

New Philanthropy and the Disruption of Global Education

About NSI

NORRAG Special issue (NSI) is an open-source periodical. It seeks to give prominence to authors from different countries and with diverse perspectives. Each issue is dedicated to a special topic of global education policy and international cooperation in education. NSI includes a number of concise articles from diverse perspectives and actors with the aim to bridge the gap between theory and practice as well as advocacy and policy in international education development.

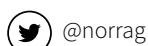
NSI is produced by NORRAG and is supported by the Open Society Foundations (OSF) and the Swiss Agency for Development and Cooperation (SDC). The content and perspectives presented in the articles are those of the individual authors and do not represent views of any of these organizations. In addition, note that throughout the issue, the style of English (British, American), may vary to respect the original language of the submitted articles.

About NORRAG

NORRAG is a global network of 5,000 members for international policies and cooperation in education established in 1986. NORRAG's core mandate and strength is to produce, disseminate and broker critical knowledge and to build capacity among the wide range of stakeholders who constitute its network. These stakeholders inform and shape education policies and practice, both at national and international levels, and are united by a shared commitment to principles of social justice, equity and quality in education. Through its work, NORRAG actively contributes to critical dialogue on global developments in education by mobilising and disseminating diverse voices, multiple perspectives, facts and evidence.

NORRAG is an associate programme of the Graduate Institute of International and Development Studies, Geneva

More information about NORRAG, including its scope of work and thematic areas, is available at www.norrag.org.



@norrag



@norrag.network

NORRAG

Network for international policies and
cooperation in education and training
Réseau sur les politiques et la coopération
internationales en éducation et en formation

20, Rue Rothschild | P.O. Box 1672
1211 Geneva 1, Switzerland
+41 (0) 22 908 45 47
norrag@graduateinstitute.ch

NORRAG Special Issue 04, April 2020

Coordination

Emeline Brylinski

Production

Paul Gerhard

Design concept

Anouk Pasquier, Alexandru Crețu

NORRAG is supported by



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development
and Cooperation SDC



OPEN SOCIETY
FOUNDATIONS



INSTITUT DE HAUTES
ÉTUDES INTERNATIONALES
ET DU DÉVELOPPEMENT
GRADUATE INSTITUTE
OF INTERNATIONAL AND
DEVELOPMENT STUDIES

Published under the terms and conditions of the Creative
Commons licence:

Attribution-NonCommercial 4.0 International (CC BY-NC 4.0)

<https://creativecommons.org/licenses/by-nc/4.0/>



ISSN: 2571-8010



9 772571 801003



04 >

New Philanthropy and the Disruption of Global Education

Guest editors

Marina Avelar, Research Associate, NORRAG

Lara Patil, Advisor, NORRAG

Foreword

Whereas the terms *philanthropy* and *philanthropists* have their origins in Greek and Latin meaning love or benevolence to man or mankind and the related actors, the practice of using private wealth to alleviate problems of less well-off individuals or groups is documented much earlier, for example in ancient China and in Hindu scripts. In the 12th century, rabbi and philosopher Moses Maimonides articulated a hierarchy of charity that has strongly influenced notions of giving until today¹. In the sixteenth century, charitable responses to urban poverty were theorized by Juan Luis Vives and Francis Bacon in Europe. Contemporary philanthropy emerged prominently in the last quarter of the nineteenth century in the United States and in cosmopolitan Geneva, where a clearer distinction emerged between charitable giving and philanthropic efforts to contributing to changing structural problems, and therefore the common good². This modern philanthropy is inextricably intertwined with the industrial revolution and contemporary capitalism³.

A second wave of philanthropy has grown exponentially over the past twenty-five years, during which time some three-quarters of foundations have been established. In fact, between 2013 and 2015, USD 24 billion were spent by philanthropies on development, education remaining one of the most funded sectors⁴. Still perceived as the “key to individual opportunity and the engine of national economic prosperity”⁵, one-third of philanthropic foundations conducts educational initiatives. A notable feature of contemporary philanthropy is the lack of most foundations (58%) to collaborate with each other or in fact with governments. While a few US philanthropies dominate the public imagination and indeed size of their giving (Bill and Melinda Gates Foundations, e.g.) the landscape is changing rapidly as foundations in China and India, for example, emerge. Most foundations invest in particular endeavours for less than five years, contrasting with public spending.

While some philanthropic institutions have played important roles in contributing to the distribution of public goods, there remain questions and concerns related to equity, accountability, neutrality, effectiveness, and efficiency. Several trends in giving and functioning have led to debate about the “new philanthropy,” that has notably some focus on results-based philanthropic giving, as well as the vision of “disruption” and innovation as promoted by technology-focused philanthropies.

NORRAG’s work in the area of philanthropy in education seeks to facilitate greater understanding and collaboration between philanthropic organizations, national policymakers, representatives of international organizations and academics working in the field of education. The symposium series *Philanthropy in Education: Global Trends, Regional Differences and Diverse Perspectives* is an initiative launched in 2016 and co-sponsored by NORRAG, the Sheikh Saud bin Saqr Al Qasimi Foundation for Policy Research, the Open Society Foundations and the Graduate Institute, Geneva⁶. To date, NORRAG coordinated the series of regional events in Switzerland, South Africa, China, India, the United States, Brazil (May 2020) and the United Arab Emirates (will take place in May/June 2020), each in collaboration with local partners. NORRAG Special Issue (NSI) 04 aims to restore part of the discussions and debate around New Philanthropy and the Disruption of Global Education, bringing together actors and stakeholders involved, thus to celebrate the work done in Philanthropy in Education (PiE).

NSI 04 highlights global and national level experiences and perspectives on the participation of new philanthropy in education, as well as local idiosyncrasies. The issue is divided into four parts: **part 1** looks at shifting roles and paradigms in new philanthropy and global education development, **part 2** sheds light on emerging trends, including profit, disruption,

impact and scale, **part 3** focuses on new relationships and frontiers between the public and private spheres, and **part 4** provides a state of New philanthropy and innovations in development financing.

NORRAG Special Issue is an open-source periodical launched in 2018. It seeks to give prominence to authors from different countries and with diverse perspectives. Each issue is dedicated to a special topic of global education policy and international cooperation in education. The first NSI was on the *Right to Education Movements and Policies: Promises and Realities*, the second edition focused on *Data collection and evidence building to support Education in Emergencies* (Spring 2019), and NSI 03 relates to *Global Monitoring of National Educational Development: Coercive or Constructive?* (Fall 2019). Exploring key and debatable thematic, NSI aims to bridge the gap between theory and practice and to reflect advocacy and policy in international education development.

NSI 04 was developed thanks to the tremendous effort carried out by Marina Avelar, NORRAG Research Associate, and Lara Patil, NORRAG Advisor, co-editors of this issue. **Marina Avelar**, PhD, is a Research Associate at NORRAG. Her research is focused on privatization, globalization, and the growing engagement of private actors in education, with

special interest in philanthropy and innovative financing. She has published journal papers and book chapters in these topics, and is the author of the book “Giving with an agenda: how new philanthropy advocates for the corporate reform of education” (forthcoming, 2020). She has professional and academic experience working with public and private institutions in Brazil and the UK, and completed her PhD at the University College London – Institute of Education, with a research visiting period at the Universitat Autònoma de Barcelona (UAB), Spain. **Lara Patil**, Ed.D, is an Advisor to NORRAG. Her research in the area of donor logic and the role of non-state actors in educational development builds upon academic and professional experience with technology industry giving. She has professional and academic experience working with multi-stakeholder partnerships for education as both an Education Strategist for Intel’s Corporate Affairs Group where she worked, on behalf of Intel, as the coordinator of the Private Sector and Foundations Constituency, and is a member of the Country Grants and Performance Committee for the Global Partnership for Education, and researcher at the Teachers College, Columbia University on the institutional rationale of transnational technology corporations in development.

