

Scoping study on

Corporate-sector Involvement
in Basic Education in Tanzania

Report to the Commonwealth Education Fund

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Mark Waite and Prof. H.J. Moshia, Consultants

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SUMMARY

This study was commissioned by the Commonwealth Education Fund (CEF), which was established by the UK Government in 2006. The CEF helps civic coalitions to keep education at the top of government agendas in low-income Commonwealth countries by supporting coalition building and advocacy based on budget commitments and models of good practice. From the outset the CEF has aimed to develop partnerships with business corporations, but it would like to change the emphasis from fundraising to more active collaboration.

The purpose of this study was to identify opportunities for collaboration between business corporations and civic organisations in fostering a more inclusive and effective public basic education system, and to advise the CEF on a strategy for promoting this. Two consultants sought the views of 35 people, 20 of them engaged in the business sector and the remainder in civic or donor organisations and Government. Business people interviewed were mainly chief executives; the emphasis was on understanding the strategic interest in collaboration and potential mechanisms for collaboration and dialogue, rather than systematically assessing current involvement in education.

The study presents a brief view of relevant global trends in corporate social responsibility (CSR) and corporate social investment (CSI - what corporations invest to produce social effects beyond the core business). Multiple factors (public pressure, government regulation, internal motivation) and specialised institutions (corporate responsibility standards, business associations for CSR) are driving companies towards demonstrating social responsibility to the public in wealthier countries, but those factors are less potent in lower-income countries. Nevertheless, the increasing international pressure for good corporate citizenship is gradually making itself felt in sub-Saharan Africa, including Tanzania, through global CSR commitments of international companies, donor/UN-initiated schemes to foster good corporate practice, and in some places pressure from civic organisations and governments. However, there is no clear common business agenda or forum for CSR in Tanzania: corporations appear to have no regular communication with each other, let alone with Government and NGOs, about their social investment: what is working well, and how it can be designed and delivered more effectively. There is a substantial opportunity to develop more regular fora for this.

In Tanzania education is a strong concern for all corporate leaders interviewed, very predominantly because the private sector faces a massive skills gap: companies struggle to recruit and retain staff with the skills and competencies they need. The problem seems most acute for mid-level technical and supervisory positions and managerial positions. It is technical and professional education and training that most immediately preoccupies business leaders. However, some acknowledged that the roots of this problem lie in basic education and point to the role of non-relevant curriculum and poor teaching as factors that produce students who find it difficult to connect theory and practice or to successfully assume work roles.

Forms of corporate social investment in education in Tanzania are already diverse. These range from initiatives with relatively strong or immediate benefit to the company (in terms of staff training or recruitment, or impact on communities in which the company operates) up to charitable grants for projects unrelated to the company's business. Though by no means exclusively the case, companies tend to prefer interventions related to their business competence and with some impact on their long-term profitability: thus, when considering a more systematic engagement in the education sector, some are inclined towards involvement in technical or professional education and training rather than general education.

Corporate budgets for social investment are limited and cannot make a substantial difference to overall funding of the education sector. However, most corporate leaders feel that their companies have much to offer in helping to shape the education system in ways that do not require much money. Most are interested in establishing a stronger dialogue that includes Government as

the priority partner, in order to help shape education that will better service the needs of the private sector for competent workers. Sector chambers (e.g. industries, mines, banks) as well as the CEO Round Table and the Tanzania Private Sector Foundation would be appropriate fora to stimulate and co-ordinate members' engagement in dialogue. There are signs of interest from the Ministry of Education, particularly in relation to vocational training, and there is also a specific opportunity to link this dialogue to the apex private sector-Government dialogue in the Tanzania National Business Council. However, these fora will not propel the dialogue, at least initially: it is clear that purposeful external facilitation would be needed for some time. Should that be forthcoming, there are opportunities to integrate such efforts in the formal 'education sector dialogue' envisaged in the education sector review of February 2006, for which mechanisms for private-sector engagement appear not to have been formulated yet. Any investment in facilitating dialogue should attempt to make space for longer-range, ongoing dialogue across Government-academic-business-civic boundaries in parallel with formal dialogue oriented to budget cycles, programme review and planning.

While dialogue is a necessary foundation for other forms of collaboration with more systematic impact, some business leaders would be interested in being helped by a competent civic organisation or network to effectively target their social investment in education, provided that advice is based on sound analysis and implementers can deliver competently. Corporations are cautious about advocating to Government, generally doing so through business associations on issues that directly affects their business. As one CEO put it, his company might join civic coalitions in campaigning on education, but only as part of a long-term strategy of engagement.

A two-pronged strategy is suggested to the CEF, with the overall goal that *the business sector collaborates with Government and civic organisations to make education relevant to economic opportunities*. Core considerations for equity-focused civic organisations would be that this collaboration promotes opportunity for all through adequate focus on the parts of the system that reach many children and on employment outcomes for students and not just supply of skills to businesses. The first element of strategy (facilitating targeting of corporate social investment in education) depends for its sustainability and effectiveness on the second (facilitating business-Government-civic dialogue).

Facilitate targeting of business funding to good-quality education initiatives.

There is scope for attracting corporate funds into the type of work that the CEF has been supporting, and for this to be part of a broad succession arrangement as the CEF phases out. However, the CEF itself has had difficulty in raising corporate funds in Tanzania, and indeed in supporting and assuring the quality of some of its partners' work, and some corporate leaders have expressed reservations about the NGOs' competence and the value for money they offer. Thus, if business funds are to be raised consistently, the scheme would need to be operated to credible standards of analysis and policy relevance, project assessment, presentation and reporting, and possibly to offer some added value for corporate donors, such as facilitating staff-project linkages, involving corporate staff in the selection of a project for funding from a portfolio, or (within clear limits of relevance and quality) assessing an initiative proposed by a corporate donor.

The overhead and opportunity costs of the required level of quality would be such that it would need to be marketed beyond the business sector, to donors and foundations, by demonstrating strong value in support of system development. There may be scope for operating more cost-effectively by using an existing grant-management mechanism such as the Foundation for Civil Society. If so, the Foundation would need to be supported with high-quality education-sector analysis and project-specific assessment.

A less demanding approach would be to develop a light-touch dialogue by attending and presenting at meetings of business fora, while gradually incorporating suitable projects of initiatives into a portfolio for corporate funding. Projects would be selected for relevance to the aim of making education relevant to the world of work.

Local-level partnerships between businesses and civic organisations involved in education initiatives may impose fewer demands. There would probably be value in looking specifically at how such district- or regional-level collaborations are working and how good approaches could be multiplied.

Facilitating business-Government-civic dialogue on education and the economy

The interest in dialogue is strong, but external catalysis is needed through well-informed, purposeful facilitation by an 'honest broker'. The CEF should consider financing this facilitation for an initial phase, or if preferred, negotiate official donor funding for it. Value would need to be demonstrated in the initial phase in order to secure longer-term commitment from corporations, government and donors, and their participation in covering its costs including those of any further 'honest-broker' facilitation that is needed. The immediate question for the CEF and its allies is whether and how the capacity for such facilitation can be formed.

Existing business fora can be used to mobilise discussion among corporations. The Tanzania National Business Council offers an entry point for NGOs to raise education issues in the official Private sector-Government forum. The CEO Round Table offers a less formal arena for discussion among corporate leaders. The Private Sector Foundation and sub-sectoral business associations such as the Confederation of Tanzania Industries (CTI), the Tanzania Chamber of Mines and the Tanzania Bankers Association can all act as co-ordinators and channels of communication for their members on education. Interested CEOs should be encouraged and helped to take an individual lead role.

Next steps

The following steps could be undertaken separately - but better in combination - as part of a process to build dialogue and collaboration with business and Government. They are suggested in what could be an approximate time sequence, but this could be varied.

1. Hold an initial discussion with responsible officials in the Ministries of Finance and Education about ways in which business actors could be engaged in sector dialogue.
2. Arrange one or more debate meetings, co hosted with Government, to air the ideas set out here and elicit views from a wider range of people in Government, business, civic and academic circles - including representatives of smaller businesses. Seek the involvement of senior corporate staff below CEO level having responsibility for social investment (corporate affairs managers or equivalent).
3. Assess the options for facilitation and leadership: these are not necessarily to be undertaken by the same unit. TEN/MET might consider leadership if well supported by competent member organisations and endorsed by wider membership. Facilitation would require political wisdom, strong sectoral analysis, and accountability for driving the process forward, and a decision must be taken on whether to invest in good facilitation capacity and what form it should take.
4. Produce a concept paper for consultation with business and Government.
5. Make contact with the TPSF and the TNBC and discuss ways of advancing the TNBC's assessment of how curricula need to change. Once a specific strategy for CEF/civic engagement starts to emerge, consider who might join the TNBC's working group on human capital development to open the channels of policy engagement.
6. Make presentations at scheduled meetings of the more active trade associations and the CEO Round Table, with the aim of engaging the interest of their members and making a fuller inventory of how corporations could assist.
7. Co-host with the Government and relevant private-sector bodies a formal and well-facilitated meeting of well-informed individuals from the private-sector, government, academia and civic organisations to identify priorities for private-sector contributions to education and training. Issues should be prioritised for private-sector engagement and action. The meeting should be acknowledged as part of the formal education-sector dialogue.

8. In such a meeting, seek to achieve consensus on mechanism/s or forum/s of cross-boundary dialogue on education and training among individually-competent people from business, academic, civic and Government backgrounds. Aim for a balance between short-term dialogue generating practical action and 'quick wins', and long-term dialogue that gives room for creative thinking outside the box.
9. In parallel with the dialogue-oriented steps above, discuss with the Foundation for Civil Society and a few potential donors the scope for developing a specialised education project-funding line, in keeping with the principles that the CEF has been working with, while considering some of the features proposed earlier that might help to attract corporate donors.

