealth.

⁴ Please see “Table 1: Indicative Alignments between CSR and Public Sector Responsibilities and Policy,” Users Guide for Web, Version 1.2, p. 10.

⁵ B. Levinger et al., *Marco de Referencia del Ministerio de Educación del Plan de Acción Nacional sobre Responsabilidad Social Empresarial*, EDC (2003)

CSR Behavior	Rationale
and livelihood needs	Disposable income enables families to bear the opportunity costs of school attendance and to pay fees for books, uniforms, meals as well as other costs associated with school enrollment.
3. Providing employees with training and learning opportunities	Providing employees with opportunities to further their education helps to foster a national culture of learning that, in turn, leads parents to assist children with homework, promote reading, and hold high expectations for their children's education.
4. Giving preference to local people when hiring and contracting	Such preferences generate demand for schooling by families. Households are more inclined to invest in their children's education since the returns on this investment are readily perceived and valued.
5. Engaging in fair competition when bidding on Ministry of Education contracts	Such practices, which promote honesty and transparency in business operations, strengthen civil society and provide value to the Ministry of Education. Quality products and services are secured at a fair price, and transaction externalities are reduced. More funds are available to the Ministry for investments directly linked to quality, equity and coverage.
6. Establishing favorable terms and conditions for making technology and intellectual property available to the education sector	Access to leading-edge technology and appropriate intellectual property at concessionary rates enables the Ministry to reduce the per capita outlays needed to achieve quality-related objectives. More resources are thus available to invest in coverage and equity targets.
7. Maintaining or improving environmental conditions that influence learning	Production processes that pollute air, soil or water pose health risks for children and, in some cases, diminish cognitive function (i.e., a child's ability to learn). For example, upper respiratory tract infection, asthma, nausea, fatigue and headache are all conditions linked to poor air quality. These conditions impede learning, contribute to absenteeism and, over time, result in unacceptably high rates of repetition and drop-out. Exposure to lead, mercury and other chemical compounds can lead to difficulties in information processing.
8. Setting reasonable working hours for employees	Enables parents to help with homework, participate in school governance, and provide children with the emotional support needed for high levels of educational achievement.
9. Recognizing employees' maternity rights	Unique physiological wiring allows healthy infants to learn in months the equivalent of what older learners may take years to master. However, infants are entirely dependent upon their external surroundings for the nourishment, stimulation and "information" they need to thrive and develop. The extent to which infants receive the proper "inputs" from their mothers (or alternative caregiver) determines their later capacity to learn actively and participate fully in the world around them.
10. Assessing impact of business decisions and practices on educational opportunities and attainment	Almost all business practices have the potential to influence educational outcomes. The goods and services a company chooses to offer, the production processes it uses, its labor force policies, and its community relations activities can all have a bearing on such education-related issues as disposable family income, environmental quality, discretionary time and incentives to stay in school.
11. Dialoguing with education sector representatives	Business is an important education stakeholder. It is a major consumer of the education system's "output." Its actions can also

CSR Behavior	Rationale
about policies and programs	influence educational supply as well as overall demand for schooling.
12. Making donations (cash or in-kind) to support education-related activities	The government's investments in education already account for a very high proportion of all government spending. Nonetheless, universal basic education has not yet been achieved. It is unrealistic to think that the government can invest a higher proportion of the national budget in education without damaging progress in other sectors. Therefore, the shortfall between current and required investments must be covered by external aid and private contributions.
13. Making donations (cash or in-kind) to improve educational quality	Educational quality (or, more properly, parents' perceptions of it) shapes demand. Low quality is closely linked to low demand. Nevertheless, there is intense pressure on government to achieve universal coverage which leaves little funding left to improve learning outcomes.
14. Promote donations by the general public (cash or in-kind) to support education sector activities	Businesses have enormous potential to generate cash and in-kind contributions from the public through promotions, tie-in sales, and special events. Such resource flows help bridge the gap between what is needed and available to meet coverage, equity and quality targets.
15. Facilitating donations by employees support education-related activities	See above.
16. Sharing information with other businesses about education-related CSR activities	Information dissemination is critical if more businesses are to become involved in education-related CSR activities. The Ministry of Education can work with the corporate sector more cost-effectively as business participation in education sector activities increases and as businesses become more knowledgeable about how they can engage with the Ministry in mutually beneficial education activities. This dissemination will also contribute to more efficient coordination and decrease in the duplication of efforts
17. Create, support or maintain child-care centers or other services for children under five years of age	Provides appropriate care and developmental play for pre-school aged children and may also allow older children—especially girls—who would otherwise be engaged in child care, to attend school

