



**Strengthening Developing Country Governments' Engagement
with Corporate Social Responsibility:**

**Conclusions and Recommendations from
Technical Assistance in El Salvador**

FINAL REPORT

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1. Background and Key Recommendations

In September 2002 the Corporate Social Responsibility (CSR) Practice, in the Investment Climate Department of the World Bank Group, began 12 months of technical support to the Salvadorian Ministry of Education to stimulate dialogue around appropriate stakeholder roles in strengthening the implementation of an education-focused CSR strategy.

This was part of 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, ensuring that more of the benefits of investment reach the poorest 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.

The objectives of the technical assistance in El Salvador 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.

The CSR Practice submitted an initial technical study for the Ministry of Education in November 2002¹. Following agreement on those recommendations, the CSR Practice provided the following technical assistance:

- FIDES: 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: a study focused on a scale up strategy for FUNDAEDUCA, recommendations for CSR activities, and the development of a CSR Guide for Salvadorian Businesses².
- FUNDEMAS: The CSR Practice worked consistently with FUNDEMAS, including advice and analysis for their CSR business survey, and collaboration on the National Conference on Closing the Gap on Education, Technology and Productivity, organized by the Ministry of Education, managed by FUNDEMAS, in October 2003.
- Ministry of Education: Inputs for a strategy to develop an education-focused CSR action plan and recommendations for implementation options³.

¹ Reyes J. Et al., *Education-Focussed Corporate Social Responsibility in El Salvador, World Bank Technical Assistance Study* (October 2002)

² Andrew J. Grant., *Scale-up Strategy for Activities of FUNDAEDUCA in El Salvador, FIAS* (October 2003)

More detailed information is available in each of those reports. This report is the final report to the Ministry of Education from this technical assistance.

Key Recommendations

1. **Vision.** MINED should promote the linkages between education, technology and productivity within a national alliance for education. This needs to become a shared vision, fostering dialogue between the Ministry, the business sector and other stakeholders to understand the costs and benefits of increased collaboration. The Ministry should encourage a move away from ad hoc project interventions, toward systemic approaches designed to draw on core business competencies.
2. **Strategy.** CSR should be included within the national education strategy, building on the policy dialogue of the last 12 months. Potential business engagement should revolve around 1) business perspectives that can contribute towards curriculum design and pedagogical practices, especially in the secondary education cycle; and 2) business competencies that can help improve delivery of educational services. These should be encouraged at three levels: support to the education system; strengthening local schools; supporting teachers and students through opportunities at the workplace.
3. **Institutional mechanism.** The Ministry should establish a small CSR unit, based within the Ministry, through which the Ministry and the business community can engage. The unit should implement and track the public sector component of the agreed education-focused CSR strategy. Key roles are detailed in this report.
4. **Investment promotion.** MINED should encourage increased transparency and reporting on education-focused CSR, including firm-level reporting on core data. This would help individual firms distinguish themselves in a highly competitive marketplace, and the data could also be aggregated anonymously at national level to show how seriously the country takes this issue. MINED should work with the Investment Promotion Agency: El Salvador needs to compete internationally on the basis on cost + quality + demonstrated standards.

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

2. Summary report of global findings from the World Bank CSR program

About this section

This section summarizes findings from the World Bank's program *Strengthening developing country governments' engagement with Corporate Social Responsibility*. Through activities and dialogue on specific sectoral or thematic issues in four countries (listed below), and a series of commissioned research projects on cross-cutting themes, the program explored the potential roles of the public sector within developing countries in relation to CSR.

Country	Sector	Issues
Vietnam	Footwear	Labor
El Salvador	General	Business and education
The Philippines	Mining	Socio-economic and environmental impacts
Angola	Oil	Local content, transparency and social development

The concept of corporate social responsibility (CSR) is based on the recognition that businesses are part of society, and that they have the potential to make a positive contribution to societal goals and aspirations. The CSR agenda places significant emphasis on relationships between enterprises and their stakeholders, both internal (e.g. workers, shareholders and investors) and external (e.g. customers, suppliers, civil society and community groups). Yet one set of key actors is often omitted from this conversation – the government. This is despite the overarching role of the government in setting the framework within which businesses operate, and the potential for aligning the outcomes of business activity to public policy goals.