INTRODUCTION

Commonwealth Education Fund (CEF) was launched in the UK in 2002, with the active involvement of political and business leaders. It helps civil society organisations in low income Commonwealth countries to pursue the international education targets set in 2000: the Millennium Development Goals and the Education for All commitments defined in the World Education Forum in Dakar. The thrust has been to help civic coalitions to put education at the top of government agendas by supporting coalition-building and advocacy based on analysis of official budgets and expenditure and models of good practice. The CEF is a collaboration between its main funder (the UK Government) and three international NGOs of UK origin: Action Aid, Oxfam and Save the Children, which are collectively accountable for the operation of the fund in the target countries. The CEF started its operation in Tanzania in May 2003. From the start it was intended to work in partnership with national and international corporations¹ in the promotion of education for all in Tanzania. Corporate grants were to be matched by grants from the Treasury of the UK Government.

In practice, fundraising from corporations has proven very difficult in both Tanzania and most of the other countries where the CEF operates. The Fund's global mid-term review suggested a change in the corporate engagement strategy, with a focus on involving corporations in actual education campaign activities, including volunteering their staff to help CEF and education coalition partners.

This study was commissioned by the CEF in Tanzania in order to understand how best to engage corporations in the process of putting education at the top of the agenda. More specifically, the consultants were encouraged to look at how companies can help to create 'demand-driven models of poverty reduction through quality basic education' - in other words how they can help make education more relevant to the conditions of the economy and the skills required by school leavers. This understanding was to be set in the context of global and national practice of corporate social responsibility.

Differing views of corporate social responsibility

"Traditionally in the United States, CSR has been defined much more in terms of a philanthropic model. Companies make profits, unhindered except by fulfilling their duty to pay taxes. Then they donate a certain share of the profits to charitable causes. It is seen as tainting the act for the company to receive any benefit from the giving. The European model is much more focused on operating the core business in a socially responsible way, complemented by investment in communities for solid business case reasons. Personally, I believe this model is more sustainable because:

1. Social responsibility becomes an integral part of the wealth creation process - which if managed properly should enhance the competitiveness of business and maximise the value of wealth creation to society.
2. When times get hard, there is the incentive to practice CSR more and better - if it is a philanthropic exercise which is peripheral to the main business, it will always be the first thing to go when push comes to shove."

Mallen Baker, a commentator on CSR - www.mallenbaker.net

¹ In this report we use the term 'corporations' to mean relatively large commercial companies (including some that might be classified as medium sized in economies larger or more wealthy than Tanzania's). The 'private sector' would include smaller companies.

The scoping study

Key tasks of the study were:

- To identify opportunities for corporate-civic collaboration in promoting a more inclusive and effective public basic education system; and
- To suggest a realistic strategy for CEF to promote such corporate-civic collaboration in basic education.

Two consultants, with complementary experience in education policy and planning and NGO education programming, were contracted for a total of 20 person-days. Through individual interviews, the consultants attempted to capture views of business leaders, and key informants in NGO, donor and state organisations, about the interest in and scope for a more targeted and strategic involvement of the corporate sector. Semi-structured interviews were conducted with a total of 20 people having a strategic vantage point in the private sector, including 13 leaders of corporations and 4 leaders of business associations. Interviews were also conducted with two senior government officials in the Ministry of Education & Vocational Training and the Ministry of Finance. Views from civic and donor organisations were obtained from 11 representatives of civic organisations engaged with education and from 3 members of the education committee of the Development Partners Group. Most of the civic and donor representatives were connected in some way to the CEF as committee members or partners. A *list of those involved in the study* is annexed, together with the *introductory information and guiding questions used for the interviews* and *records of individual interviews*.

A seminar was held on 27th June 2006 to present provisional conclusions to a mixed group of civic, corporate and Government representatives and elicits comments before completing this report².

The following limitations of the study are important to bear in mind:

- enquiry was confined mainly to larger corporations
- fewer than half of the individual corporations involved are Tanzanian-controlled
- the sample of corporations is small³
- consultation with Government was confined to two senior officials
- discussion with businesses was at leadership level to explore interest and priorities, and did not set out to systematically survey or assess corporate social investment practices
- the study did not explore local-level partnerships and dialogue involving smaller-scale businesses
- the findings do not capture skills gaps and opportunities in the peasant agriculture sector which is still the largest source of employment.

FINDINGS

Directions in corporate social responsibility and corporate social investment

The study is **principally concerned with corporate social investment (CSI)**, which is one dimension of a company's social responsibility. CSI involves a company allocating resources to produce social benefits outside the company itself (e.g. improving the provision of education in government schools as opposed to subsidising school fees for children of staff members, or training staff). CSI implies targeting external impact. In some countries, companies are increasingly

² Participation in the seminar from the corporate side was low: only three corporations were represented, perhaps reflecting the difficulty of securing three hours of a chief executive's time to discuss a matter not immediately connected with the core business.

³ This is because a great deal of time was spent securing times for meetings with busy CEOs and because the overall number of interviews conducted was greater than initially planned since the consultants sought the views of leaders of business associations and CEF stakeholders.

expected to account for the external impact of their social investment (and are seeking help in doing so - see below).

Nevertheless, the internal and external are linked: for example, internal corporate responsibility is more likely to be associated with a concern for the social environment in which a company operates. Internal good practice can have effects beyond the company: for example, good-quality Company programmes of staff training or day care for children of employees may influence such programmes outside the company.

The European approach to CSR described above is founded on the **principle that social responsibility (including appropriate social investment) is good for business**. This principle seems to predominate in the CSR statements of corporations we contacted, which tend to be available on corporate websites if they exist at all. When discussing corporate social investment only one of our business respondents in Tanzania explicitly mentioned a more general responsibility to give something back to society, and in no case did this appear to be a dominant factor. As a rule, business will not engage without a reasonable prospect of benefit or reduced risk for the business. However, companies may **assess this business return differently**, some taking a broader view that gives more value to how social engagement builds the company's reputation, motivates its staff, or helps to condition the environment in which it operates. This broader view is increasingly common among larger corporations in richer countries and is likely to continue spreading through international companies and forums.

The focus on corporate social responsibility is driven by global changes

“The concepts of corporate social responsibility (CSR) and corporate citizenship have been part of the business lexicon and the focus of academic study for many years. Over the past decade, however, they have grown to encompass a more complex, multi-dimensional and global set of issues, with strategic implications for both business leaders and policy makers. This process has been driven by a combination of factors. These include:

- Political transformation, market liberalization, privatization and technical innovations, which have increased the global reach and influence of the private sector, at the same time that they have challenged the ability of nation states to govern the global public domain. The growth in reach and influence of private enterprises has conferred global companies with new rights and opportunities, but also created new competitive pressures and increased demands for corporate responsibility.
- The increased financial muscle and activism of institutional investors, who together with regulators have responded to the spate of corporate ethics scandals and governance crises with calls for better corporate governance, and greater corporate accountability, transparency and legitimacy.
- Growth in the number, sophistication and connectivity of well-informed civil society organizations, which are calling for increased corporate responsibility and have unprecedented outreach and campaigning capability through the Internet and a global media.
- Greater awareness by governments and companies that the social, economic, environmental and security challenges facing the world are too great and the resources for meeting these challenges are too dispersed for any one sector to be able to tackle them alone. This is the case whether it is managing the public parks system of New York City or reforming public health systems in Africa.”

Launch Report, Harvard University's Corporate Social Responsibility Initiative, 2004

CSR trends and institutions across the world

In this context, the actual motives for companies to behave responsibly are various. Some of the more common are: responding to or pre-empting government regulations on e.g. pollution or staff safety; creating goodwill among the consumers of the company's products; meeting the ethical standards of investors; maintaining or creating political space to operate; and motivating and retaining staff.

A range of different mechanisms has emerged to promote corporate social responsibility. In broad terms these fulfil one or more of three functions: setting standards of behaviour; setting standards of reporting; and facilitating socially responsible behaviour. The hallmark of these mechanisms is their voluntary nature: peer pressure and public perception are proving very effective in getting companies to engage with them.

Standards or codes of practice include both voluntary and obligatory standards.

- The UN-driven Global Compact is the most high-level CSR code: a set of 10 widely discussed, broad principles to which a company (or other corporate entity such as an NGO or parastatals) commits itself. The existence of the GC puts pressure on prominent companies to sign up and show that they are making an effort in relation to each of the principles.
- A new, more detailed voluntary CSR standard is being developed by the International Standards Organisation; it is called ISO 26000 and expected to be operating in 2008. Again, given the wide-ranging nature of CSR the various international working groups involved are finding it difficult to achieve consensus on standards that are specific enough to hold companies to account.
- The International Finance Corporation (IFC) of the World Bank Group is setting the pace in developing standards for assessing social and environmental risks of new investment projects. A second generation of IFC standards require companies or states seeking IFC investment to demonstrate internal systems for managing and mitigating environmental and social risk - it is no longer acceptable to call in consultants. Some of the big commercial banks have bound themselves to a similar set of principles in respect of their very large loans over \$50m (the Equator Principles of socially responsible lending).
- Voluntary standards for reporting on social responsibility (generally through annual reports) have been developed by coalitions of companies and business associations: most prominently the Global Reporting Initiative and Social Accountability's SA8000 standard, both of them voluntary (i.e. a company potentially gains or loses credibility by using or not using a recognised set of standards). A significant challenge is to develop indicators that are measurable and meaningful at the same time.
- Laws have long required companies to disclose specific types of financial information: in some countries (notably the UK and France) company reports are now required to disclose significant social and environmental impact.
- Company's social responsibility is monitored in various ways: the CSR Indices produced by national business associations will tend to focus on progress rather than gaps. Critical comment can be found both on business-oriented CSR websites and on more anti-corporate websites such as CorpWatch.

Facilitating mechanisms include various associations and services.