Émeline Brylinski
Research Associate
Geneva

Gita Steiner-Khamsi
Professor and Director
New York & Geneva

Endnotes


1. National Philanthropic Trust. (n.d.). A History of Modern Philanthropy. <https://www.historyofgiving.org/introduction/>
2. Amorim, L. & Mazurczak, M. (2002). When did it all start? in *Community Philanthropy, Alliance*, 7(3). <https://www.alliancemagazine.org/feature/when-did-it-all-start/>
3. *Ibid.* In Geneva, philanthropy is constitutive of numerous initiatives led by elites convinced that poverty is a major cause of unsustainable economic development and social cohesion. See David, T. & Heiniger, A. (2019) *Faire société. La philanthropie à Genève et ses réseaux transnationaux autour de 1900*. Coll. Histoire contemporaine, Éditions de la Sorbonne, Paris.
4. Johnson P. (2018). Global Philanthropy Report: Perspectives on the global foundation sector. Hauser Institute for Civil Society at Harvard University.
5. *Ibid.*
6. See the “Series Update – Philanthropy in Education: Global Trends, Regional Differences and Diverse Perspectives” to consult the list of events and activities in PiE: <https://www.norrags.org/series-announcement-philanthropy-education-global-trends-regional-differences-diverse-perspectives-2/>



Contents

| | |
|---|-----------|
| New Philanthropy and the Disruption of Global Education | 09 |
| Marina Avelar and Lara Patil, NORRAG | |
| Part 1: New Philanthropy and Global Education Development: Shifting Roles and Paradigms | 15 |
| 01 Education Philanthropy and the Possibility of Public Good | 16 |
| Karen Mundy, University of Toronto, Canada | |
| 02 Philanthropy and the Changing Typology of Global Education: The Economization of the Moral | 20 |
| Stephen J. Ball, Institute of Education, University College London, UK | |
| 03 Global Governance: Everybody's Business? | 25 |
| Radhika Gorur, Deakin University, Australia | |
| 04 Blurred Lines Between Public and Private in Education Development: Whose Trade-Offs Between Regulation and Opportunity | 32 |
| Alexandra Draxler, NORRAG | |
| 05 Is Schooling Any "Good"? Edu-Philanthropy, Orientations and Accountability | 36 |
| Christopher Lubienski and Samantha Hedges, Indiana University, USA | |
| 06 A New, Old Wave: Global Education Policies, New Philanthropy, and 'Disruption' Through 'Innovation' | 40 |
| D. Brent Edwards Jr., University of Hawaii at Mānoa, College of Education, USA and Mauro C. Moschetti, Universitat de Girona, Facultat d'Educació i Psicologia, Departament de Pedagogia, Spain | |
| 07 New Philanthropy: A Critique | 45 |
| Steven J. Klees, University of Maryland, USA | |
| 08 Philanthropy for Education in Developing Countries: Insights From a Global Survey | 48 |
| Laura Abadia, OECD Network of Foundations Working for Development, France and Nelson Amaya, OECD Centre on Philanthropy, France | |
| 09 Towards a Typology of Philanthropy in Education: Evidence From the International Education Funders Group (IEFG) | 53 |
| Bronwen Magrath, International Education Funders Group, UK | |
| Part 2: Emerging Trends: Profit, Disruption, Impact and Scale | 57 |
| 10 For-Profit Philanthropy: The Implications for Educational Development | 58 |
| Dana Brakman Reiser, Brooklyn Law School, USA | |
| 11 The Disruption Fantasy: New Philanthropy's Adventures in Education | 63 |
| Hugh McLean, Open Society Foundations | |
| 12 Move Fast and Reach Many? Disruptive Philanthropy and the Celebration of Scale | 66 |
| Seungah S. Lee and Patricia Bromley, Stanford University, USA | |
| 13 "Revolution of Learning": The Impact of the Internet on the Development of Chinese Educational Philanthropy | 70 |
| Han Jialing and Bao Lige, 21 st Century Education Research Institute, China | |
| 14 Compensation of Nonprofit Board Members: A New End That Justifies the Means? | 75 |
| Guillaume Jacquemet, Faculty of Law, University of Geneva, Switzerland | |
| 15 Pursuing 'Impact': Experienced Tensions and Implications for Transparency | 80 |
| Prachi Srivastava, University of Western Ontario, Canada | |

| | |
|---|------------|
| Part 3: New Relationships and Frontiers Between the Public and Private Spheres | 83 |
| 16 Public-Private Partnerships and New Philanthropy in Education: The Case of the Varkey Foundation in Argentina | 84 |
| Tomás Esper, School of International and Public Affairs, Columbia University, USA | |
| 17 From the Right to Education to the Right to Learn: Impacts From the New Philanthropy in the Education Policy Making in Brazil | 88 |
| Andressa Pellanda, Brazilian Campaign for the Right to Education and Daniel Cara, University of São Paulo, Brazil | |
| 18 Education in Latin America: An Open Field for Business Networking | 92 |
| Erika Moreira Martins, GPPES, University of Campinas, Brazil | |
| 19 Brazilian Elites, Interests and Power: Family Philanthropy in Education | 95 |
| Vanessa Pipinis, University of São Paulo, Brazil | |
| 20 Philanthropy in Italian Education: Networks, Hierarchies and Markets in PPP | 98 |
| Monica Mincu, University of Torino, Italy | |
| 21 Examining the Role of Corporate Social Responsibility Funding in Indian Education | 102 |
| Nishant Chadha, India Development Foundation, India and Bharti Nandwani, Indira Gandhi Institute of Development Research, India | |
| 22 Is Philanthropy Really Changing Anything? Skepticism Around Philanthropy and What Philanthropists Can Do for Alignment With Society's Wants | 106 |
| Vidya Shah, EdelGive Foundation, India | |
| 23 The Changing Relationship Between Government and Philanthropy: Reflections From a South African Education Donor | 109 |
| Gail Campbell, Marion Stewart and Fatima Adam, Zenex Foundation, South Africa | |
| 24 Self-Organised, Emergent Collaboration for Sustained Impact and Improving Education in South Africa | 113 |
| Rooksana Rajab, Resonance Consulting Services and JET Education Services South Africa | |
| 25 Philanthropic Foundations and the Government: Challenges in the Relationship | 118 |
| V Santhakumar, Azim Premji University, India | |
| Part 4: New Philanthropy and Innovations in Education Development Financing | 121 |
| 26 A Reflection on the Models, Partnerships and Conversations Necessary to Achieve SDG4 | 122 |
| Aleesha Taylor, Herald Advisors, USA | |
| 27 Towards a Philanthropic Model for Francophone Africa's Public Universities? the Case of Fondation Université Cheikh Anta Diop in Dakar | 125 |
| Fabrice Jaumont, Fondation Maison des Sciences de l'Homme, France and Teboho Moja, New York University, USA, University of Pretoria and University of the Western Cape, South Africa | |
| 28 Financing for Impact: Why Pay for Outcomes in Education? | 130 |
| Emily Gustafsson-Wright, Center for Universal Education at the Brookings Institution, USA and Izzy Boggild-Jones (formerly), Center for Universal Education at the Brookings Institution (formerly), USA | |
| 29 Mainstreaming Equity in Results-Based Financing Mechanisms: An Exploratory Analysis | 134 |
| Wajeeha Bajwa, NORRAG | |
| 30 The Importance of Measuring What Does Not Get Measured | 140 |
| Samuel E. Abrams, Teachers College, Columbia University, USA | |
| 31 The Advance of Social Impact Bonds in Brazil | 143 |
| Fernando Cássio and Salomão Ximenes, Federal University of ABC, Brazil | |

New Philanthropy and the Disruption of Global Education

 **Marina Avelar**, Research Associate, NORRAG
 marina.avelar@graduateinstitute.ch

 **Lara Patil**, Advisor, NORRAG
 lara.patil@graduateinstitute.ch

Introduction

This fourth NORRAG Special Issue (NSI) is dedicated to analysing the disruptive nature of “new philanthropy” and its role in the changing landscape of global education and development. In both motive and style of giving, new philanthropy and its emerging philanthropic approaches share some common patterns reflective of theories of change that are markedly different from more traditional styles of philanthropy¹. Traditional philanthropy tends to be contributory, guided by unmet public needs or minority interests with the aspiration to enlarge the public goods provided by the state, whereas the emerging forms of philanthropy often seek a disruptive approach to giving that aims to replace or reshape existing services by offering an alternative². Thus, the term new philanthropy is typically used to describe the emerging trends among philanthropic organisations that increasingly incorporate business logic, blur the lines between profit and social purposes³, adopt innovative and disruptive practices, use technology in its endeavours, and work on a global scale. New philanthropy can disrupt traditional structures and change education, as well as bring new players into the education policy sector and rework existing policy networks⁴. As a result, new philanthropy offers potential for improvement while also posing risks and challenges to education, development and social justice.