To some extent, the absence of attention to the role of the government is a reflection of the immaturity of the CSR agenda, and that the term “CSR” has not yet taken hold within many government agencies. Yet there already is a wealth of examples of government actions that can and do promote corporate social responsibility, many of which have not been undertaken explicitly as CSR initiatives. These include traditional activities of labor and environmental regulators and inspectorates, and elements of the work of investment and export promotion agencies. Government agencies that do not use the term CSR are not necessarily doing any less than those that do. Indeed, they may prefer to deal with the challenges brought by the CSR agenda through more established terminology and approaches, in order to focus on the necessary responses and to communicate these to other actors.

Just as the significance of the government is often underplayed within the CSR agenda, so the link between public governance and CSR is seldom given due attention. But governance is an overriding factor in defining the type and trajectory of CSR that will emerge, and the respective roles of different stakeholders. Where the state provides a transparent and predictable business environment, with clear signals for business and enforcement of the law, not only are minimum standards more likely to be upheld, but also the efforts of private sector and civil society actors to

promote better social and environmental practices through voluntary measures will be supported. In Angola, companies investing in the oil sector are realizing that if they are to respond to civil society demands that the revenues they generate are harnessed in support of public good such as poverty reduction, they need government support in ensuring transparency. The extent to which the government can underpin CSR through good governance has a strong bearing on the necessary roles of other actors.

But why should the government engage with the CSR agenda at all?

The first reason is the desire to maintain and enhance international competitiveness. In El Salvador, the Government sees CSR as a route to long-term national competitiveness, by capitalizing on the willingness of employers to invest in education and their desire for an educated workforce.

There are indications that CSR issues are increasingly influencing the investment and purchasing decisions of some multinational enterprises.⁴ This survey of 107 MNEs in the extractive, agriculture and manufacturing sectors found that over 80% of respondents consider the CSR performance of potential partners and locations before they enter into a new venture, with just under half choosing one host or source country over another on the basis of CSR issues. Indeed, the most striking link between CSR and competitiveness is made through codes of conduct, developed by buyers to manage social and environmental issues within their supply chains. These have become among the most widespread tools of the existing CSR agenda, alongside the compliance or monitoring schemes that are used to ensure that suppliers implement the codes. In Vietnam, the direct benefit of helping the domestic footwear sector to understand and adhere to labor codes of conduct is securing international contracts that would otherwise be awarded elsewhere. There may also be indirect benefits for individual enterprises in terms of productivity and quality improvements⁵, and for the sector as a whole in attracting other buyers and investors. Cambodia accepts that its textile industry cannot compete with China simply on the basis of low input costs, and instead is seeking to position itself as a location for 'responsible' purchasing by building the capacity of suppliers to implement labor codes of conduct.

If codes of conduct can lead to the exclusion of enterprises (particularly SMEs) from international supply chains, there is a clear rationale for government support to help enterprises respond to them; we discuss possible interventions below. Having said this, it is important not to overstate the significance of codes of conduct. It is clear that they are being applied within the supply chains of a core of multinational enterprises in certain industrial sectors, notably garments and footwear, and to some extent agribusiness.⁶ For enterprises aiming to supply these sectors, there is increasing pressure to implement codes of conduct. But this is often not the case for enterprises in other sectors or for those supplying domestic markets.

⁴ J. E. Berman and T. Webb 2003 *Race to the Top: Attracting and Enabling Global Sustainable Business: Business Survey Report*, Washington, D.C., World Bank.

⁵ Jørgensen et al. (2003) note that there is currently little understanding of the indirect business benefits of adhering to codes of conduct, such as improved productivity and lower staff turnover.

⁶ For detailed information and analysis of codes of conduct applied to five sectors (apparel; footwear and light manufacturing; agribusiness; tourism; mining; oil and gas), see G. Smith and D. Feldman 2003 *Company Codes of Conduct and International Standards: An Analytical Comparison* (Parts I and II), Washington D.C., World Bank.