- CSR-focused business associations exist at national level in some European countries, and at the level of the European Union. The most advanced national association is probably in the UK: Business in the Community includes over 700 companies including most of the largest 100 companies on the London Stock Exchange. It has active sub-groups working on various aspects of corporate responsibility, including a committee on corporate social investment in education.
- Academic institutes are taking up CSR as a crucial new dimension of governance, reflected for example in the CSR Initiative at Harvard University's Kennedy School of Government.

- There is a large and growing number of well-organised websites on CSR⁴.
- Specialised services are emerging to help companies adopt responsible practices and report on them. A particularly interesting one is the London Benchmarking Group, which advises companies in valuing and reporting on social investment (see the box below).
- The United Nations (UNDP, UNIDO and ILO) have taken on CSR as a key factor in equitable economic development. Note that UNIDO is in the process of establishing a CSR resource centre in Dar es Salaam - its only one in Africa - to help companies understand how they can become more socially responsible and get support in that process.

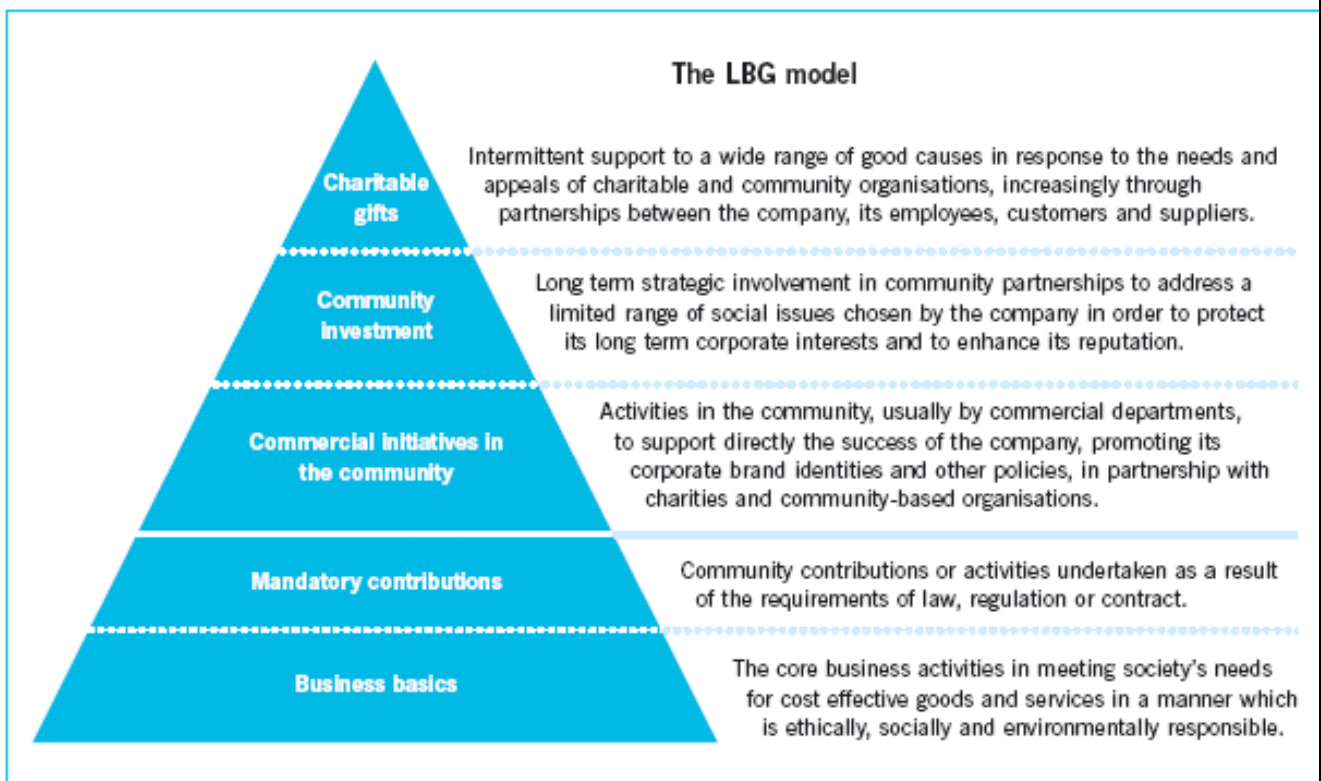
Reporting and measuring social investment

Companies increasingly need to report about their social investment. The London Benchmarking Group has led the way in helping companies to measure their CSI in terms of cost and outcomes, based on a simple model. It identifies three categories of social investment, over and above the company's basic business:

- A charitable gift is given with minimal concern for a return to the business - it is seen as the right thing to do.
- A community investment strategy is carefully structured and focused by the company to secure some long-term returns to the business.
- A commercial initiative in the community must give a direct competitive advantage to the company.

The following potential outputs are measured:

- leverage of cash and resources from other sources drawn in by the programme;
- the community benefit, such as the number of people in society who benefit;
- the business benefit which accrues.



Source: London Benchmarking Group, www.lbg-online.net

⁴ Among the most useful are: www.mallenbaker.net, www.csrwire.com,

Corporate social responsibility and social investment in Tanzania

In sub-Saharan Africa, the CSR debate is not so evident. The term is increasingly used, but the business-sector mechanisms to promote CSR that are increasingly potent in some richer countries are weak. On the other hand, civic organisations or networks are emerging to engage with corporations and monitor their performance (e.g. Ufadhili in Kenya and The Partnership Forum in Zambia)⁵. A few socially-motivated businesses have emerged quite independently of the state (for example Akiba Commercial Bank in Tanzania).

The principle of corporate social responsibility is on the radar screen in Tanzania and will almost inevitably become more important in line with the international trends. Currently, though, the picture is still fragmented. The business environment is often unpredictable, and companies have not yet come together - or been held accountable by the public or Government - to strengthen their socially responsible practice in a systematic way. There have, however, been some attempts to spur a more concerted move towards social responsibility.

Co-ordinated CSR schemes in Tanzania

The UN initiative *Growing Sustainable Business for Poverty Reduction*

This UN-co-ordinated scheme links corporations with NGOs and government to develop business projects that achieve strong development impact together with profit over the long term for companies. Several international corporations have used the scheme in Tanzania. For example the multinational food and beverage packaging company Tetrapak is making a long-term investment in developing milk packaging systems that can accommodate milk from small-scale or pastoralist livestock producers. Unilever is working with the World Conservation Union, the Netherlands Development Organisation SNV, and the World Agro-forestry Centre to encourage local communities and small businesses to cultivate the seeds from the *Allanblackia* tree for the manufacture of products such as soap and margarine.

The *Private Sector Initiative*

Modelled on a similar scheme in South Africa, the PSI encourages larger companies to source more of their supplies from smaller enterprises in Tanzania instead of importing from established sources outside the country. It involves corporations helping their suppliers to improve the supply chain. The PSI is donor-initiated but now commercially led. There are some concerns that it may be losing momentum after attaining a membership of about 8 corporations.

Our discussions indicate that companies **generally want to focus social investment in ways that are most relevant to their business**. This means, for example, investing in the communities in which they work or from which they draw their staff; or investing in ways that use their skills such as seconding skilled staff as lecturers. For selected examples, see the list in the following section.

Some corporate leaders tend to **see in-house training as a form of social investment**, partly due to the difficulty of recruiting the skills needed and the frequency with which trained staff move on to other employers. Most of the larger companies are heavily committed to staff training.

⁵ See IIED (International Institute for Environment and Development) series *Perspectives on Corporate Responsibility for Environment and Development*, no.3, 2005.

Staff training and social investment in two Tanzanian companies

The Sumaria Group is a diversified manufacturing and trading company. Established as a private company in Tanzania and now expanding to the DRC and Mozambique. The founding family retains a substantial degree of control over the group. Nevertheless, it has made strong statements of commitment to social responsibility in staff development and has an organised calendar of training across the Group, although mainly confined to management and supervisory staff. However, in relation to external impact on education and training, its social investment funding is small and somewhat ad hoc. It has been active within the Confederation of Tanzania Industries and with senior people in Government on the scope for making the skills development levy more effective in generating the skills needed by the private sector.

The Co-operatives and Rural Development Bank targets personal customers and small and medium-volume corporate accounts, and provides micro financing through SACCOs. After restructuring with substantial assistance and continuing investment by DANIDA it has been growing strongly for several years. Staff training cost about TZS 1.5bn last year. Its board has set 1% of profit as the allocation for social investment: last year the spend was around TZS 62m, which is slightly below the 1% mark. It encourages its branches to elicit written proposals before funding.

Many companies - but more usually the international ones - have **published policies on CSR** including social investment. The more developed policies tend to select particular social concerns (predominantly environment, education and health - especially HIV/AIDS in relation to operations in Africa). Some international companies' social investment is determined largely by expectations set globally within their company. However, even in international companies with relatively clear CSR policies the personal approach of the CEO or country management in Tanzania may be central to how a company engages.

CSI approaches in two international companies

Barrick Gold has detailed CSR principles that are set out in its website, and are overseen by a global CSR directorate. It has already worked in partnership with NGOs (CARE and AMREF) and is interested in serious evaluations of impact. Its General Manager states that it is his role to sell an appropriate strategy for CSI in Tanzania to his head office and to secure enough money for it.

Oryx Oil (Addax-Oryx Group) has no CSI policy, and operates a foundation in Geneva that has not yet worked in Tanzania. Its Managing Director states that there is just no staff time to develop appropriate social investment work, so Oryx's CSI in Tanzania is limited to small, ad hoc charitable donations. He would like to support education more systematically if possible.

When it comes to education, both insist that only a long-term strategy for corporate investment in education will have any real impact. In the case of Barrick and Oryx, both would be interested in some facilitation in directing their social investment in education. However, their emphasis differs considerably. One talks of linking investment more closely to government education strategy and dialogue; the other is interested in a long-term individual sponsorship approach to develop skilled individuals within the labour market and was concerned that a strategic engagement with government on education might not produce results.