At the same time the field of philanthropy is changing, its role in society and its relationships with governments and multilateral organisations are also being altered. These shifts have led to changes in global governance and a renegotiation of the social contract. Governments and multilateral organisations are welcoming non-state actors to step-in and either work in partnership or directly provide human services that were historically considered public goods that fell within the government domain. This has created controversy among many academics and practitioners who work within the realm of education and development. Whereas the responsibility for the delivery and regulation

of education belongs to governments, if and how non-state organisations might be able to support education is object of debates, and requires further research and discussion. Some argue that when philanthropy is able to fill gaps, or innovate and test new approaches, this can be complementary and supportive of education as a public good. Nonetheless, when philanthropy seeks to steer public policies or the delivery of public education, there are democratic processes, values, and structures that are reworked and, sometimes, unbalanced. Furthermore, as a non-state agent tackling public matters, what are philanthropy’s responsibilities in the event of failure or unintended negative consequences, and how is it held accountable? As these organisations continue to grow across the world and become more influential actors in education, there is a collective need to deepen knowledge of the sector.

Thus, this special issue, *New Philanthropy and the Disruption of Global Education*, aims to highlight global and national experiences, as well as diverse perspectives on the role and function of new philanthropy in education. Authors and case examples come from diverse countries and geographic regions, with articles that adopt academic and practitioner framings, as well as different – and sometimes divergent – analysis and arguments. The articles represent a broad set of stakeholders and illustrate a variety of viewpoints concerning new philanthropy in education. The aim is to expand the debate and foster dialogue, bridge the gap between theory and practice, as well as stimulate new research, advocacy and policy innovation in international education development. This NSI is divided into Four Parts with the enclosed articles organised as follows.

Part 1. New Philanthropy and Global Education Development: Shifting Roles and Paradigms

Within the much larger global structures of development and education, the roles and paradigms of philanthropy are shifting. The articles in Part One provide overarching expositions that serve as a backdrop for the entire NSI, some

focus on global development, others on education policy and practice, and others on the sector and institutions of philanthropy itself. In different ways, the articles address the question of what is truly novel in “new” philanthropy’s engagement in education by adding nuance and complexity to the discussion. Simultaneously, the authors point to possible ways forward in research and practice.

The first two articles place the way philanthropy is changing within larger global movements. Karen Mundy argues that what makes new philanthropy intrinsically “new” in this present moment is that it is inextricably linked to changes in the world order. New philanthropy’s perceived threat derives, at least in part, from broader changes in three spheres – in the interstate system, the world economy, and shifts in the locus of political power within the nation-state. Stephen J. Ball continues the discussion with an exploration of how such shifts in philanthropy are connected to wider and deeper social changes related to not only public governance and the economy but also, and fundamentally, to morality. With the introduction of business and investment techniques into philanthropy and the entrance of investors and producers driven by the possibility of “doing well by doing good”, this “Philanthropy 3.0” enables many forms of privatisation, bringing about new actors, voices and visions to education, in essence changing its very meaning and purpose.

Radhika Gorur and Alexandra Draxler continue the discussion about the growing role of private actors in global development and education. Gorur challenges current conceptions about the need for scalable solutions that depend on several stakeholders, especially those from the business world. In contrast to the current consensus on development, she asks if the key to rethinking education reform and progress towards global development goals lies not in thinking big, but in thinking small. Draxler consequently points to both the recent historical development of this trend towards multi-stakeholders in global development, and highlights cues for a research agenda around the topic which is centralised around a concern for equity.

Moving from the wide view of the first articles which contextualise the topic of new philanthropy within the larger arena of global development and education governance, the next set of articles focus on education and point to the implications, concerns and debates engendered by the new philanthropy’s engagement in education practice and policy. Christopher Lubienski and Samantha Hedges place the debate around philanthropy in education against the backdrop of education as a “public good”, and that the private engagement in education shifts the meaning and purpose of schooling, and actually recasts the “good” of education. D. Brent Edward, Jr. and Mauro Moschetti continue

this discussion by framing the agenda of new philanthropy in education, offering a wider historical and political perspective of the policies advocated by foundations. They argue that while new philanthropy presents itself as “new”, in the education sector it is rather continuing the trajectory of global education policies that began almost forty years ago, which tend to exacerbate inequality and militate against equitable access to quality education. Finally, echoing the topics explored so far, Steven J. Klees provides a critique of new philanthropy, exploring the problematic implications of new approaches to philanthropic giving in education. Klees articulates concerns with the emphasis on outcomes, application of business logics, and a general introduction of “chaos” with multiple, uncoordinated projects by foundations and corporations, which he argues are an ineffectual means to solve social problems that need democratic, coordinated, national, global, and government-led responses.

The final two articles of the Part One offer data-driven descriptions of philanthropy in education, depicting its size, relevance, types and characteristics. Drawing upon the Organisation for Economic Cooperation and Development’s (OECD) data on philanthropic giving from 2013-15 and 2017, as well as qualitative inputs collected through the OECD network of Foundations Working for Development (newFWD), Laura Abadia and Nelson Amaya provide a comprehensive analysis on philanthropy for education in developing countries. To conclude, Bronwen Magrath of the International Education Funders Group offers a practitioner contribution that addresses a gap in attention paid to diversity within the philanthropic sector. Her article illustrates the diversity of philanthropy and highlights the need to develop a framework for categorizing its activity in the education sector in support of a stronger analysis of what this diverse group of stakeholders is (and is not) doing to improve systems of education and learning outcomes.

Part 2. Emerging Trends: Profit, Disruption, Impact and Scale

Moving from the overarching exploration of Part One, Part Two dissects some of the current trends of new philanthropy in education. Specifically, the authors discuss the regulatory frameworks that allow for some changes in the logic of philanthropy, the blurring between profit and social, the focus on disruption, the impetus for large-scale impact, and the adoption of business thinking in the management of foundations and their boards of governance. All of this is also discussed in relation to issues around equity and transparency.

New philanthropy is characterised as blurring the lines between social and financial, non-profit and for-profit. Regulatory frameworks play a key role in promoting or discouraging such blurring. Dana

Brakman Reiser addresses a specific and important legal format of “for-profit philanthropy” in the USA, the Limited Liability Company (LLC), and how it magnifies the influence of the elite in society, allowing the wealthiest and most powerful people to elude the transparency and regulation traditional foundation law in the USA imposes on elite philanthropy.

Another characteristic concerns the mindset of “disruption”. Hugh McLean describes the notion of disruption according to business theory, meaning the capture of market share through entry by means of unexplored potential demand, and promotes a reflection on how this could apply to some kinds of philanthropy. This can shed light on the objectives, standards for determining the success (or lack of it) of interventions, and the power structures involved.

New philanthropy also aims to achieve, either directly or indirectly, large-scale impact and change. Seungah S. Lee and Patricia Bromley analyse the agenda of new philanthropy from this angle, which when compared to other aspects has been discussed far less. On the one hand, the emphasis on scale may generate increased partnerships with local actors and increased coordination across public and private spheres. On the other hand, the emphasis on large-scale tends towards developing standardised, universalistic solutions for a very diverse set of students and contexts. Han Jialing and Bao Lige then illustrate how technology is enabling large-scale efforts in education by philanthropy, drawing from the Chinese context. They focus on the potential benefits and challenges of using large scale tech solutions to improve education.

Foundations are also adopting business logic into their management structures. Guillaume Jacquemet analyses the debatable and understudied practice of the compensation of non-profit board members. He claims that, while some argue that such compensation is not in keeping with the idea that these organisations must serve public purposes, others say that in a competitive market, such compensation could be a necessary means for the long-term survival of philanthropic organisations.

To conclude, Prachi Srivastava revisits topics touched upon in previous articles, and looks at issues around scale and transparency. Given that these two concepts are not normally aligned, Srivastava’s analysis of interviews with philanthropic and impact-investing organizations supporting education in Asia highlights the tensions experienced by philanthropic and impact-investing actors in India, Japan and Singapore.

Part 3. New Relationships and Frontiers Between the Public and Private Spheres

A central area of concern in research and practice revolves

around the growing role of philanthropy in public policy and governance, and how this affects democracy, transparency and equity. The articles in Part Three address these issues and describe this new governance and “social contract” from the standpoint that there is an altered sharing of responsibilities and a shift in the frontiers between the public and private sectors. The articles provide both theoretical and practical examples, with sceptical, critical and hopeful views on the participation of philanthropy in the management of public education in many countries, such as Argentina, Brazil, India, Italy, and South Africa.

Foundations have been bringing about new forms of privatisation. Tomás Esper, Andrea Pellanda and Daniel Cara describe how this is happening in Argentina and Brazil. Esper analyses the Varkey Foundation’s work in Argentina and describes how the studied public-private partnership (PPPs) contrasts with the perception of Argentina as an exception to neoliberal reforms. Until recently, they had not implemented market-oriented policies in education and were characterised historically by a strong state-monopoly in education. On a similar note, Pellanda and Cara explore how new philanthropy is playing a key role in a shift from dispersed new management reforms to structural state reforms in Brazil. In this scenario, philanthropy is contributing to this shift by adopting advocacy activities and supporting groups and movement of “political renovation” that affect legislative and public management staff. The cases clearly exemplify how new philanthropy is part of the reshaping of some nation-states’ education policies and how governance is done.