A second reason for government engagement with CSR is to address current gaps in government capacity. This is a pragmatic response to situations where government agencies lack capacity to secure enforcement of legislation (for example in countries where codes of conduct are seen as a good tool to enforce implementation of the law) or resources for government expenditure (for example in El Salvador, where the fiscal gap undermines government investment in education). The idea of CSR filling temporary gaps also extends to the global regulatory context – CSR may prove to be a symptom of the current lack of a mature global governance framework, and developments in global governance may eventually reduce the need for codes of conduct and other CSR tools.⁷

Thirdly, the government can apply CSR to facilitate partnerships and create synergies that use the complementary skills of government, private and civil society actors to achieve public policy goals. Even where there are fully functioning and well-resourced regulatory structures, it still makes sense to make the most of what different stakeholders can offer. For example, in El Salvador, the business community is able to provide financial expertise and mentoring for school managers, while in the Philippines, the Department of Environment and Natural Resources sees communities as “active partners, not beneficiaries” in the context of the mining sector.⁸

A fourth rationale for government engagement with the CSR agenda is to ensure that it is in line with the interests of local stakeholders and with national policy goals. The current CSR agenda, and its emphasis on top-down codes of conduct, reflects its primary association with large multinational companies and their stakeholders, particularly consumers, investors and international civil society organizations. As discussed above, government interventions may be necessary to ensure that domestic companies (particularly SMEs) are able to meet the supply chain requirements imposed by foreign buyers. But there is also a need to support the positive practices of domestic companies, including those operating outside international supply chains. Local visions of what it means to be socially responsible may well be quite different to those of international buyers. In Vietnam, some invitees to a conference on CSR assumed that the topics to be discussed would be assistance for flood victims and other needy people, rather than labor codes of conduct. In the Philippines, there is a need for mechanisms that involve and engage local stakeholders in planning a sustainable future for the mining sector. Workers and their representatives, the perceived beneficiaries of codes of conduct, are not often involved in their development or even in the implementation. The government has an interest in promoting worker involvement in CSR and, more generally, in promoting stable and effective systems of industrial relations.

Given the complexity of these drivers for government engagement, it may be useful to take a systematic approach to deciding on the most appropriate responses. The range of roles that government agencies might play can be situated within an overarching framework under four broad categories: mandating, facilitating, partnering and endorsing.⁹ The aim should be to map the overlaps between the CSR agenda and existing government activities, and to identify interventions

⁷ Michael Klein, Vice President Private Sector Development: The World Bank, and Chief Economist, International Finance Corporation, addressing the International Conference on Public Policy and CSR, Washington, D.C. 8-9 November 2003.

⁸ Edwin G. Domingo, Assistant Director, Mines and Geosciences Bureau, Department of Environment and Natural Resources, addressing the International Conference on Public Policy and CSR, Washington, D.C. 8-9 November 2003.

⁹ See Fox, Ward and Howard (2002) for a discussion of this framework and examples of public sector action under each of the categories.

that align business activities with public policy goals.¹⁰ For example, the Government of El Salvador is seeking to integrate CSR into a national plan for education, and sees its roles as, firstly, to establish clear policies in relation to CSR, and secondly, to facilitate partnerships between the private sector and educational institutions.¹¹ The Government of Angola has passed legislation to set targets for hiring of local labor by foreign oil companies, in order to develop local skills and training.

There is clearly a range of activities that the government could play with respect to codes of conduct and other supply chain requirements. Ensuring consistent and transparent enforcement of the law is fundamental to supporting responsible business activity. A logical next step is providing information, training and other capacity building for local enterprises, both in terms of what standards are required and how they relate to national legislation. This could involve key stakeholders such as trade unions, industry associations and civil society groups. By coordinating the different actors, the government may be able to encourage collaborative capacity building that pools resources and expertise. But a more dynamic response would be to attempt to shape the codes of conduct and their implementation processes, both in the interests of domestic enterprises and the economy as a whole, and to maximize the benefits in terms of higher standards. For example, stakeholders in Vietnam have discussed the notion of a national framework for codes of conduct, which might form a basis to encourage coherence between different buyers' codes and national legislation, and may even facilitate joint audits of factories.¹²

But there remains a need to explore how auditors inspecting against private codes of conduct, and the information gathered by them on standards within individual enterprises, could usefully complement and build the capacity of government inspectorates. By doing so, there may be scope to raise standards not only in export sectors, but also in enterprises producing for the domestic sector and in industries beyond those touched directly by codes of conduct. And questions remain about the limits to the implementation of codes of conduct in sectors characterized by short-term contracts and complex supply chains.