Conditions for more focused and strategic business engagement in education in Tanzania

Education as a corporate concern

Education is a strong concern for most company leaders, almost entirely because of **companies' struggle to recruit and retain staff** with the competences they need. This factor was high in the minds of all business leaders, Tanzanian and foreign. It is probably more strongly stated by foreign MDs who experience unusual levels of **difficulty in securing and retaining senior staff** in comparison with the company's operations in other countries. It is heightened where international companies are under government pressure to reduce the number of expatriates. Some companies (especially mines) have greatest **difficulty with mid-level technical skills** (technicians, foremen). Some business leaders see this as a problem to be solved largely through better technical education and training. Others see the general education system as being equally important, although less clearly in focus in relation to company strategy.

Education as a **factor in developing a market** for companies' products (a longer-term return on education) barely featured in our discussions, emerging only in relation to the **banking sector**. This does not mean that it is strategically unimportant for other companies (although it probably is unimportant for extractive operations such as the mines): but it is a less potent concern than the skills gaps affecting companies right now.

Consistent with this, **technical, professional and vocational education** are the elements of the system that most immediately concern business leaders. In this regard, they do not like the current arrangement for the Skills Development Levy, which costs companies 6% of gross payroll. Of this amount, 1/3 (2% of payroll) goes to the Vocational Education and Training Agency (VETA), while 2/3 goes into general Government funds. Some respondents argue that this money could be more effectively spent by companies on skills training: the VETA training is sometimes of poor quality and relevance, although some companies feel they have a stake in helping to improve it. The **levy somehow symbolises the lack of communication on skills development** between Government and the private sector.

Most business leaders expressed relatively little detailed thinking around **how the basic education system needs to change**. It is easier to focus on 'downstream' professional and technical training and in-house staff development, and the larger corporations have more natural motivation, linkages and capacity to engage effectively with relevant educational intuitions in these areas than with basic education institutions. On the other hand, all those we spoke with **understand that basic education up to secondary level is critical to development of work-related competences**, and appreciate that critical deficiencies exist in the current system. Common remarks were along these lines: "education is too theoretical"; "school and college graduates cannot adjust to work functions". This hints at curriculum, teaching and assessment problems throughout the education system, and indeed the two factors mentioned most often by business leaders were the **quality of teaching** and the need for **better curriculum**. It was interesting that expansion of privately-run basic education was rarely put forward as an important solution (but note that we did not routinely ask about it)⁶.

Current corporate social investment in education

Where practical initiatives are concerned, the priority focus of corporations' investment in education will tend to be skill/knowledge areas or geographical locations that are **connected to the company's work**. The following examples are set out, very approximately, in descending order of connectedness to the company's core business (including recruitment and the training and

⁶ Rashidi Mbuguni of Business Care Services makes a strong case for Government to encourage parents to initiate and run schools that would be funded by a state capitation grant supplemented by fundraising from other sources including the business sector and parents themselves.

welfare of staff), starting with the interventions that feed back most directly or rapidly into that business.

Examples of corporate social investment in education

The Tanzania Institute of Bankers is wholly funded by banks, which use it to train their staff to internationally-accepted qualifications.

Movenpick's Royal Palm Hotel in Dar es Salaam is preparing to support a new hotel training institute (through staff involvement, routinely taking on its graduates and providing work experience) and the Impala Hotel in Arusha has been contributing funds to other tourism training institutions.

Mining companies support the geology and engineering faculties of the University of Dar es Salaam with lectures, materials and vacation internships for students.

TBL offers work experience placements in the company to VETA graduates, with prospect of employment for those that perform well. TBL's CEO is disappointed with the small proportion that TBL retains: the problem is one of work-related habits and attitude as much as of skills.

Local hotels, and locally-operating companies like General Tyre and Tanzania Breweries provide apprenticeships to marginalised children nominated by the Mkombozi Street Children Centre in Moshi and Arusha. In the view of Mkombozi's director, such locally-based companies are motivated by genuine discomfort about the poverty encountered by senior company staff around the areas where they work. Children with secondary education and some kind of stable personal relationships do well. Others find it very hard to keep an apprenticeship for long, due for example to lack of conflict-resolution skills (fight or run). Children are simply not self-reliant when they leave primary school.

Kahama Mining Corporation (KMCL, controlled by Barrick Gold), funds CARE's district basic education project in Kahama. This is managed by a committee involving the local authorities, CARE and KMCL. Barrick has been involved in planning the evaluation of the project.

A representative of the Chamber of Mines has recently joined the board of the Vocational Education and Training Authority (VETA).

Various corporations including BP, Barclays, Citibank and Raha undertake business-awareness mentoring and exposure visits for school students under the Junior Achievers scheme. This scheme follows the Junior Achievers model developed in the States: it was established and is co-ordinated by Rashidi Mbuguni of Business Care Services (co-founder of Business Times, Akiba Commercial Bank and the Tanzania Waldorf Schools).

Tanzania Breweries (TBL) is considering developing an entrepreneurship training open to would-be young entrepreneurs, similar to successful ones by its parent company SAB-Miller in South Africa and Botswana. A team from SAB-Miller was to advise how it should be set up.

The National Bank of Commerce (NBC) has a substantial CSI budget for education, which has been prioritised for the time being by its South African parent company ABSA. It has negotiated with TEN/MET an arrangement for channelling a single grant to multiple member organisations for initiatives related to curriculum development.

The majority of these initiatives involve using the professional competence of the company or have a direct bearing on the company's core business, even though some of those do not have an immediate positive impact on the business. Only the last one has little or no short-term relation to the company's business.

Two of the companies we spoke with have contributed to the **Tanzania Education Authority**, a statutory scheme to supplement Government spending on education, under which a company's contribution is tax-deductible. A review of the TEA's most recent grants allocation⁷ indicates a preponderance of funding to post-secondary academic and training institutions. From the

⁷ Available on the TEA's website

perspective of recipient institutions, the TEA plays a useful role in meeting gaps in budgets for 'other charges' and capital expenditure for approved expansion and equipment. The TEA remains very largely Government-funded: only a very small proportion (around TZS 170m) of its income was sourced from non-state sources in the last year.

Potential corporate roles in education: financial support, technical support, dialogue on policy and practice

Larger corporations' annual **budgets for external social investment** across all sectors are very limited in comparison with funds available from donor agencies and some international NGOs and FBOs. Examples of approximate annual CSI/charity spend include:

- Standard Chartered about \$200,000 of which \$30-40,000 to education
- Resolute Mining about \$250,000
- Anglo Gold (Geita) about \$680,000
- Oryx Oil not established but probably significantly lower than the foregoing.
- CRDB about \$50,000 but likely to rise in line with new policy on CSI spend.

By the nature of their business, the mines are obliged to spend more in order to buy goodwill⁸ and respond to increasingly clear CSR requirements from head office. Overall, though, **corporate CSI budgets will not play a significant role in increasing funding for education**: a relatively large corporate social investment budget of TZS 500m per year (for all sectors) would amount to less than 0.2% of the Government's annual education budget. The corporate sector cannot be expected to solve education financing problems. That said, corporations can probably be persuaded to increase their CSI spend through a combination of more pressure from public or Government, and/or if they are confident that the quality of the activity supported is such that it will bring social impact, good publicity and Government appreciation.

Corporations can offer substantially more value by playing to their **comparative advantage: strengthening the links between education and economic opportunity** in ways that do not necessarily require large transfers of money. It makes sense for a business to focus on initiatives that relate closely to its existing competence and interests. These would include expanding or improving the kinds of activities already undertaken by some corporations to help develop future workers: apprenticeship schemes, technical and management advice and lecturing support to institutions delivering technical and professional training, exposing school students to how businesses work and sectoral scholarship funds. It would also include new activities, for example helping to design academic and technical curricula at all levels that are more relevant to the demands of work in the private sector. Corporations can say: "these are the kinds of knowledge, foundational skills and more specialised skills we need" - and can comment on design, delivery and assessing outcomes of the curricula offered by institutions.

There is little feedback between Government and companies - or indeed among companies themselves - about how existing types of corporate support for education and skills development are working. Much would be gained from companies working together and with Government to map what companies are doing, learn what has worked well and encourage more of it.

There are indications are that the Government would welcome more dialogue with business on education, for example:

- the Deputy Permanent Secretary of Education expressed a strong interest in the scope for business involvement in the planning of vocational training;

⁸ Mines are now under public scrutiny, amid charges of lack of environmental remediation and not paying enough in tax, royalties, land compensation and social investment in return for the valuable minerals they extract.

- the Ministry of Higher Education Science and Technology also indicates interest in more business involvement in science, engineering, food technology and other technical skills that are judged to be especially relevant to the opportunities in the economy;⁹

With business respondents, we specifically explored **two broad areas of business engagement** in improving the education system:

- financing or otherwise supporting high-quality education initiatives or services that demonstrate good practice
- developing a productive dialogue on education development.

Most CEOs are interested in both of these. A majority would either consider or actively welcome some form of **facilitation or guidance for their investment in education** work. On the other hand, some show wariness of funding substantial administrative costs (e.g. Standard Chartered's MD would welcome an advisory service as long as it was free of charge to the bank). As well as resistance to putting CSI funds into NGO overheads, a few also expressed concerns about the competence of NGOs to play a high-quality advisory role.

Likewise, most CEOs are interested in some kind of involvement in **dialogue on education** if this leads to greater understanding of the skills gaps faced by business, and more effective investment in filling the gaps. The principal gains for business from such a dialogue would be:

- Government acknowledgement of what corporations are already investing in skills development
- an opportunity to secure more effective Government investment in vocational, technical and professional education and training, including a review of the skills development levy¹⁰
- for international companies especially, Government understanding that replacing expatriates in key roles takes time, especially when staff who are trained in-house move on to other companies or sectors
- helping to develop a more forward-looking and win-win relationship with the Government, including more effective private-sector input into improvements of education and training.