In a related fashion, philanthropy now actively engages in policy-making which often creates imbalances in the political arena and disrupts democratic structures. Through an analysis of the Latin American Network of Civil Society Organizations for Education (REDUCA), Erika Martins illustrates the global influence of corporate actors in education policy. Moving from a focus on corporate philanthropy, Vanessa Pipinis analyses the performance of family philanthropy in education, and forges connections between family philanthropy, new philanthropy, economic elites, inequalities and education. Pipinis argues that elites have been using philanthropy to influence education, in a way that creates an imbalance in the political arena and hinders the participation of other social actors. It is important to note that the policy work of foundations is not done individually, or with an insular focus, but is usually embedded in networks of public and private actors. Monica Mincu’s work advances this analysis by looking at the largest philanthropic actor in Italy, one of the richest in Europe, who is a key player in education policy making and a prototypical case of networked governments and the promotion of network arrangements in education.

As mentioned before, regulatory frameworks play a central role in fostering or limiting the growth of non-state actors in education. Due to its mandated Corporate Social Responsibility (CSR) Act, India has experienced considerable growth as it has to do with philanthropic engagement in education. This represents another example of new formats of collaboration between public and private organisations, where states play a central role as the mediators and promoters of these new relationships. Nishant Chadha and Bharti Nandwani analyse data from the first four years of the Act, explore the scale and scope of CSR activity in education as well as examine equity concerns related to the Act's problematic requirement that CSR spending must be local in nature. Within the same context, Vidya Shah addresses the question of whether philanthropy promotes social change or not, and proposes what philanthropists could do to make sure their work is aligned with society's needs.

Finally, in the public governance of education, new philanthropy is rearticulating its role and logic. This involves several challenges when it comes to how they relate to and cooperate with public authorities. Gail Campbell, Marion Steward and Fatima Adam lay out three key aspects that must be addressed in order to rework philanthropy's role in education: building relationships across public and private organisations; managing accountabilities and supporting capacity-building in governments; and the instrumental role of research, monitoring and evaluation in these processes. Similarly, Rooksana Rajab highlights the need for greater impact as it has to do with investments and government spending, and the importance of remembering the promise and challenges of existing partnerships and other collaborative efforts. To conclude this section, V. Santhakumar challenges overly-simplistic perceptions of public and private, as well as the idea that philanthropy necessarily promotes a privatising agenda and use of business logic in education and development. Instead, he argues one should examine the challenges philanthropy faces to effectively improve education, such as the issues around building stable and lasting relationships with government representatives and the differences between the cultures of foundations and governments.

Part 4. New Philanthropy and Innovations in Education Development Financing

Besides being active in governance, philanthropy is increasingly active in – and being called to – participate in education financing as a way to fill the “funding gap” needed to reach global development goals. At the same time, they are using and promoting new forms and investment logic to fund social projects. At the core of many new practices lies an impetus for investing for “social impact”, with a focus on measurable outcomes – thus there is a growing interest in results-based financing. Amid such developments,

concerns related to data, measurement, perverse incentives and equity are raised. This last part is dedicated to the discussion of philanthropy and education financing.

One narrative that has emerged around the under-financing of education development is that innovative financing and philanthropy can and should play new roles. Aleesha Taylor exemplifies this narrative by illustrating how weaknesses in the traditional aid infrastructure and mechanisms can result in an inability to respond to countries' needs which creates a demand for new solutions. Fabrice Jaumont and Teboho Moja exemplify how philanthropy is being called upon to tackle the underfinancing of education by analysing the case of the Fondation Université Cheikh Anta Diop (FUCAD) in Dakar. The authors argue that while universities often have insufficient funding to meet rising demands, African fundraising and alumni relations can help universities overcome budgetary limitations. However, there is a need to take ownership of projects and establish practices that can function within local cultures.

In this context, some argue that international aid should be improved and made more efficient, and that results-based financing (RBF) could be a possible solution in this direction. Emily Gustafsson-Wright and Izzy Boggild-Jones offer an overview of some of the key types of RBF mechanisms in education and outline the central challenges which RBFs have some potential to address.

However, these mechanisms also pose several risks to equity and the right to education. Thus, Wajeeha Bajwa discusses if, and how, equity is addressed in the design of such mechanisms. She argues that the Program for Results mechanism addresses this issue, but social impact bonds (SIBs) depends on the group of stakeholders in each specific case. Thus, Bajwa also discusses some inherent adverse effects of RBFs and possible ways forward. Similarly, Samuel E. Abrams, and Fernando Cássio and Salomão Ximenes focus on the adverse effects of RBF, which come with the immense pressure to focus on conspicuous metrics alone. Abrams discusses school-level perverse incentives, while Cássio and Ximenes focus on how legal frameworks are being changed to allow for this kind of PPP/investment. However, such changes do not tackle the perverse incentives of SIBs and risks they pose to the right to education, but instead are focused on promoting an “ecosystem of impact-investing” that is crafted to recruit investors and allow for profit.

Acknowledgements

As co-editors of NORRAG Special Issue 04: *New Philanthropy and the Disruption of Global Education*, it was an honour to work with the diverse range of scholars and practitioners who contributed to this issue. We have grown through these engagements and we would like to thank each

author for their time and contribution. We would also like to thank Gita Steiner-Khamsi, Emeline Brylinski, Alexandra Draxler, and the extended NORRAG team for their support during this process. It is our pleasure to present the enclosed articles for NORRAG readership. As you read NSI 04, we hope that you find connections to your own work and are inspired to join this community of scholars and practitioners seeking to further understand the opportunities and challenges of emerging philanthropic trends in the realm of education and development.

Endnotes

1. See Culwell, C.A. & Grant, M. H. (2016). The giving code: Silicon Valley nonprofits and philanthropy. [online] Open Impact LLC. Available at: <https://www.openimpact.io/giving-code/> [Accessed 10 Jan. 2018]; OECD netFWD (2014). "Venture Philanthropy in Development: Dynamics, Challenges and lessons in the Search for Greater Impact", OECD Development Centre, Paris; OECD (2018), *Private Philanthropy for Development*, The Development Dimension, OECD Publishing, Paris.
2. See Horvath, A., & Powell, W.W. (2016). Contributory or disruptive: Do new forms of philanthropy erode democracy? In Reich, R., Cordelli, C., & Bernholz, L. (Ed.), *Philanthropy in Democratic Societies: History, Institutions, Values* (pp.87-122). Chicago: University of Chicago Press.
3. See Bishop, M. & Green, M. *Philanthrocapitalism: How the rich are trying to save the world*. New York: Bloomsbury Press; Bishop, M. & Green, M. (2009). *Philanthrocapitalism: How giving can save the world*. New York: Bloomsbury Press; Edwards, M. (2008). *Just Another Emperor? The Myths and Realities of Philanthrocapitalism*. Demos: A Network for Ideas & Action and The Young Foundation; Giridharadas, A. (2018). *Winners Take All: The Elite Charade of Changing the World*. NY: Knopf.
4. See Ball, S.J., Junemann, C., & Santori, D. (2017). *edu.net: Globalisation and education policy mobility*. London: Routledge; Tompkins-Stange, M. E. (2016). *Policy patrons. Philanthropy, education reform, and the politics of influence*. Harvard Education Press; Saltman, K. (2010). *The gift of education: public education and venture philanthropy*. Springer.

Part 1

New Philanthropy and Global Education Development: Shifting Roles and Paradigms

Education Philanthropy and the Possibility of Public Good

 **Karen Mundy**, Professor, University of Toronto, Canada
 karen.mundy@utoronto.ca

Summary

Positioning changes of philanthropy within larger global shifts, Karen Mundy argues that what most makes new philanthropy “new” in this present era is deeply linked to changes in world order. Mundy outlines the perceived threat of “new” philanthropy as deriving, at least in part, from broader changes in three spheres – in the interstate system, the world economy, and shifts in the locus of political power within the nation state. Through analyzing changes in these three spheres, and the types of threats these changes pose, she is hopeful we can begin to identify ways for ensuring philanthropic commitment to a shared vision of the public good.