While the case of Angola demonstrates how the CSR agenda relies on transparency with regard to the activities of the government, government also has a role to play in ensuring the provision of transparent and reliable information on the activities and impacts of enterprises. It is in the interests of individual companies to differentiate themselves within a market in which discerning buyers (and increasingly, investors¹³) favor high standards. There may be a role for the government in establishing a comparative framework to allow this, possibly linking higher standards to incentives such as tax concessions or export licenses.¹⁴ In addition to these enterprise-level effects, data

¹⁰ See the Diagnostic and Appraisal Tool developed by Michael Warner for the CSR Practice, which takes users through a series of steps, helping them form recommendations on appropriate public sector interventions and instruments.

¹¹ H. E. Rolando Ernesto Marin Coto, Minister of Education, El Salvador, addressing the International Conference on Public Policy and CSR, Washington, D.C. 8-9 November 2003.

¹² Jørgensen et al. (2003) note that one of the main barriers to implementation of codes of conduct by suppliers is the fact that different buyers interpret even identical provisions in codes of conduct in different ways. This appears to be a greater barrier than the absolute number of different codes.

¹³ For example, ten leading banks recently adopted the Equator Principles, a voluntary set of guidelines for managing the social and environmental issues related to the financing of development projects.

¹⁴ For example, the Government of Cambodia has linked the granting of export licenses to garment manufacturers to their engagement in an ILO standards scheme.

collected could be aggregated and used at a national level in positioning the country as a location for responsible sourcing or investment. To make the most of the leverage that transparency can bring to bear on corporate performance, it may also be necessary for the public sector to support the capacity of civil society to demand and make use of this information, thus creating additional local pressure for better practice. Providing balanced information on the positive and negative impacts of business activity also has the potential to bring stakeholders into constructive debates. For example, in the Philippines, there is a clear need for broad civil society engagement and a mechanism that builds mutual trust and informed choices between stakeholders, as well as expanding each stakeholder's awareness of the possibilities presented by the mining sector.¹⁵

In exploring and performing its potential roles, the government can play an important function in shaping a national CSR agenda not only responds to external pressures such as codes of conduct, but is also in line with local needs. In assessing the opportunities that CSR provides, the challenge is for governments to identify priorities and incentives that are meaningful in the national context, building on the strengths of local enterprises as well as those of foreign multinationals. By doing so, there is a significant opportunity for the government to harness current enthusiasm for CSR to delivery against public policy goals and priorities.

3. Salvador's economy, and the challenges facing the education system

This section assesses the challenges facing the education system in El Salvador, in the context of the national economy and international economic integration.

There is an increasing consensus among key stakeholders in El Salvador that the challenges El Salvador is facing in education are great, and that they need to be addressed collectively. El Salvador invests less money per student than any other country in the region. There is evidence of low quality preparation of teachers and weak capacity-building for teachers. Enrolment in secondary education continues to be low, in spite some growth in lower secondary education (upper basic cycle).¹⁶ Curriculum in the secondary education's academic and vocational cycles needs to reflect more the needs of the knowledge, skills and competences of the labor market and innovative and flexible productive technologies. In El Salvador, the Ministry's objective of improving coverage and quality of education¹⁷ and the Business sector's objective of improved quality of human capital are congruent and need to work in unison. Both coalesce in a shared goal of the country competing more successfully within a globalizing economy.

The Ministry of Education objectives, as outlined in "Desafíos de la Educación en el Nuevo Milenio: Reforma Educativa en Marcha (2000-2005), include the following:

¹⁵ C. L. Hubo (2003) *Corporate Social Responsibility (CSR) and Public Policy in the Philippine Mining Sector*, paper presented to the International Conference on Public Policy and CSR, Washington, D.C. 8-9 November 2003.