In principle, **dialogue and practical engagement would reinforce each other**. Business corporations are more likely to focus funds and time more effectively on system-building practical initiatives if they are involved in some kind of dialogue on education - and dialogue is likely to be better-informed if they are involved in well-targeted practical initiatives.

Business corporations are cautious about advocating to Government unless the issue is central to the conditions of business, in which case they will prefer to do so through trade / business associations. Likewise, both consultants get the impression that companies operating in Tanzania will not readily jump into Tanzania-specific campaigning alongside NGOs. As one CEO put it, his company might do so only as part of a clear long-term strategy of engagement in education. However, though cautious, most of the business leaders we spoke with expressed **clear interest in dialogue with Government to help link education with the real economy**. Initially, business involvement in dialogue would probably need to be weighted towards technical and professional education. Not only is it the most immediate concern of corporations, but there are indications that the Ministry of Education and Vocational Training would welcome private sector involvement in developing that part of the system.

Our discussions suggest that business corporations will want to join dialogue in ways that lead to practical action, but that a degree of more general dialogue would be attractive if it opens up a clearer common appreciation of the skills gap faced by corporations. How does this relate to sector dialogue as a whole?

⁹ Speech by the Minister, May 2006

¹⁰ The Commissioner of Taxation was reluctant to contemplate redirecting more of the SDL to skills development instead of retaining 2/3 of it as general revenue as currently happens.

In principle the **official education-sector dialogue**, discussed during the recent sector review, should include the 'private sector', but in practice no clear mechanism for this has been proposed, and the dialogue mechanisms suggested in the February education sector review meeting are still characterised largely by institutional representation (dominated by Government and donors) and time-bound planning. What kind of dialogue is feasible or desirable for the development of education?

The purpose of sector dialogue, on one analysis, is to capture the diverse understanding and creativity of a range of stakeholders in the policy making and planning of the education system. The formal sector dialogue has tended to be time bound and programme-bound. The whole-sector review is a positive move, but for the time being it still appears to be a formal mechanism in which institutional concerns are likely to constrain whole-sector visioning. The fundamental challenges facing the education sector arguably require two different timeframes of dialogue:

1. formal dialogue linked to budget and programme cycles, such as now takes place;
2. fundamental review and long-range visioning 'outside the box' - continuing professional discussion and reflection, largely de-linked from budget and planning cycles, in which competent and informed individuals from government, academic, business and civic backgrounds can talk freely across institutional barriers. This would address issues like:
 - reviewing the objectives, outcomes and assessment of education at different levels
 - linkages among curriculum, entrepreneurship and employment
 - transformation of teaching
 - variable approaches to delivery of education for marginal groups or in sparsely populated areas
 - shifts in resource allocation and management
 - transformation of the 'funding envelope' and long-range development of education financing

There is value in private-sector involvement in both timeframes of dialogue, but it may be difficult for private-sector experience, coming from outside the programmatic education-planning box, to be effectively used in a time bound dialogue. On the other hand, long-range dialogue focused only on getting the private-sector perspective will not go far: it has to rub against the experience of others including educationists, civic organisations and Government planners and implementers.

Mechanisms of co-operation and dialogue in the private sector

The Tanzania National Business Council is the official mechanism for private sector-Government dialogue on all issues affecting private sector development. It is chaired by the President and includes 20 representatives each at permanent secretary level from the state and the private sector. Corporations' gateway to this is the Tanzania Private Sector Foundation (chaired by Elvis Musiba of the Tanzania Chamber of Commerce Industry and Agriculture), which is the umbrella association of business chambers and trade associations. Common private-sector positions are usually worked out through the TPSF before being brought to the TNBC. Senior representatives of both the TPSF and the TNBC indicated their interest in engaging with the CEF or other civic institutions in any initiative to strengthen dialogue and collaboration on education and training.

The TNBC's human capital development working group¹¹ has been wanting since 2004 to implement a study of how education curricula from primary to university level could better meet the demands

¹¹ Includes representation from the Ministries of Education & Vocational Training, Higher Education Science and Technology and Civil Service, ESRF, and companies.

of the private sector and has enquired about CEF involvement in this¹². The TNBC official whom we interviewed also suggested that a NGO representative attend meetings of this working group to help develop Government-Business-Civic dialogue on education.

The trade-specific associations (Bankers, Mines, Oil marketers, Confederation of Tanzania Industries/CTI etc) tend to be the first port of call for common concerns for their members. The larger ones (including all the above) have their own seat and voice on the TNBC. They could be significant facilitators of dialogue and action on education and training concerns. The CTI, with a manufacturing focus, is the largest and most organised trade association, having a set of standing committees, none of which yet has a clear mandate for education and training. Larger corporations do not see the Tanzania Chambers of Commerce Industry and Agriculture as a useful forum for discussion or action.

While some CEOs felt it was not widely representative, the CEO Round Table is considered by a number of others to be a useful forum for discussion and exchange of ideas.

OPTIONS FOR THE COMMONWEALTH EDUCATION FUND

Important factors for the CEF's strategy

In comparison with donor organisations, business will not contribute significantly to the overall funding available for education initiatives and most corporate grants tend to be small. Nevertheless, relatively flexible funding from corporations can be a useful source of income for NGO programmes, and a useful increase in corporate funding could perhaps be maintained by investing in quality of analysis, delivery and reporting: the CEF has found this to be challenging.

Also challenging, but more strategic, would be to invest in building the common understanding and dialogue that could provide a more enduring and stable foundation for corporate funding of NGO work.

In any case, the CEF's principal interest - the main driver of this study - is in building corporate alliances to constructively press for better education. Corporations are cautious about engaging in policy debate. If this is to happen, it must take place incrementally, starting with ways of drawing corporations into a more focused involvement in education in order to develop the necessary common understanding and room for strategic discussion with Government. If that can be made to happen, some corporations are quite likely to see a 'business case' for engaging.

Since the CEF will soon cease to exist, the Management Committee has the task of deciding what can be done now that will most powerfully promote its objectives after it has ended. Options might include establishing a successor institution (such as a foundation that will raise further funds in the future), catalysing mechanism/s of collaboration and dialogue that will endure after the CEF expires, or simply spending the balance of funds in ways that maximise the capacity of partners to develop their own work in future.

Any purposeful facilitation of more focused business engagement in education requires credibility, dependability, neutrality and sustained involvement. The CEF itself has a short life and is not designed or resourced to have a sustained, in-depth facilitation role. Any substantial initiative to facilitate business engagement must be carried out by others. However, despite progress, no existing civic institution yet has the capacity (the combination of time, analytical capacity, facilitation capacity, political neutrality/manoeuvrability) to act as a credible facilitator for

¹² The budget for the study (\$12,000) is intended for a single consultant, but it was soon realised that more funds would be needed to pay for a second consultant with international comparative experience. The CEF was asked to help find such a person, and to advise on potential sources of funding. There should be scope for encouraging individual corporations to come up with the extra money.

business engagement. For a network such as TEN/MET to take on such a function could be extremely stretching and the 'honest broker' aspect might be incompatible with any advocacy role. It might be done by a single organisation that is willing to invest heavily in an analysis and facilitation role, or by a purpose-designed unit with appropriate accountability. A looser option with less individual accountability for action could be a mixed facilitation group involving interested and credible individuals people from civic, business, academic and Government spheres.

Recommendations for CEF's strategy

The CEF should set its strategy in relation to the business sector as whole, not just larger corporations. The following formulation of an overall goal could be appropriate: *the business sector collaborates with Government and civic organisations to make education relevant to economic opportunities.*

Key considerations for civic organisations in such collaboration would be equity of opportunity (keeping enough focus on parts of the education system that reach many children) and employment rather than recruitment (focus on outcomes for school leavers rather than supply of skills to business).

We propose a two-pronged strategy for this purpose. **Business engagement in dialogue on education for economic opportunity** is a necessary foundation for **better targeting of business support for education.**

1. Facilitating targeting of business funding to good-quality education initiatives

From our very limited sample, it is clear that demand exists (and can be further generated) in the corporate sector for guidance in directing funds to high-quality education initiatives with demonstration value and relevance to the development of the education system. This would involve some aspects of the grant-making work currently done by the CEF, and could potentially be part of a financially sustainable arrangement to succeed the CEF. It would need to add value beyond what the main alternative mechanisms (such as TEA) offer and this could be achieved by:

- acting as a broker between corporate donors and education initiatives with demonstration value, relevance to public policy or wider impact on the education system
- enabling the corporate donor to collaborate in targeting the funds (according to appropriate criteria): this could involve maintaining a portfolio of appropriate projects for funding, while also leaving space for a corporate donor to propose a project for assessment.
- providing prompt and clear reporting to business funders
- helping to set up direct links between the education initiative and the staff of businesses (for visits, mentoring arrangements etc)
- linking to policy dialogue with Government in different ways (feeding back to Government policy and planning, involving key officials and business leaders in an oversight committee)
- communicating the value and achievements of this approach very clearly in ways that businesses can themselves communicate to their stakeholders.

In other words, this would need to be operated to a high level of relevance, connectedness and competence if it is to demonstrate consistent value from the business point of view. It may be useful for the CEF MC to consider what is achievable at present with its current capacity, resources and ways of working, and to project human resource requirements from that basis. To justify the overheads required for this level of quality, the scale of financing would need to go beyond what can be raised from business. Effectively one would be talking about a funding mechanism that would be marketed to a range of businesses, donors and charities and which could only do so by proving strong value in supporting system development.

As a less demanding and more cost-effective alternative¹³, it might be possible to **use an existing grant-management mechanism such as the Foundation for Civil Society** to attract corporate donations. The FCS would probably need to be supported with high-quality education-sector analysis and project-specific assessment in order for this to be credible.