Keywords

Global governance
Global development
Economy
Public good

Introduction

Philanthropic giving for education and international development is having a “moment.” It is in the news regularly in North America, the subject of popular and academic books, news shows, and podcasts. Academic researchers and public intellectuals alike (including contributors in this special issue) are raising important questions about the legitimacy of corporate philanthropies and their roles in remaking both domestic and global education futures.

Yet philanthropy from the rich north to the global south has been a constant feature of international financing for development for more than a century, predating the emergence of what today we might describe as the global development regime, with its architecture for educational aid and development. And within OECD countries (as well as in other regions), philanthropy for education has an equally long trajectory. Can it really be all that “new”?

In this short piece, I argue that what most makes new philanthropy “new” in this present era is deeply linked to changes in world order. New philanthropy’s perceived threat derives at least in part from broader changes in three spheres – in the interstate system, the world economy, and shifts in the locus of political power within the nation state.

If we think about the changes in these three spheres and the types of threats that these changes pose, I’m hopeful we can also begin to identify ways in which philanthropic giving to education can make redemptive contributions during the coming decades. Philanthropy – like all forms of human organization derived from economic or political power – can accelerate harm. Yet surely, once we have itemized these harms, it behooves us to also ask: under what conditions, in what ways, might philanthropies offer a unique opportunity to do good? (Reich, 2018).

Philanthropy Meets a New World Disorder

Scholars who study world order, whether from realist, liberal or more radical lenses, describe the global order as one of

increasing precarity. The notion of world society anchored by a coalition of largely liberal states, with common liberal values, has been profoundly eroded by changes in the US – which increasingly sees its interests as separate and unique from other liberal democracies. Authoritarian political regimes are on the rise, often wielding unanticipated levels of economic power on the world stage. Nonstate actors and civil society – the boundary spanners and norm entrepreneurs responsible for advancing both domestic and international human rights during the 20th century – now struggle to build lasting alliances and coalitions within an increasingly fragmented world order. Illiberal nonstate actors are on the ascendance as norm entrepreneurs.

Economic changes of the past half century have been at least as profound as these political shifts. Technological and scientific advances, along with economic globalization, have certainly contributed to improvements in rates of poverty worldwide. But they are no longer celebrated for creating an increasingly “flat”, networked and more open world. Instead, technology has fed new forms of economic and informational monopoly that threaten the very foundations of liberal democracy. Capabilities for collective action and self-government both within nation states and across them have been more constrained than empowered by our most recent decades of economic progress. As tragically illustrated by the current retreat from climate action, and by other areas of in critical need of global coordination (migration, peace, information privacy), we seem to be moving farther – not closer – to consensus (or capacity for consensus) about global public goods.

This is the world of disorder that new philanthropy enters. As so much recent literature argues, it is entering not as an innocent partner, since, like the wave of philanthropic enterprise last century’s guilded age, in large part this philanthropy is built on the private bounty of recent economic growth and technological advance. The new big corporate philanthropies, as many in this volume suggest, are deeply intertwined with the “winners take all” strategies of their corporate founders (Reich, 2018; Giridharadas 2019). Yet as I will argue below, philanthropy is not monolithic, and it may also enter world order as a player with unique capabilities.

Partnering for Educational Development?

When new philanthropies come calling to the world of international development in education, they no doubt are struck by a range of pathologies among the bilateral (donor) governments and multilateral agencies whose explicit goals are the achievement of the Sustainable Development Goals. For education, these pathologies can be summarized as follows:

- Education receives a very small share of overall official development financing.

- Education official development assistance (ODA) is skewed towards middle income countries – and is decreasing for Sub-Saharan Africa, where the world’s largest population of youth in 2050 are projected to face a set of seemingly insurmountable economic, environmental and political challenges.
- Education ODA tends to favor higher levels of education including scholarships (especially among G7 countries); ODA flows have neglected in particular early childhood education, and the educational needs of refugees and migrants.
- There is a lack of coordination among aid donors; and a tendency to offer aid in siloed, projectized formats that do not align around country needs or strengthen national technical and political capabilities.
- A stubborn number of children remain out of school; and in many of the world’s poorest economies, large numbers of children attend school but learn little.

Some – but not all – of the new philanthropies have seen these pathologies as evidence that the interstate order (and governments) is poor at delivering change. This has led them to focus on financing disruptive change from outside the state, including through financing private provision, competition among service providers, and technological fixes (for example through individualized instruction). Meanwhile, traditional philanthropies, including many of the new family foundation emerging in Asian and middle-income countries, continue to focus where philanthropies always have – providing scholarships and funding named chairs and institutions in tertiary education, and by doing so rarely reaching the poor or most marginalized.

But many others, including some of the biggest players in international education, have taken a more collaborative or “public goods” path. Some have aimed to focus on strengthening citizens and popular demand for education quality (see for example, the Hewlett Foundation); some focus on education rights and the use of education to support citizen voice, civil rights and citizenship education (Soros Foundation). Others have taken up thematic areas of focus (play-based learning and early childhood education; 21st century skills; education for girls, refugees and other marginalized populations). Another group seeks to support national capacity to achieve education for all, and invests in national systems (Aga Khan Foundation, Mastercard Foundation).

Even these more collaborative, public goods players, suffer from common pathologies that reach back into the history of 20th philanthropy. They tend to see themselves as scientific evangelists – elevating the use of evidence and data as unique sources of universalized truth while at times neglecting the voices of the communities and citizens they aim to help. They are not transparent about their funding and decision-making processes; and often engage in

programming that is not harmonized or aligned to country or local needs. And they tend to look for “like-minded” allies – by for example, forging primary alliances with international organizations that think about social change through the lens of the new managerialism – while neglecting the slower, harder work of supporting authentic national and regional coalitions for change.

Yet at the same time, we need to look only to the work of sociologist and evaluation expert Carol Weiss, to understand how important organizational learning has been in the history and evolution of US based philanthropy (Weiss, 1995). In the 1980s and 1990s, efforts to collaborate, coordinate and learn from one another became the hallmark of North American philanthropic organizations, leading to new kinds of programs that centered not only on science, but on supporting the engagement of citizens in defining their own solutions. Such changes were accompanied by fresh commitments to monitoring and accountability of philanthropy – including through arms-length funding to watchdog organizations.

I foresee a moment, in the not too distant future, when the new crop of late 20th and early 21st century of education philanthropies will also enter such a period of consolidation and organizational learning. They will do so because they realize that longer term challenges of world order threaten to undermine their shorter-term educational goals and objectives; and because they will understand that the through line from educational change to a more sustainable world order travels not through the supply of one size fits all solutions to human needs, but is rather at its core profoundly educative, empowering people and organizations with the skills, knowledge and collective capacity to puzzle out their own, novel solutions.

Four Ways to Make Global Education Philanthropy Better.

With this in mind, I want to end this intervention by pointing to four broad areas where I believe there is immediate opportunity for philanthropies to improve their engagement in international education development by taking a longer term, intergenerational approach to the investing in global education and related public goods.

In doing so I draw heavily from Rob Reich’s recent book, “Just giving” (2018) in which he explores the legitimacy of US based philanthropic giving. Reich argues that the tax incentives provided to corporate philanthropy in the US is essentially a transfer of taxpayer dollars from public to private authority. He also presents empirical evidence (very much complimented by the OECD study of international philanthropy presented in this volume) that only a small share of philanthropic given is truly redistributive (eg, focused

on the poorest people or countries). He therefore calls for greater regulation and public scrutiny of what are essentially public subsidies for private giving.

At the same time, Reich argues that there are potentially two legitimate reasons for governments and citizens to support and subsidize private giving. He notes that the endowed, perpetual funded foundation is more likely than almost any other political or economic institution in the modern world to be able to think beyond the present political fray, towards longer term futures. Philanthropy thus may be a unique source of scarce “risk capital” for addressing longer term social problems – like climate change – that require sustained innovation and a focus on intergenerational collective needs. Further, foundations can play a unique and important role in supporting the associations and structures of civil society, thereby helping to build intergenerational capacity for social democracy. In both ways, foundations can protect the heritage of future generations – especially if regulated and incentivized to focus in these domains by governments.

Reich’s arguments are not framed in the context of changes in world order, or the problem of international development, but I believe they capture normative imperatives for philanthropy that are especially relevant when thinking about the erosion of global structures for coordination and the pathologies of the current education for international development regime.

Alignment and harmonization around national systems

and capacity: Perhaps one of the most noted pathologies of international development agencies is their tendency to focus on building an externally driven supply of technical and scientific capacity – often at the expense of support for sustainable national capacity to plan, implement, evaluate, innovate and form the political consensus needed to foster educational reform. Foundations can do what more self-interested international actors cannot: focus on the problem of local capacity, rather than the supply of international solutions. There is a second, important way that foundations can help developing countries: work with them to develop the regulatory and tax policies that keep foundations in their areas of core competency – intergenerational justice and long-range societal challenges.