¹⁶ In 2002, gross and net enrollment rates in the third cycle of basic education (lower secondary) were 75.6% and 46.4% and in (upper) secondary education, 40.2% and 25.5%. Some departments, such as La Union, Cabanas, Ahuachapan and Morazán, have net enrollment rates below 20% in upper secondary.

¹⁷ The Ministry's priority areas are described in 'Desafíos de la Educación en el Nuevo Milenio' (2000).

- Improve the quality of educational services by strengthening the performance of school directors and teachers through the introduction of educational technologies and the transfer of financial resources to schools in order to meet classroom needs
- Strengthen participation by the educational community in the Consejos Directivos Escolares (School Leadership Councils), Asociaciones Comunes para la Educación (Community Education Associations), and Consejos Educativos Católicos (Catholic Education Councils); and involve other local actors in improving educational quality and equity.
- Facilitate access to education by introducing such new service models such as Early Childhood Education, Accelerated Education, Distance Learning, and compensatory education.
- Promote values development, the creation of cultural spaces, and personal development, within a holistic cultural policy that strengthens national identity and fosters family participation in the development of values¹⁸

In the Memoria de Labores (2002-2003),¹⁹ the Ministry of Education presents the factors that contribute to school quality:

- Educational development (classroom pedagogy)
- Educational research, monitoring and evaluation of learning
- Expansion of opportunities (equity)
- Infrastructure and Rehabilitation
- Values education and lifelong learning
- Institutional capacity building and modernization

All of these areas present opportunities for CSR activities. The key consideration is that the CSR behaviors should provide value not only to the business and the Ministry of Education, but most importantly, to students - the core stakeholder in the educational system.

4. Education-focused CSR

This section summarizes a standard typology for education-focused CSR, and assesses current practice in El Salvador against these categories.

A three-tiered typology 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 training and providing internships to students.

¹⁸ *Desafíos de la Educación en el Nuevo Milenio*; Please see Appendix A for more details on the priorities outlined in “Desafíos...” and related strategies and programs identified by MINED.

¹⁹ MINED, *Memoria de Labores 2002-2003: Escuelas en transformación hacia una educación de calidad*

Categories for collaboration:

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

A CSR firm-level survey by FUNDEMAS reveals that approximately 30% of Salvadorian businesses provide some form of support to the education system²⁰. This is a high percentage by global standards, that apparently owes its origins at least in part to the search for social stability after a decade of civil war. However, this support:

- Focuses primarily on category two of the typology: direct support to schools, and largely ignores the other two categories²¹;
- Focuses on the short- and medium-term benefits of enhanced image and a better-trained workforce;
- Is invested in their immediate geographic areas, reinforcing existing inequity of education provision in more remote rural areas.
- Can be described as "deficit-model" support, where a firm fills gaps in Ministry provision, such as improvements to infrastructure and provision of equipment that typically only provide a short-term benefit, and do not draw on core competencies of the firm that could be complementary to the roles played by the public sector.
- Is not aligned with the Ministry of Education's strategic priorities.

Business Contributions to education-focused CSR:

- Business perspectives that can contribute toward the enhancement of curriculum design
- Business resources and competencies can help the education sector better deliver the skills and attitudes needed for El Salvador to compete in the global marketplace

²⁰ Scheduled for publication in November 2003

²¹ Reyes, et. al., *Education-Focused Corporate Social Responsibility in El Salvador: World Bank Technical Assistance Study* (October 2002).

The CSR approach to education-sector strengthening in El Salvador starts from the premise that business perspectives can contribute towards curriculum design and pedagogical practices, and that business resources and competencies can help the education sector better deliver the skills and attitudes needed for El Salvador to compete in the global marketplace.

5. Ministry of Education Roles to Foster CSR: Recommendations

This section gives details of the roles that the Ministry of Education should strengthen or undertake, if it is to achieve its goal in relation to education-focused CSR for the country.

Experience from countries around the world suggests that the business sector's contribution to education is optimized when the following three 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 looks for maximum alignment with education sector priorities;
- The Ministry encourages a move away from ad hoc project interventions toward systemic, sector-wide approaches that are most likely to yield significant education sector performance gains;
- Mechanisms are in place to support partnership-based approaches to educational quality improvement.