Ministry of Education Actions to Foster CSR⁶

The next step in the diagnostic exercise is to consider the current types of instruments and interventions that public sector authorities in El Salvador are taking to encourage the business and development benefits of CSR activities. Working with one CSR category at a time, the researcher identified from the menu of the ‘types’ of instruments and interventions public sector authorities can take to encourage the business and developmental benefits of CSR activities. The result is a crude measure of the current status of government engagement with CSR.

The types of interventions provided in the generic diagnostic tool are not a prescribed set of recommendations for government, nor are they prioritized in any way. They are a collection of known public sector instruments and interventions, some standard in many countries, others more innovative. The instruments are classified into four broad approaches: mandating, facilitating, endorsing, and partnering – as outlined in the diagram below.

Table 2: Public Sector Roles

Public Sector Roles			
Mandating	‘Command and control’ legislation	Regulators and inspectorates	Legal and fiscal penalties and rewards
Facilitating	‘Enabling’ legislation	Creating incentives	Capacity building
	Funding support	Raising awareness	Stimulating markets
Partnering	Combining resources	Stakeholder engagement	Dialogue
Endorsing	Political support		Publicity and praise

The Ministry of Education may want to consider engaging in a series of coordinated actions, outlined in an integrated plan in order to promote CSR for education in El Salvador. These actions can be grouped according to the above framework⁷ for public sector roles:

⁶ B. Levinger et al., *Marco de Referencia del Ministerio de Educación del Plan de Acción Nacional sobre Responsabilidad Social Empresarial*, EDC (2003)

⁷World Bank, CSR Diagnostic – User Guide for Web

Table 3: Actions to Foster CSR

Ministry of Education Role	Alignment with Ministry of Education Priorities	Desired Outcomes Among CSR Actors	Current Activity /Potential Partners
<p>MANDATING:</p> <ul style="list-style-type: none"> Dialogue with other ministries regarding tax policy, labor standards, environment, and other areas of concern, to ensure that laws and enforcement mechanisms contribute to the realization of education sector goals and priorities 	<ul style="list-style-type: none"> Potential positive impact in multiple areas, especially funding for education, learning environment quality, and attendance rate 	<ul style="list-style-type: none"> Compliance with tax laws, and labor and environmental standards Enhanced understanding of CSR 	<ul style="list-style-type: none"> Current level of compliance for largest firms is seen as high
<p>FACILITATING:</p> <ul style="list-style-type: none"> Develop a strategic CSR National Action Plan to establish and disseminate the Ministry of Education’s vision for corporate engagement in the education sector Initiate an ongoing policy dialogue regarding educational outcomes and the role of the business community in supporting it. Integrate new actors into the policy dialogue Provide concrete mechanisms and proposals for ways that business can engage in CSR for education Establish a “hub” of CSR within the ministry that will transcend political and personnel changes to ensure continuity and business confidence 	<ul style="list-style-type: none"> The corporate sector’s contribution to Salvadoran education is not confined to “gap filling,” but represents a significant complement to the Ministry’s own efforts to achieve progress in relation to clearly defined, measurable targets Potential positive impact in multiple school quality factors, in particular, Institutional Modernization 	<ul style="list-style-type: none"> Participation in a concerted plan of action that is focused on priorities of shared importance to both the corporate sector and the Ministry of Education Allow the CSR community and opportunity for ongoing contributions to macro-level polity dialogue 	<ul style="list-style-type: none"> Planning is getting underway, with World Bank support, for expanding FUNDAEDUCA’s school coverage from the current level of 25 to 1000. ANEP’s ENADE process presents an opportunity for coordination “Closing the Gap” Education and Technology Conference presents an opportunity to begin relationship building Consider building on the model of the current secondary education consultation process—a “kick-off” event followed by inter-sectoral dialogue over several months FUNDEMAS, FEPADE, FUNDAEDUCA are currently engaged in action, research, and/or commentary on the field of CSR, especially as it relates to education Take advantage of