Critical path investments: In educational development, there are several areas that cry out as either imperative for intergenerational justice; or as arenas where corporate philanthropes can productively use their business intelligence to disrupt market monopolies in educational goods and services without threatening the public good. For example:

- Investing in programs of early years literacy and early childhood education that pay attention to

intergenerational (adult/mother) literacy and sound principles of play-based development. This is an area that has low salience for governments and official development donors – but enormous potential to break intergenerational educational marginalization;

- Addressing the needs of the rising numbers of migrants by creating open source learning platforms and innovations that aid transferable credentials;
- Disrupting the monopolies and corruption that continue to limit the supply/procurement of quality educational materials in many developing countries; and addressing the need for open source digital platforms for management of educational systems.

Linking citizens: Education is a co-production in which parents, kids, communities, governments and their partners all play a role. International actors have placed a spotlight on direct “short run” accountability mechanisms between schools and families (for example through parent councils, school management bodies, school report cards, and citizen-led assessments). We need to think beyond these forms of transactional citizenship. Foundations can provide the risk capital to enable new forms of collective action on education issues – action that over time can improve civic engagement and the “long run” loop of accountability between citizens and the state.

Transparency, Accountability and Organizational Learning:

Finally, foundations can, indeed must invest in systems that ensure they are accountable to the public they aim to serve. Global philanthropies should invest in arms-length monitoring and social accountability of their own practices and initiatives. Shared investments across philanthropies in joint evaluation, monitoring and learning from their activities are also important.

In this regard, the fact that some globally development philanthropies now report their aid flows to the OECD Development Assistance Committee is a first good step in this direction. I also see hope in the emergence of a number of new international and regional philanthropic affinity groups– like the International Education Funders Group; the Center for Asian Philanthropy and Society, and such mechanisms for harmonized giving as the Co-Impact and the Giving Pledge. I see hope when billionaires like Warren Buffet ask for increases in wealth and corporate taxation. And I see promise in the way that the Bill and Melinda Gates have reframed their philanthropic approach to US education, based on a critical and contentious published evaluation of their work – moving from investments in one size fits all best practices and top down levers of reform, to a focus on supporting organizational learning across schools and districts (Gates 2020).



But such affinity groups and single organization accountability structures need to go farther, opening

opportunities for greater debate and discussion with the public about their roles and accountabilities. As noted above, Foundations can play an important role in supporting better national and international legislation and regulation of their activities. They can fund public scrutiny of and social learning about their roles and their work. They can use affinity groups to socialize norms and expectations that limit their private authority and ensure their work meets public preferences and builds public capacity. Such investments are a critical part of ensuring philanthropic commitment to a shared vision of the public good.

References

- Burnett, N. (2019). Invited Essay: It's past time to fix the broken international architecture for education. *International Journal of Educational Development*, 68(C), 15-19.
- Gates, Bill and Melinda. (2020). *Annual Letter: Why we swing for the fences*. Bill and Melinda Gates Foundation. <https://www.gatesfoundation.org/who-we-are/resources-and-media/annual-letters-list>
- Giridharadas, A. (2019). *Winners take all: The elite charade of changing the world*. Vintage.
- OECD (2018). *Private Philanthropy for Development*. The Development Dimension, OECD Publishing. <https://doi.org/10.1787/9789264085190-en>.
- Reich, R. (2018). *Just giving: Why philanthropy is failing democracy and how it can do better*. Princeton University Press.
- Weiss, C.H. (1995). *Nothing as practical as good theory: Exploring theory-based evaluation for comprehensive community initiatives for children and families*. Aspen Institute.

Philanthropy and the Changing Typology of Global Education: The Economization of the Moral¹

 **Stephen J Ball**, Distinguished Service Professor of Sociology of Education, University College London – Institute of Education, UK
 stephen.ball@ucl.ac.uk

Summary

Within interest in philanthropy in education as a case of wider changes of governance and the work of the state, Ball discusses the changes taking place in philanthropy. With the import of business and investment techniques into philanthropy and the possibility for investors and producers of ‘doing well by doing good’, this “philanthropy 3.0” provokes many types of privatisation, the economisation of morality, and brings about new actors, voices and visions to education, changing its very meaning and purpose.

Keywords

New philanthropy
Education policy
Global governance
Privatization
Economisation

Over the past twenty years there has been a significant global shift in the nature of philanthropic activity and modalities. This has involved a move from what is sometimes called philanthropy 1.0 (palliative giving) and philanthropy 2.0 (developmental giving), to philanthropy 3.0 (profitable giving) – although some ‘donors’ practice all three forms. Philanthropy 3.0 is denoted by the import of business and investment techniques into philanthropy with the possibility for investors and producers of ‘doing well by doing good’. This is what Edwards (2008) calls “philanthrocapitalism”, which merges venture philanthropy with social enterprise and/or profit motive investment in social service businesses. It is a new “economic rationalization of giving” (Saltman, 2010) – philanthropists can “do good and have their profit, too”, it is a shift from “correcting for” to “connecting to the market” (Brooks, Leach, Lucas, & Millstone, 2009). This has become an accepted premise for “impact philanthropy”, “venture philanthropy”, “strategic philanthropy”, or what Bill Gates calls “creative capitalism”, using capitalism, competition, the market to solve the world’s social problems. In each case, the philanthropist makes “investments that address social challenges and result in sustainable business” (Tony Friscia, AMR Research inc.²), or as Vinod Khosla put it, the founder of Sun Microsystems: “Investors, entrepreneurs and businesses can create wealth for themselves by providing value to the masses”. Bill Gates has argued that companies should be given recognition for their engagement with social programs and that companies should compete with one another not simply on the basis of sales and income but also in terms of who can do the most good, to facilitate this governments should create market incentives for this behavior.

I am interested in these new forms of philanthropy in relation to both specific cases (Ball, 2012, Ball & Junemann, 2015, Ball, Junemann, & Santori, 2017), and in terms of their imbrication in new forms of educational governance and new forms and modalities of the state. I am also interested in their impact on the policy process and the increased participation of philanthropic actors in policy conversations and policy work of different kinds, and specifically the role of philanthropy in global processes of educational reform and construction and

dissemination of a global agenda of education reform. These concerns frame my analysis and discussion of what might be called the “political economy of philanthropy”. My focus has been on “big philanthropy” and the entanglements and the mutual constitution of philanthropy and business, of reform and profit, of personal visions and education policy. I realise that this is not the ‘be all and end all’ of philanthropy. While big philanthropy garners the headlines, it is a minority aspect of philanthropic giving as a whole in terms of the amounts of money involved. But in many ways big philanthropies ‘punch above their weight’ in terms of the direct effects and implications that they can achieve from their ‘donations’ and ‘investments’ in education and elsewhere. Research on philanthropy, with some notable exceptions, has struggled to keep pace with these developments, or has failed to attend to the complex relationships between ‘giving’, profit, reform and governance.

Privatising the Morality and Provision of Education

We must not overestimate or underestimate the role of big philanthropies in policy and governance. At the core of the changes we see in big philanthropy, there is a shift in both morals and practices. Corporate and family foundations and philanthropic individuals are beginning to “assume socio-moral duties that were heretofore assigned to civil society organizations, governmental entities and state agencies” (Shamir, 2008). For people like Bill Gates, Mark Zuckerberg and Eli Broad philanthropy it is a form of world making. As Sarah Reckhow (2010) puts it, this is “bigger, bolder philanthropy.”

Take the Michael and Susan Dell Foundation (MSDF) for example: MSDF is one of the world biggest philanthropic ‘angel investors’, operating in the US, India and South Africa, and they refer to themselves as a catalytic funder, providing early stage funding to pioneer ‘new and scalable ideas and approaches to transform the education systems around the world’ (Michael and Susan Dell Foundation, 2020). Not then simply giving, but transforming. Not just individual lives but entire systems. In the foundation’s philanthropic activity, it is possible to observe a peculiar intertwining between the financial and the moral at different scales and in different localities in the web of connections and activities unfolding around the foundation³. They are not simply funding (or investing in) projects and programs, even though they do that, they are also aiming to embed new sensibilities, structures and practices across whole education systems; this not modest philanthropy. Furthermore, this is an antagonistic philanthropy, set over and against the state, on the one hand, and dependent on the state on the other. Philanthropies act as ‘partners’ and are contracted by the state, and at the same time are involved in the creation of ‘institutional alternatives’ (Lubienski, Brewer, & La Londe, 2016) to state provision (see below).