None of these conditions applies in El Salvador at present. Even within the FUNDAEDUCA alliance between the Ministry and the participating firms, advice from Ministry staff on how and where to best direct their support has been limited. The relatively narrow range of CSR activities currently supported by the Salvadorian business community, consequently limit its educational impact. The CSR Practice concludes that the following recommendation can be a contributory factor to increase the range and impact on education of CSR practices in El Salvador:

Vision. Establishing a vision for CSR as a component of the national education strategy is the first step in helping businesses move away from the “deficit model”, and will help the Ministry become a strong partner to the business sector. **MINED should continue to promote the linkages between education, technology and productivity within a national alliance for education. To be successful, this needs to become a shared vision, fostering dialogue between the Ministry and the business sector to analyze and understand the costs and benefits of increased collaboration**

Strategy. Currently, CSR is not acknowledged or even welcomed as part of the Ministry strategy. **CSR should be included within the national education strategy, building on the policy dialogue of the last 12 months.** The business community feels a lack of guidance from the Ministry regarding national strategic priorities related to their CSR activities. Potential business engagement should revolve around: First, a business perspective, that can contribute towards curriculum design and pedagogical practices, especially in the secondary education cycle which is highly important to develop the competences and skills of needed skilled human resources in the Salvadorian economy; and second, business competencies (e.g. technical and management skills) that can help improve

delivery of educational services. These should be encouraged at three levels: support to the education system; strengthening local schools; supporting teachers and students through opportunities at the workplace.

The strategy should position the Ministry both as a partner in and a consumer of CSR activity. It should encourage a move away from ad hoc project interventions based on the deficit model, toward the systemic approaches designed to draw on business competencies that are likely to yield significant education sector performance gains. Sharing and discussing information on the status of education, its needs and challenges, and finding systemic solutions that are best served through CSR activities can help break the mold of ad hoc interventions and limited partnerships.

For businesses, the strategy should be couched in terms of the business case, focused on the need to find common ground between business objective and public good, to maximize development gain. If not, the consequence could be development losses - for example, over-strong pressure from the public sector or from civil society for businesses to do more than they considered appropriate could result in investments that were bad for individual businesses and ultimately lead to fewer jobs in the country, not more.

The strategy should acknowledge the threat to schools that are already the most marginalized. Rural, isolated schools are unlikely to attract business investment, as long as the business community sees its own returns on investment as being primarily derived from schools that educate its immediate future workforce. The strategy should encourage businesses to internalize the idea that investing in a strong educational system and a nationally well-educated population confers important benefits to them (e.g., a social and political climate conducive to business interests). The strategy should also address the risk that an increase in “micro” level CSR activities (e.g. school sponsorship) is unlikely to reach the most marginalized rural schools, and should consider compensatory resourcing.

Institutional mechanism. The business community has created a number of institutions to channel firms’ education-focused CSR strategy and activities; currently, there is no corresponding institutional mechanism on the public sector side. **The Ministry should establish a small internal unit, responsible for setting and tracking the CSR agenda, through which the Ministry and the business community can engage. The unit would design and implement the public sector component of education-focused CSR agenda.** Key roles should include:

1. dissemination and awareness-raising campaign that recognizes current support, identifies and promotes examples of good practice, and inspires new actors. This could include an annual business and education week
2. provide factual information to Salvadorian enterprises and their stakeholders about ways in which the Ministry would encourage firms to participate. Businesses need access to clear and straightforward guidance from the Ministry on the ways in which they can engage with education, with the focus on systemic actions rather than ad-hoc projects. Examples include support to: measurement and reporting (for the education system and for individual schools); leadership skills in school management teams; teachers’ technological skills;

attainment levels in the areas that are close to business requirements; teachers' skills; equity in performance norms; scholarships

3. service a national level platform designed to provide strategic inputs for the education system: business perspective that can contribute towards the enhancement of curriculum design, and help the education sector better focus on the skills and attitudes needed for El Salvador to compete in the global marketplace
4. develop and strengthen existing relationships with business foundations and those NGOs that fulfill an important "brokering" role between the public and private business sectors.