Ministry of Education Role	Alignment with Ministry of Education Priorities	Desired Outcomes Among CSR Actors	Current Activity /Potential Partners
			current high-profile CSR actors to act as “thought leaders” and share their experiences
<p>PARTNERING:</p> <ul style="list-style-type: none"> • Channel CSR to specialized Ministry programs where there are overlapping interests • Provide systematic assessment of types and levels of CSR for education, as well as impact, at the national level; provide assessment framework or indicators for businesses in order to promote Ministerial accountability for results 	<ul style="list-style-type: none"> • Joint activities are in areas that characterize a win-win-win (business-Ministry-other stakeholders) approach to collaboration 	<ul style="list-style-type: none"> • Joint ownership of a series of high visibility, high priority initiatives • High levels of mutual accountability 	<ul style="list-style-type: none"> • Build on FUNDEMAS survey data and FUSADES business self-assessment to be released in September
<p>ENDORISING:</p> <ul style="list-style-type: none"> • Dissemination and awareness-raising campaign that identifies and promotes examples of good practice, and encourages expansion and initiation of CSR activities in line with a new Ministry of Education planning framework 	<ul style="list-style-type: none"> • Provides a forum to articulate CSR options for business and how they support Ministry policies and programs 	<ul style="list-style-type: none"> • A greater flow of information and “lessons learned” among all CSR actors • Incorporation of “lessons learned” about best practice into future activities • More CSR actors are drawn into the process 	<ul style="list-style-type: none"> • FUNDAEDUCA representative within the Ministry currently disseminates useful information to current and prospective participants in that program, and plans are underway to expand this outreach • Several business foundations and associations (FUNDEMAS, FUSADES and ANEP, for example) are already playing a “convening” role and have strong ties to the Ministry

Conclusions and Recommendations for Technical Assistance

The technical assistance that was provided to FUNDAEDUCA, FIDES, FUNDEMAS and the Ministry of Education confirmed that Salvadorean businesses have been contributing to CSR activities through a series of education investments in El Salvador, but mainly based on a "deficit-model". Although existing business partnerships with organizations like FUNDAEDUCA have provided limited private sector support directly to the public education system, there is a need to move towards a "value added" approach of CSR.

The overarching public sector role at this stage is to establish a National CSR Plan that will guide all other actions. As the Table above describes, there are many opportunities to coordinate and build on current activities. An important cross-cutting role for the Ministry of Education will be to develop and strengthen existing relationships with business foundations, like FUNDAEUCA, and those NGOs that fulfil an important "brokering" role between the public and private business sectors.

Appendix 1: Acronyms

ANEP	Asociación Nacional de la Empresa Privada
CSR	Corporate Social Responsibility / Responsabilidad Social Empresarial
FEPADE	Fundación Empresarial para el Desarrollo Educativo
FIDES	Fondo para Iniciativas de Desarrollo Educativo
FUNDAEDUCA	Fundación Amigos de la Educación
FUNDEMAS	Fundación Empresarial para la Acción Social
FUSADES	Fundación Salvadoreña para el Desarrollo Económico y Social
MINED	Ministry of Education / Ministerio de Educación de El Salvador
RSE	Responsabilidad Social Empresarial / Corporate Social Responsibility