Again, taking MSDF as an example, their Urban Education programme is a site of emergence and reiteration of a distinctive problematisation that associates traditional schooling and, implicitly, public education in general, with an inability to provide ‘high-quality’ educational experiences to students, foster innovation, or serve the learning needs of children to families. MSDF assigns to itself the role of redeeming public schooling, describing its approach as a pioneering enabler of socially just innovation, a risk-taking creator of opportunities:

We’re not afraid to try new things – in fact, we believe part of the role of philanthropy is to push the envelope and do exactly that (Michael and Susan Dell Foundation, 2020).

This ‘pushing’ involves a double process of privatisation. Education policy-making is privatised, governments become one of a set of stakeholders taking responsibility for educational change and tackling social challenges. Indeed, more and more governments are positioned as receivers, customers or buyers of gift/solutions developed in privatised spaces of design and experimentation. Within those spaces, educational innovation is produced through tools drawn from business practice and financial instruments, with loans, investments and grants being offered to stimulate new providers and divergent ‘solutions’. As MSDF announces on its website:

To achieve our goals, we partner with nongovernmental organisations, governments, entrepreneurs and others and employ a variety of financial tools, including grants, equity investments and loans. (Michael and Susan Dell Foundation, 2020).

As a result of such interventions, in some locations, local systems of education have been changed in their entirety and the state has been virtually displaced. The combination of the Broad, Gates, Robertson, Walmart, MacArthur foundations and other major philanthropies in the United States has had massive effects in the school systems of Chicago, New Orleans, Oakland, Washington D.C., Memphis, and other cities, as they have poured hundreds of millions of dollars into new schools, new organizational practices and new pedagogies (Saltman, 2007). These districts now house hundreds of new schools – operated by private organisations or not-for-profits – and are subject to a range of market-based and accountability reform efforts, such as public school choice, charter schools and teacher merit pay (see Reckhow, 2013 p. 140 and Grimaldi & Ball, 2019). In all of this, there is the privatising of aspects of policy, there is the privatising of parts of the public sector, there is the privatising of aspects of the functioning of the state itself, and there is the privatising of morality – public decision-making is replaced by private preferences. These are changes then that operate on a number of levels, not simply the economic and social.

In 2013 there was a survey done in the US, and 300 leading educators were asked to name the person they felt was the most influential educator in the country. By far and away the most commonly named person was Bill Gates. That is extraordinary, as he is not an elected or appointed representative, he has no formal role in terms of civil society, but he does have lots and lots of money. As Michael Petrelli, from the Thomas B. Fordham Institute, says: “it is not unfair to say that the Gates Foundation’s agenda has become the country’s agenda in education”. What is happening here is that ‘givers’ ‘vote with their dollars’ (Saltman, 2010 p. 1). As Saltman argues, there is a ‘disproportionate’ intervention of philanthropic action into the field of education policy. In a recent book, highlighting a further aspect of philanthropic impact, Henig, Jacobsen, and Reckhow (2019) forensically examine the way in which local school boards are being squeezed out of the policy process by increasing federal oversight on the one hand, and the flood of national reform dollars from so-called donors – outside money – into school board elections on the other. This is philanthropic ‘giving’ in another sense. Rich people with political interests are using their money to capture democratic politics. In major cities, campaign funding in school district elections has been doubling in each electoral cycle since 2000. Billionaires like Laurene Powell Jobs and Mark Zuckerberg are using their personal wealth to further their personal predilections to get their preferred candidates elected, and local issues are being side lined as a result.

Why is the change in philanthropy important to education? First, it brings new voices and visions into the space of education. New philanthropy is bringing new players directly into the field of social and education policy, repopulating and reworking existing policy networks, while also and excluding ‘others’. Second, it constructs new places in which education policy is done, often places that make the processes of policy more opaque. Third, it brings new methods, languages, sensibilities and values into the world of education policy. Finally, new philanthropy is part of the formation of a new kind of state and in new forms of governance. That is, what we might call *heterarchy* or *meta-governance* as Jessop (2002) describes it – a complex mix of markets, networks and hierarchies. That is, *heterarchy* is “an organisational form somewhere between hierarchy and network that draws upon diverse horizontal and vertical links that permit different elements of the policy process to cooperate (and/or compete)” (Ball & Junemann, 2012 p. 138). In this new governance framework there are established new personal and professional connections across different institutions and sectors – public, private and voluntary. Considering these factors as a whole, as Shamir (2008, p. 6) argues, “governments relinquish some of their privileged authoritative positions”. Increasingly, it is in “decentralized, and more or less regularized and coordinated, interactions

between state and societal actors that policy making unfolds” (Coleman & Skogstad, 1990, p. 4). The state is increasingly enrolled in these interactions as an active, facilitative ‘audience’ and interlocutor rather than as prime mover. Although it also has to be said in relation to this that the state is not always of a piece. For example, the national state in India is very facilitative of the participation of philanthropic actors in education services but not all of the Indian states are enthusiastic or active in this way. The same is true of South Africa, two of the South African provinces have been particularly supportive of non-state initiatives, others have not.

Where ‘giving’ ends and profit begins in all of this is sometimes unclear (see Ball, 2019). ‘Development agents’ like MSDF are contributing to both the reimagining of the ‘educational space’ as a market and the production of an infrastructure of organisations, processes and subjects in whose relations market exchanges become a sensible and necessary form for the production and consumption of education, marking out a new topology for educational delivery. In this new environment of policy and practice, ‘new’ knowledges/solutions, and those with expertise in these knowledges/solutions, have become significant in the identification and definition of social and educational problems and the development and enactment of reform (solutions). Traditional professional expertise and knowledge is displaced. Education is now in effect a marketplace of solutions. Solutions are proffered and sold, and both profit and social returns are being sought (Eggers & Macmillan, 2013). Most commonly, these ‘new’ knowledges and expertise are drawn from the worlds of business, investment and management and/or from information technology. In my research in the US and India (Ball 2019), the background of almost all of the actors involved in education start-ups, and their funders, come from either or both a business management or a business school and information technology background. Few of them have any previous educational experience. Ed-Tech solutions and expertise, are in particular a key component of the re-envisioning of ‘the education space’ as a space of profit, and a re-envisioning of profit as a means to address educational inequality and social exclusion. MSDF’s commitment to and advocacy of blended learning is a case in point (Grimaldi & Ball, 2019).

Philanthropy: A Sliding Signifier and Neoliberal Dream

Given the shifts and changes adumbrated above, we have to accept that philanthropy is a sliding signifier. It means different things and operates in different ways in different contexts and it needs to be unpacked in relation to specific settings and cases. And indeed, as noted, big philanthropy foundations no longer operate in one mode. Nonetheless, philanthropy, at least big philanthropy, now has to be considered alongside and in relation to changes in the

form and functions of the state, and general changes in the boundaries between the state, the economy and civil society. Who does what, where and how in the policy process and the distinction between public values and private interests are increasingly complex and increasingly unclear.

Furthermore, Philanthropy has become a site for the articulation of criticism of state services and for the advocacy of policy reforms and 'solutions', and it is often the case that proposed 'solutions' create new profit opportunities. These opportunities appear both at the general level, in a shift from state to private provision or the concomitant commodification of public services, and in the form of 'services' offered to state agencies by private providers. In education, ongoing reform initiatives have created a raft of such opportunities, particularly in relation to the digitalisation of pedagogy and assessment, teacher education, data analytics and data mining, but also via new forms of school – like Charter schools, Academies and Free schools. Such reforms constitute a dream scenario within the neoliberal imagination – they are a condensate of profit, policy and new modes of governance that displaces the state in a variety of senses and at that same time enable the production of new kinds of consumers and workers. Education policy and education reform *'are no longer simply a battleground of ideas, they are a financial sector, increasingly infused by and driven by the logic of profit'* (Ball, 2012, p. 27). Contemporary philanthropy, in the form of impact investing, is a space of mediation between the state, economy and ethics, and as a heterogeneous space of government it produces 'blurred' subjects (investors, entrepreneurs, aid workers, school leaders), coalescing the subject of right with the economic subject. So "through the market and society the art of government is deployed with an increasing capacity of intervention, intelligibility and organisation of the whole of juridical, economic and social relations from the standpoint of entrepreneurial logic" (Lazzarato, 2006, p.2759).