Investment promotion. The Ministry of Education should encourage increased transparency and reporting on education-focused CSR, including firm-level reporting on core data. This would help individual firms distinguish themselves in a highly competitive marketplace, and the data could also be aggregated anonymously at national level to show how seriously the country takes this issue. MINED should work with the Investment Promotion Agency: El Salvador needs to compete internationally on the basis on cost + quality + demonstrated standards.

Annex One: Public sector actions to foster CSR

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

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"> 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 	<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

Ministry of Education Role	Alignment with Ministry of Education Priorities	Desired Outcomes Among CSR Actors	Current Activity /Potential Partners
<p>will transcend political and personnel changes to ensure continuity and business confidence</p>			<p>education consultation process—a “kick-off” event followed by inter-sectoral dialogue over several months</p> <ul style="list-style-type: none"> • 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 current high-profile CSR actors to act as “thought leaders” and share their experiences
<p>PARTNERING:</p> <ol style="list-style-type: none"> 5. Channel CSR to specialized Ministry programs where there are overlapping interests 6. 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 	<ol style="list-style-type: none"> 7. Joint activities are in areas that characterize a win-win-win (business-Ministry-other stakeholders) approach to collaboration 	<ol style="list-style-type: none"> 8. Joint ownership of a series of high visibility, high priority initiatives 9. High levels of mutual accountability 	<ol style="list-style-type: none"> 10. Build on FUNDEMAS survey data and FUSADES business self-assessment to be released in September

Ministry of Education Role	Alignment with Ministry of Education Priorities	Desired Outcomes Among CSR Actors	Current Activity /Potential Partners
<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 (FUNDEMÁS, FUSADES and ANEP, for example) are already playing a “convening” role and have strong ties to the Ministry

Annex Two: Current Ministry of Education Priorities and Business Interests

Ministry of Education Priority	Value to the Business Sector
<p>Improve the quality of educational services by strengthening the performance of school directors and teachers through the introduction of educational technologies and the transfer of financial resources to schools in order to meet classroom needs</p>	<p>Teachers and administrators account for over 90 percent of the Ministry's budget. Actions that make investments in those resources more cost-effective are an excellent strategy. Research shows that the quality of school leadership and classroom management are among the most powerful determinants of schooling outcomes. Better teachers and administrators lead to higher enrollments (parental perceptions of quality shape demand); lower repetition rates; and higher completion rates. Lower repetition rates brings down the cost of producing a graduate. Ministry resources can be directed toward other productive investments related to coverage and equity. Higher levels of educational attainment contribute to a more skilled and productive workforce, a stronger civil society, and reduced disparities in wealth (with a reduction in attendant political conflicts).</p>
<p>Strengthen participation by the educational community in the <i>Consejos Directivos Escolares</i>, <i>Asociaciones Comunales para la Educación</i>, and <i>Consejos Educativos Católicos</i>; and involve other local actors in improving educational quality and equity</p>	<p>Community participation is another crucial variable closely linked to schooling outcomes and demand for schooling. Widespread experience in such forums helps to create a citizenry that is resourceful and can work together for a common goal. Participants frequently develop substantial skills related to resource mobilization, group problem-solving and self-governance. These skills translate into a workforce that takes initiative, engages in group problem-solving and is resourceful. Furthermore, where community participation is high, so too are school completion and enrollment rates which leads to a more productive labor force.</p>
<p>Facilitate access to education by introducing such new service models such as Early Childhood Education, Accelerated Education, Distance Learning, and compensatory education.</p>	<p>Research links each of these initiatives to significant gains in educational attainment (quality), coverage or equity. Early Childhood Education in particular is associated with higher test scores, higher completion rates, as well as healthier children. It also has a positive effect on equity.</p>
<p>Promote values development, the creation of cultural spaces, and personal development; promote a holistic cultural policy that strengthens national identity and fosters family participation in the development of values</p>	<p>Values formation is essential for the development of a strong civil society. Strong values (including a work ethic) are directly related to work force productivity and the reduction of such externalities as bribery, petty thievery, employee absenteeism and civil unrest.</p>

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