There is a strong argument for **widening the scope of support beyond the ECD and primary focus of most CEF work to include a focus on secondary education and on primary- and secondary-level technical training**. This would be more attractive to businesses; but it would also encourage a more holistic view of what children need from the system and link better with sectoral dialogue. Above the secondary level, it is easier for corporations to directly manage their support to education and training institutions in professional/skill areas relevant to their business.

At a local level, there is surely **scope for creating stronger partnerships between local education initiatives and businesses operating locally**, such as is already happening in district-level joint planning and resourcing through the *Pamoja* initiative and in one-to-one relationships between education initiatives and companies of the type built by Mkombozi. A clear lesson from the latter is that larger corporates are attracted by prompt and professional reporting and publicity on the NGO's website - and this requires a lot of time, commitment and professionalism. However, much of the potential for local engagement with businesses may lie with medium-sized or smaller companies, where the demands may be easier to handle. The question of district- or local-level partnerships was beyond the TOR and the time available in this scoping study. If the CEF MC feels it is strategically appropriate to invest further in developing such local mechanisms of partnership and dialogue with businesses, it would need to look more closely.

2. Facilitating business-Government-civic dialogue on education and the economy

It was made clear by some business respondents that the initial process of dialogue would need to be externally and purposefully facilitated: the CEF could help set this up. However, once again, the **demands for quality of facilitation and analytical capacity** would be high. Sustained business engagement requires creating confidence: the value of any facilitation role would first need to be demonstrated without significant demands on the time and finances of business. CEF would need to finance or co-finance an initial phase in which competence and 'added value' can be demonstrated. There may be scope for donor funding for such an initial phase.

Existing business fora can be used to mobilise discussion among corporations. There is an opportunity for a NGO presence in the human capital development working group of the Tanzania National Business Council. Operating at this level of official engagement is potentially very helpful, but requires an individual with wide accountability, strong analytical command of the sector and ability to dialogue constructively across boundaries outside the normal NGO framework. At the same time, the CEO Round Table can be used for open discussion among CEOs of some of the larger companies. The TPSF can play a useful role from the outset as a channel of communication with all the sector-specific trade associations, and for overall monitoring of any process of dialogue on behalf of its members. The most active trade-specific associations could be effective in facilitating their members' engagement and in bringing sector-specific education and training issues to the table. The CTI is likely to be a relatively productive arena for discussion and the scope for establishing an education and training sub-committee there should be actively considered¹⁴. Interested individual CEOs within each sector could be encouraged to take a lead, since it is individual commitment that will determine whether dialogue is sustained and leads to action.

¹³ Suggested by a member of CEF's management committee

¹⁴ Contact Harpreet Duggal of Tanga Cement to discuss this.

Next steps

The following steps could be undertaken separately - but better in combination - as part of a process to build dialogue and collaboration with business and Government. They are suggested in what could be an approximate time sequence, but this could be varied.

1. Hold an initial discussion with responsible officials in the Ministries of Finance and Education about ways in which business actors could be engaged in sector dialogue.
2. Arrange one or more debate meetings¹⁵ to air the ideas set out here and elicit views from a wider range of people in Government, business, civic and academic circles - including representatives of smaller businesses¹⁶. Seek the involvement of senior corporate staff below CEO level having responsibility for social investment (corporate affairs managers or equivalent)¹⁷.
3. Assess the options for facilitation. It has been suggested that TEN/MET could take on a leadership role on behalf of civic actors, provided that it is strongly supported by some of its member organisations. To do this would no doubt require serious debate among its members so that the secretariat can count on ownership by a majority. However, an effective *facilitation* (as distinct from leadership) role is not something to be tacked on to a person's job description. It requires ability to operate with political wisdom, strong sectoral analysis, and the clear accountability to drive the process forward until there is momentum and commitment - because, however genuine their interest in engaging, it is unlikely that corporate or Government actors will do so. So a decision must be taken on whether to invest in facilitation capacity. If so, one person would ideally be the spearhead on behalf of civic organisations, but in addition, or as an alternative, a facilitation team could be formed with members from civic, business, Government and academic backgrounds.
4. Produce a concept paper for consultation.
5. Make contact with the TPSF and the TNBC and discuss ways of advancing the TNBC's assessment of how curricula need to change. Once a specific strategy for CEF/civic engagement starts to emerge, consider who might join the TNBC's working group on human capital development to open the channels of policy engagement.
6. Make presentations at scheduled meetings of the more active trade associations and the CEO Round Table, with the aim of engaging the interest of their members and making a fuller inventory of how corporations could assist.
7. Co-host with the Government and relevant private-sector bodies a formal and well-facilitated meeting of well-informed individuals from the private-sector, government, academia and civic organisations to identify priorities for private-sector contributions to education and training. Focusing on issues, and then prioritising them for private-sector engagement, would help to generate some momentum towards action. Such a meeting should be acknowledged as part of the formal education-sector dialogue.
8. In such a meeting, seek to achieve consensus on mechanism/s or forum/s of cross-boundary dialogue on education and training among individually-competent people from business, academic, civic and Government backgrounds. Ideally, this dialogue would combine formal recognition with mixed forms of discussion and variable timeframes for consideration. On one hand, it should deliver a focus on programme engagement linked to identify Government plans, generating action points and specific quick-win forms of engagement

¹⁵ These should probably be co-hosted with the Ministries of Finance and Education/Higher Education in order to secure senior and action-oriented participation. At the seminar, 'breakfast meetings' were felt to be too early for wide participation - late afternoon or early evenings were suggested.

¹⁶ We were unable to schedule meetings with the President of the Tanzania Chamber of Commerce and Industry and did not meet with the Small Industries Development Organisation. If possible, contact should be established with these at an early stage.

¹⁷ For some corporations the corporate affairs manager or equivalent would be the person to take matters forward. More focus will be needed on identifying CSI interventions that work well, sharing that information across the private sector as well as with Government and others, and acting on decisions.

(e.g. private sector support for ongoing training design or curriculum development). On the other, it should provide room for creative longer-range thinking outside programmatic timeframes and medium-term budget envelopes.

9. In parallel with the dialogue-oriented steps above, discuss with the Foundation for Civil Society and a few potential donors the scope for developing a specialised education project-funding line, in keeping with the principles that the CEF has been working with, while considering some of the features proposed earlier that might help to attract corporate donors.

If a **lighter or more opportunistic approach** is preferred, then it should be possible to select or adapt certain of these steps. For example, one option might be to develop a light-touch dialogue by attending/presenting at meetings of business associations, while gradually incorporating relevant projects or initiatives into a portfolio for business funding. Projects would be selected for interest and relevance to the aim of drawing businesses into a constructive engagement based on the overall goal of making education relevant to the world of work.

From the perspective of the CEF and its civic allies, the **main risks** in pursuing dialogue would include:

- the risk of a confrontation between government (and potentially civic-organisation) expectations of much more private sector funding and private-sector hopes for a more constructive engagement that would not cost much more. Conflicting expectations need to be aired - and then managed: by eliciting and valuing what has been done by different parties, while focusing on the huge gaps and what the different parties can reasonably be expected to do to help fill those gaps;
- the risk of entering into partnership with - and lending ethical credibility to - corporations whose practices is in part socially irresponsible. At a minimum, this risk could be handled case-by-case through background enquiry and discussion or negotiation on the practices concerned or the nature and public presentation of the partnership.

We would reiterate our view that a serious engagement with the corporate sector requires a serious investment of planning and resources, and especially time for analysis and facilitation. Investing in this capacity makes more sense if it is targeted wider than corporate involvement, is linked to enriching sector dialogue as a whole in both formal and informal ways, and is seen as a way of maintaining a catalytic and purposeful function that the CEF has tried to play through its grant making.

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The Jubilee Insurance Company of Tanzania Limited	Annual Report	2004
Tanzania Tea Packers Limited	Annual Report	2002
CRDB Bank	Annual Report	2004

ANNEX 1: LIST OF PEOPLE INTERVIEWED

Business associations, business forums, key business-sector informants

Organisation	Person interviewed	By	Phone	Email
Tanzania Private Sector Foundation	Louis Accaro, Executive Director	MW	022 212 9433	tpsf@tnbctz.com
Tanzania National Business Council	Samson Chemponda, Economist	MW	022 212 2984-6, 0744 598016	tnbc@tnbctz.com
Tanzania Chamber of Minerals and Energy	Emmanuel Jengo, Director	MW	022 260 1214, 0713 322692	immaj@chamberofmines.org
Tanzania Bankers Association	Pascal Kamuzora, Director	MW	022 212 7764/1127	plkamuzora@tanzaniabankers.org
CEO Round Table	Ali Mufuruki, Chair	MW	022 260 1748/1745, 0784 311841	alimufuruki@infotech.co.tz
Business Care Services/Business Times	Rashidi Mbuguni	MW		
Courtyard Hotel	Hashim Ismail (Friend of CEF)	MW	022 213 0130, 0741 224882	hashim@ismail.com
Government and statutory organizations				
Organisation	Person interviewed	By		
Ministry of Education & Vocational Training	Oliver Mhaiki, Deputy Permanent Secretary	HM, MW		
Ministry of Finance	Commissioner of Taxation	HM		
Tanzania Education Authority	Chairperson	HM		
CEF, civic and donor informants				
Organisation	Person interviewed	By		
UNDP	Yuko Suzuki, GSB focal person	MW		
European Union Delegation	Sonia Longville, Education Officer (Friend of CEF)	MW		
CIDA (Canada)	Beatrice Omari, Education Adviser (CEF MC)	MW		
Netherlands Embassy	Irene Plugge, DPG education group co-ordinator	MW		
Tanzania Education Network	Joseph Kisanji, Co-ordinator (CEF partner)	Written		
TEN/MET		ten		
CASEC	Simon Daffi (CEF MC)	Written		
		ten		

Mkombozi Centre MS-TCDC	Kate McAlpine, Director (CEF partner) Alais Morindat (Friend of CEF)	MW MW Written		
Aga Khan Foundation	Fizza Moloo (Friend of CEF) Tumsifu Mmari, Education Co-ordinator (CEF MC)	Written Written		
Action Aid	Rose Mushi, Country Director (CEF MC)	MW		
Action Aid	Angolwisye Kamwela, Education Co-ordinator (CEF MC)	Written		
Save the Children UK	Martine Billanou, Programme Director (CEF MC)	MW		
Save the Children UK Maarifa ni Ufunguo	Kate Dyer, Chair	MW		
Corporations				

Company	Person interviewed	By	Sector	Control	Phone	Email
Geita Gold Mine (Anglo Gold)	Hatibu Senkoro, Country Manager	MW	Mining	Fo	022 212 1122/1123, 0744	hatibu.senkoro@geitagold.com
Barrick Gold	Gareth Taylor, General Manager Africa	MW, HM	Mining	Fo	210122 022 260 0604	Gtaylor@barrick.com
Resolute (Golden Pride Mine)	Don McLeod, Managing Director	MW	Mining	Fo	022 260 0490, 0744 780408	donm@resolute.co.tz
Tanga Cement	Harpreet Duggal, Director, Marketing & Strategic Planning	MW	Manufacturing	Fo	022 212 0135, 212 0171 (dir), 0787 299311	hduggal@simbacement.co.tz
Tanzania Breweries	Justice O'Donovan, Managing Director	HM	Manufacturing	Fo	022 218 2779-82, 218 3089 (dir)	justice.odonovan@tbl.co.tz
Sumaria Group	Jayesh Shah, Managing Director	MW	Manufacturing	Tz	022 213 4109 (dir),	jg@sumariagroup.com

Oryx Oil	Vaughan Gibson, Managing Director	MW	Energy	Fo	0784 800810 022 212 0528, 0744 777742 022 266 6960/8846, 0744	vaughan.gibson@aog ltd.com
Massawe Ernst & Young	Ernest Massawe	MW	Professional	Fo	780334	Ernest.S.Massawe@tz.ey.com
Professional Association of Engineers	Professor Mwamila, Chair	HM	Professional	Tz		
Standard Chartered Bank	Hemen Shah	MW	Banking	Fo	022 211 3785, 0713 888022	hemen.shah@standardchartered.com
Co-operatives and Rural Development Bank	Managing Director	HM	Banking	Tz		
Akiba Commercial Bank	John Lyale, Managing Director	MW	Banking	Tz	022 211 8340-3, 0744 469936	akiba@cats-net.com
Movenpick Royal Palm Hotel	Daniel Roche, General Manager	MW	Hotel/tourism	Fo		droche@rphdar.com
Impala Hotel (Arusha)	Mr. Mrema, Owner/Managing Director	HM	Hotel/tourism	Tz		

Sector		Control	
Agric/Food	0	Tz	5
Mining	3	Fo	9
Media/Adv	0	?	0
Manufacturing	3	Total	14
Energy	1		
Professional	2		
Banking	3		
Util/Telecom	0		
SocSec/Insur	0		
Hotel/tourism	2		
Total	14		

ANNEX 2: INTERVIEW MATERIALS

INTRODUCTORY POINTS FOR BUSINESS LEADERS

1. The CEF wishes to foster improvements in the education system so that all children in Tanzania can access a basic education of adequate quality. It would like to find ways of working with business corporations to that end.

2. The performance of the education system fundamentally affects the future workforce and markets of businesses, and is central to the civic objective of helping people achieve a decent standard of capability, dignity and welfare.

3. Government, business and civic organisations may have differing priorities, but also have a lot of common priorities.

(a) Government must make choices about how much to invest over time in different parts of the education system, and must consider how education and economic opportunities will influence each other.

(b) Business corporations are often most interested in technical, vocational and professional education and training. They may also be interested in stronger private education services. However, corporations may also recognise the strategic importance of the wider public education system. This includes basic education at pre-school and primary levels, and also secondary education.

(c) Civic organisations are predominantly concerned with the accessibility and quality of public basic education (pre-school and primary) and post-primary vocational training, but may also be concerned about other forms of education.

Use diagramme of education system as a visual aid

4. Business corporations can contribute to improving the education system in various ways, including (i) direct provision of education (ii) building the capacity or infrastructure of the education system (iii) influencing the shape of the education system. Corporations may offer funding, goods, services, staff time, information, ideas or influence.

In our discussions with business leaders there are two main questions.

- *What are the most important opportunities for the private sector to strengthen the education system by drawing on the perspectives, ideas and resources of business corporations?*
- *How can civic organisations such as NGOs collaborate with the private sector to bring maximum benefit to the public education system?*

QUESTIONNAIRE FOR LEADERS OF CORPORATIONS AND BUSINESS ASSOCIATIONS

Introductory points to set the scene.

Questions

1. In the long-term perspective of your company, what are the most important economic and social changes you wish to see in Tanzania, and what are the key areas of Government policy and spending that concern your company?
2. Looking at longer-term trends, how do you see your company's approach to its corporate social responsibility evolving now and in the future, and what factors are driving these changes? *Probe: is there / will there be a company CSR policy? How do you see the trend in management of CSR, in terms of investment, responsibilities of staff and board, and budget? (e.g. is CSR a separate set of activities or an integral part of the business strategy? - at what level of the company is CSR managed (e.g. is it a regular agenda item in board meetings) - how is corporate social engagement funded?)*
3. From the perspective of your company, what changes do you wish to see in the system of education in Tanzania, and why are these important for you? *Probe to capture outcomes, process and corresponding system changes [this will also help to gauge the respondent's understanding of education policy and practice issues]. Probe to establish interest in basic education as opposed to other levels. Probe for relative priority given to private as opposed to public education.*
4. What is your company doing to improve education, and how is your involvement with education likely to evolve in the future? *Probe for any interest in influencing policy and improving the impact of corporate investment in education e.g. through supporting good/innovative practice, research or dissemination (refer to brief summary typology of mechanisms based on CEF stakeholders' views). If no link between answers to Qn 3 and this one, ask 'why not'.*
5. In your view, what are the most effective ways/mechanisms for corporations including your company to influence public policy on socially targeted expenditure? *Probe to understand the role and power of business fora/associations in defining and implementing corporations' public-policy agendas, and which fora/associations are thought to be most effective.*
6. What value do you see in trying to set up an ongoing dialogue about improving the education system among business, non-profit organisations and Government? Do you have any view about what mechanisms of dialogue might work? *Probe to assess level of interest in education-focused dialogue mechanism in comparison with multi sectoral dialogue mechanism. Refer to brief summary typology...*
7. What would you suggest as being a realistic strategy for the CEF to promote corporate-civic collaboration to improve education? *Probe in relation to basic education.*

QUESTIONS FOR CEF PARTNERS AND OTHER CIVIC OR PUBLIC-SECTOR INFORMANTS

BACKGROUND

The CEF wishes to influence the education system to provide equitable access to a basic education of adequate quality and would like to find ways of working with business corporations to that end. The shape and performance of the education system fundamentally affects the future workforce and markets of businesses, and is central to the civic objective of helping people achieve a decent standard of capability, dignity and welfare. *What can civic organisations do to encourage businesses to play a more important part in shaping an effective education system?*

Government must make choices about how much to invest over time in different parts of the education system, and must consider how education and economic opportunities will influence each other. Corporations are often most immediately interested in technical, vocational and professional education and training, including private provision, but may also recognise a strategic concern with public basic, secondary and non-professional tertiary education. Civic organisations are predominantly concerned with the accessibility and quality of public basic education (pre-school and primary) and post-primary vocational training, but may also recognise a strategic concern with other forms.

Business corporations can contribute to improving the education system in various ways, including (i) direct provision of education (ii) building the capacity or infrastructure of the education system (iii) influencing the shape of the education system. Corporations may offer funding, goods, services, staff time, information, ideas or influence. *What are the most important opportunities to strengthen the education system by drawing on the perspectives, ideas and resources of business corporations?*

Questions

Opportunities for business corporations to contribute to improving the education system

- On what specific aspects of the education system would you encourage business corporations to focus?
- What forms of assistance by business corporations to education would be most useful?
- What could be the most effective mechanisms for business corporations to engage in debate on the education system?

Opportunities for CEF and partners to collaborate / link / ally themselves with business corporations to help improve the education system

- What results would you want from CEF and its partners collaborating or linking with business corporations? What forms of collaboration or linkage would you wish for?
- What do you see as the main constraints and risks for the CEF and its partner organisations in collaborating or linking with business?

ANNEX 3: LIST OF PARTICIPANTS IN THE CEF/CORPORATE SECTOR WORKSHOP ON EDUCATION

Attendance list

SIMON DAFFI	CASEC, BOX 2660 ARUSHA TEL. 027 2500097 EMAIL: casec-+2-org
ANGOLWISYE KAMWELA	Save the Children (UK) Box 10414, DAR ES SALAAM
IRENE SHEGGE	Royal Netherlands Embassy
SALOME ANYOTI	FAWE TZ
FIZZA MOLOO	Aga Khan Foundation
SEIF K. MOHAMED	TANZANIA ED. AUTHORITY BOX 34578 DSM
LEORD SOZA	KIGOMA DEVELOPMENT PROMOTION AGENCY (KDPA) Box 1333 Kigoma
FREDERICK KWAME	Oxfam GB
ELLEN BINAGI	Oxfam GB
JOSEPH KISANJI	TEN/MET
CHARLES PHILEMON	MINISTRY OF EDUCATIONAL VOCATIONAL TRAINING P.O. Box 9121 DSM Tel. 022110934
FRED KIBODYA	BP TANZANIA LTD P.O. BOX 9043 DSM
JOHN LYALE	Akiba Commercial Bank Ltd. Box 669 DSM
PATRICK NGOWI	Commonwealth Education
ERNEST AMBALI	0713-344784 New Post Office, Box 1544 DSM Media Consultancy
BEATRICE OMARI	0746 443707 Education Advisor CIDA Box 80490 DSM

ANNEX 4: SUMMARY OF RESPONSES OF NON-BUSINESS INFORMANTS: CIVIC (OR CEF-LINKED) INFORMANTS (CEF MC AND CORE PARTNERS, FRIENDS OF CEF, OTHERS)

Systemic change in education - and especially in basic education - is likely only to interest business people who take a **long-term view of their corporate interest** (this was echoed by chair of CEO Roundtable). Is there enough incentive for CEOs to take this long view? Some will. The CEO RT chair sees Govt as resistant to / suspicious of **private sector influence** on policy, but in practice he sees private sector influence crowded out by donors. Differing views on the **quality of current education-sector debate**: KD sees it as promising though still cumbersome; KMCA sees a far more radical and systematic debate being required to meet the radical challenges.

The principle long-term education issue for business is the **mismatch between skills required and skills available**, not only technical skills but also basic learning skills. But technical and vocational training predominate as the fields in which corporations are perceived to have something distinctive to offer and a relatively clear motive for involvement. Corporations can do much more to help develop technical, vocational and professional training, and to provide good quality work experience and apprenticeships. As the CEO RT chair said, 13 year old graduates are not interesting, but post-primary apprentices can make their way in the labour market from age 16 or 17 - he would like to Govt to encourage this with tax breaks and recognition. He sees scope for strategic partnerships of businesses with central and local governments. Mkombozi has placed many children as apprentices with large and medium-sized firms in Kilimanjaro and Arusha: General Tyre, TBL, Coffee Lodge, KIA Lodge, safari companies - mainly through dedicated efforts of the Mkombozi staff member responsible for vocational training. KMCA also points to more basic gaps: many children leaving primary and even form four without basic skills for self-reliance and existence in the workplace (to resolve conflict, negotiate, assert, and recognise expectations). In addition to poor teaching conditions, many teachers lack the skills and experience to help children acquire these basic skills, and far more fundamental attention and debate are needed on both curriculum and teaching.

How serious/visionary are corporations about CSR? Barrick recently appointed a global board-level CSR director with NGO / consultancy / business background. Barrick has started to look beyond mere funding to **actual results of its social investment**. It is cancelling its contract with Amref for poor performance and participating in designing the evaluation of CARE's project. Mkombozi's experience with Barclays and Standard Chartered is that their CSR people in Tanzania are marginal, and that decisions on social initiatives are taken in headquarters with no knowledge of the Tanzania context. These partnerships are **handled more slowly** than the corporations' core business - e.g. tripartite project agreement with Alliance Media and their corporate clients for public awareness messages on adverts has taken 18 months to negotiate so far. Apprenticeships facilitated by Mkombozi with locally-based medium-scale firms may be the product of a sense of guilt about poverty in their area - executives seeing street children on their way to work. Mkombozi has found that big corporations they have dealt with rarely want to give **staff time** - there is little encouragement for staff to volunteer, with the exception of BP. What mechanisms do corporations employ to motivate staff to volunteer?

Types of engagement envisaged

There was support (and no dissent) for more business involvement in both traditional funding of projects/inputs and system-improving initiatives and policy development.

1. Information, dialogue and policy influence

Various respondents said private corporations are often **poorly informed about education priorities**. KMCA: many senior business people (and not only foreigners) are out of touch with the reality of poor people. CEF can consider **informative informal seminars / breakfast meetings** for

business executives to help them understand the issues. Equally, CEOs of country-scale operations could learn from best practice in the world: try inviting internationally respected 'visionary CEOs' to Tanzania, e.g. once or twice a year, to hold seminars with leaders of business and other sectors pointing to the value of long-range CSR strategy in education and other areas of social and economic development.

RM: opportunity for alliance is mainly for **policy dialogue and advocacy**. The curriculum does not help people to thrive in the economy - the private sector needs to articulate what skills standards are needed. Encourage business to fund research into skills gaps and how the education system can be adapted to meet them.

JK: business corporations could sponsor regular forums, campaign events, symposia. TM: use business adverts to carry campaign messages. Involve business corporations in a quarterly education newsletter to debate major education issues.

Sector dialogue. KD: business representation in this year's sector review meeting was limited mainly to publishers and private school operators. There is room for business involvement in national dialogue on the education sector, but companies need to talk with each other first. The private sector should earn its voice: not have a privileged place but take its place alongside other actors. In return for a voice, it should pay proper levels of taxes - some corporations have been getting off too lightly. Govt must demand more in return for exploitation of national assets: e.g. mines should be helping design and fund appropriate technical training, hotels in Ngorongoro should do the same. With Education and Vocational Training under one ministry, there may be more opportunity for joined-up planning.

SL: donors and NGOs all recognise the need to bring education and labour market closer to each other. SL and FM: obvious areas where businesses can make a difference are **vocational and technical training** and **curriculum** in general: shaping the system to deliver the varying skills and qualifications required by different businesses. Corporations could promote life-skills education at primary and secondary levels by **engaging in debate about the relevance of curriculum** to basic work skills such as teamwork, oral and written communication.

However, don't focus too predominantly on national sector dialogue (KD, KMCA): there's much scope for **local dialogue and planning** between businesses, local government and CSOs (KD) - learn from the experience of Pamoja in Kilimanjaro Region, which was doing just that. Businesses within districts can do much to fund local education improvements, e.g. big harambees in Rombo district. SL: the corporate sector is not just large-scale business, so it's important to differentiate between SMEs and large firms. FM: by getting involved in local education services, corporations can press for girls' education, highlighting the vast economic potential wasted when girls are squeezed out of education.

Business corporations can help shape technical and professional education and training through sitting on the boards of academic institutions and acting as a reality check on the relevance of curriculum, the quality of delivery, and relationship to the labour market (FM).

2. *Innovation and spreading good practice.*

JK: encourage business corporations to fund appropriate innovations that can be mainstreamed. KMCA: there could be scope for getting big international corporations to undertake PFIs (private finance initiatives) to help drive standards of public education - similar to corporate support for the UK's 'Sure Start' preschool programme. This could be for school centres of excellence providing high-quality internships for teachers and bilingual education for students.

FM: corporations have the possibility to establish models of child care and development services in the workplace.

'Junior Achievers' schemes are one effective way in which corporate employees can help secondary and primary students to learn about the world of work and develop business skills. The Tanzania scheme chaired by RMB has involved 1,000 students and several companies to date (RMB, FM).

SL and FM: Perhaps the first priority for business should be in-house training and apprenticeships. FM: Companies can offer work experience training linked to tertiary vocational and technical training (this would require a formal framework, either through a formal linkage between university and company, or through some kind of official National Qualifications Framework). However, in engaging business in education development, beware of compromising the non-economic objectives of education: indeed a clearer consensus is needed on what are the actual objectives of education in Tanzania.

Other views

Where respondents have listed a wide range of elements of the basic education system on which they would like business corporations to focus support (teacher conditions and teacher development, infrastructure, support for vulnerable groups, adult and non-formal education etc) it is difficult to get a clear sense of opportunities or priorities or how they would link to a business motive. A number of respondents felt that businesses could be encouraged to fund the provision or expansion of services: for example to contribute to building infrastructure beyond the areas in which companies have a business interest. There is little evidence that most companies would do this on anything other than an exceptional basis: there would not be a sufficient gain for the company. Business funding for services is likely to remain extremely small in comparison with the education budget - and any substantial funding is likely to be concentrated in areas/fields where businesses see a gain.

Implications for civic organisations and /or CEF

RM: some CSOs need to look afresh at opportunities to ally with business and not be blinded by 'anti-market' ideology. SD sees potential for corporate partnerships to be part of sustaining the CEF's vision and objectives after the CEF is formally wound up.

KD: must ensure that equity is upheld: that concentration of business funding for public education in a few localities does not disadvantage children in other localities - use business funding to advance an overall plan, not as isolated initiatives that create pools of relative advantage. FM: encourage local corporations to contribute through mechanisms like the Tanzania Education Authority.

KMCA: CSOs can learn from corporate experience, e.g. how do corporations influence public opinion and policy. Encourage corporations to mentor CSOs on planning, management, workforce development. But TM and SD are concerned about sourcing funds from unethical corporations.

Various people see potential for some mechanism, involving business donations, of sustaining the type of support that CEF has been providing. SD: a national education fund with joint Government-private-civic control might be an effective way to channel business donations. HI suggests a new institution with business representation to advise/propose/channel funds that would otherwise be given in a relatively ad-hoc manner. The existing business forums would not be able to develop this specialised focus. However, these forums (CTI, TCCIA etc) should be asked to invite members with genuine ideas to a discussion about the new mechanism.

However, there are questions and reservations concerning this. KMCA: what do business corporations want out of funding CSOs? In addition to improving their image and motivating their staff, Mkombozi attracts them with quick responses, quick clear reporting, and publicity on Mkombozi's website. TM is concerned about partners' capacity to manage budgets. FM would like to see CEF partners developing negotiation, financial management and programme monitoring

competences to the extent that they can directly attract and retain private-sector partners. Most business grants are small; the CEF should avoid the risk of getting too involved in small grant management. If mediating corporate funds to a civic organisation, the CEF should be very careful to ensure its capacity to manage, monitor its work and account for the funds.

TM: sees CEF linking, facilitating and advising partners and business on strategic priorities. KMCA: the CEF needs to be clear about its own function. As a UK Govt-funded initiative, what is its role - as advocate, facilitator...? Need to be aware of sensitivities towards foreign influence.