In all of this, there the extension of the economic form of the market into areas of the social where it was previously illegitimate, that is, into social domains formerly considered as being 'beyond the calculus of profitability' (Harvey, 2005). This brings about a *remoralisation* of the public sector as part of a more general reframing *'of socio-moral concerns from within the rationality of capitalist markets'* (Player-Koro, 2018) – where doing good becomes good for business. The school, for example, is refashioned as an infrastructure of organisation, practices and subjects in whose relations market exchanges become a sensible and necessary form for the governing, imagination, production and consumption of education. For example, the 'cost' of the teacher becomes a problem to be solved, and the professionalism of the teacher is a problem to be overcome. A business model of schooling and its sensibilities and concomitant budgetary concerns lead

to a focus on issues of cost, and foremost among school costs are teacher salaries. Driving down wage costs can take the form of reducing the number of teachers, introducing Edtech pedagogies; and/or deregulating teacher certification and employment, or by employing non-qualified teachers and/or training 'in house' and a reliance on 'what works'. These new forms of teacher employment often involve a shift to non-union labour and a preference for enterprising/innovative teacher subjects.

The overall effect is an ongoing commercialisation and commodification of education, which provides the means 'to sustain a transformative direction in reform' efforts (Peck, 2013, p.145); responding to parental aspirations and advantage seeking; stimulating demand for educational 'extras'; forming consumers; soaking up surplus demand. The education systems of countries around the world are being 'transformed' within a myriad of initiatives, programmes, products, services, partnerships and interventions advocated and funded by philanthropy that are awash with debt and equity. This transformation is multi-faceted – it acts upon the meaning and 'value' of education, upon the practice of philanthropy itself and the practices of the state, and establishes an infrastructure of business practices and commercial services within education, all of which contribute to changing 'how education is represented and understood' (Ball et al, 2017, p 143). It changes in meaning of education – what it means to be educated, and what it means to teach and learn – both the sensibilities and values of education and subjects – what it means to be a learner and a teacher.

It is tempting and somehow trite, but nonetheless true, to say that this is a complex, unstable and difficult terrain of research. In many respects we have neither the language and concepts, nor the methods and techniques appropriate for researching these new landscapes and modes of policy. These developments and changes in education policy, affecting the forms and modalities of educational provision and organization and the values and meaning of education, have out run the current purview of our research agenda and that we need to adapt and adjust what it is we consider as research problems in order to catch-up. What I have sought to do here is to sketch an agenda for further research into big philanthropy that extends beyond the narrowly conceived measures and impacts that philanthropists set for themselves.



References

- Ball, S. J. (2012). *Global Ed. Inc.: new policy networks and the neoliberal imaginary*. Routledge.
- Ball, S. J. (2019). Serial Entrepreneurs, Angel Investors, and Capex Light Edu-Business Start-Ups in India: Philanthropy, Impact Investing, and Systemic Educational Change, in M. Parreira do Amaral, Steiner-Khamsi, G., Thompson, C. (eds.). *Researching the Global Education Indus-try: Commodification, the Market and Business Involvement*. Palgrave.
- Ball, S. J., & Junemann, C. (2012). *Networks, New Governance and Education*. Policy Press.
- Ball, S. J., & Junemann, C. (2015). *Pearson and PALF: The Mutating Giant*. Education International-al. https://download.ei-ie.org/Docs/WebDepot/ei_palf_publication_web_pages_01072015.pdf
- Ball, S. J., Junemann, C., & Santori, D. (2017). *Edu.Net: Globalisation and Education Policy Mo-bility*. Routledge.
- Brooks, S., Leach, M., Lucas, H., & Millstone, E. (2009). *Silver Bullets, Grand Challenges and the New Philanthropy*. STEPS Working Paper 24, STEPS Centre. <https://www.ids.ac.uk/download.php?file=files/dmfile/STEPSWorkingPaper24.pdf>
- Coleman, W. D., & Skogstad, G. (eds.). (1990). *Policy Communities and Public Policy in Canada*. Copp Clark Pitman.
- Edwards, M. (2008). *Just Another Emperor? The Myths and Realities of Philanthrocapitalism*. De-mos.
- Eggers, W., & Macmillan, P. (2013). *Solution Revolution: How Business, Government, and Social Enterprises Are Teaming Up to Solve Society's Toughest Problems*. Deloitte Global Services Ltd.
- Grimaldi, E., & Ball, S. J. (2019). The blended learner: digitalisation and regulated freedom – neoliberalism in the classroom. *Journal of Education Policy*. doi:10.1080/02680939.2019.1704066
- Harvey, D. (2005). *A Brief History of Neo-Liberalism*. Oxford University Press.
- Henig, J. R., Jacobsen, R., & Reckhow, S. (2019). *Outside Money in School Board Elections: The Nationalisation of Education Politics*. Harvard Education Press.
- Jessop, B. (2002). *The Future of the Capitalist State*. Polity.
- Lazzarato, M. (2006). *Biopolitics and bioeconomics*. Multitudes. <https://www.generation-online.org/p/fplazzarato2.htm>
- Lubienski, C., Brewer, T., & La Londe, P. G. (2016). Orchestrating policy ideas: philanthropies and think tanks in US education policy advocacy networks. *Australian Educational Researcher*, 43(1), 55-73.
- Michael and Susan Dell Foundation. (2020). *School System Transformation*. Michael and Susan Dell Foundation. <https://www.msdf.org/initiatives/school-system-transformation/>
- Peck, J. (2013). Explaining (with) Neoliberalism. *Territory, Politics, Governance*, 1(2), 132-157.
- Player-Koro, C. B. R., A. and Selwyn, N. (2018). Selling tech to teachers: education trade shows as policy events. *Journal of Education Policy*, 33(5), 6837023.
- Reckhow, S. (2010). Disseminating and Legimitating a new approach: the role of foundations, in K. E. Bulkley, J. R. Henig, & H. M. Levin (Eds.) *Between public and private: politics, govern-ance and the new portfolio models of urban school reform*. Harvard Education Press.
- Reckhow, S. (2013). *Follow the Money: How foundation dollars change public school politics*. Oxford University Press.
- Saltman, K. J. (2007). *Capitalizing on Disaster: Taking and Breaking Public Schools*. Paradigm Publishers.
- Saltman, K. J. (2010). *The Gift of Education: Public Education and Venture Philanthropy*. Pal-grave-Macmillan.
- Shamir, R. (2008). The age of responsibilitization: on market-embedded morality. *Economy and Society*, 37(1), 1-19.

Endnotes

1. This article is adapted from the keynote speech Ball, S. J. (2017, November). *Philanthropy and the changing typology of global education: the economization of the moral*. Presentation at the Philanthropy in Education Series Inaugural Symposium, Geneva, Switzerland. Accessed on December 3, 2019. <https://www.norrag.org/inaugural-symposium-philanthropy-education-global-trends-regional-differences-diverse-perspectives/>
2. <https://www.crunchbase.com/person/tony-friscia>
3. See Ball, Junemann and Santori, 2017.

Global Governance: Everybody's Business?

 **Radhika Gorur**, Associate Professor, Deakin University, Melbourne, Australia
 radhika.gorur@deakin.edu.au

Summary

This article discusses the growing role of private actors in global development and education, and challenges disseminated conceptions about the need for scalable solutions dependent on several stakeholders, especially those from the business world. In contrast to the current take on development, she asks if the key to rethink education reform and make progress towards the SDG4 lies in not thinking big, but thinking small, and calls for a complex understanding of affairs, and solutions that depend on egalitarian networks instead of “architectures” of development.

Keywords

Global governance
Global development
Education
Private actors

In July 2019, an agreement was entered into between the World Economic Forum (WEF) and the United Nations (UN) that ‘commits the two institutions to unprecedented levels of cooperation and coordination in the fields of education, women, financing, climate change, and health’ (Global Policy Forum, 2019). On the face of it, this would seem like a tremendous boost for the UN 2030 agenda – WEF is an organisation of the 1000 most powerful businesses – if they are keen to cooperate with the UN and do ‘business for good’ (Klees, this issue), there is so much that might be achieved. However, not everyone is delighted by this new agreement. Alarmed that this agreement represents a takeover of the UN by corporate interests that would further undermine faith in democratic multilateralism, an open letter, signed by over 400 civil society organisations and 40 international networks, has been sent to the UN Secretary General, condemning the agreement and urging that it be terminated. Critics argue that the agreement ‘grants transnational corporations preferential and deferential access to the UN System at the expense of States and public interest actors’ (Transnational Institute, 2015a). They observe that this agreement has effectively made the UN itself into a public-private partnership (Gleckman, 2019).

A key consequence of this agreement is that it has granted the WEF the ability to re-articulate the multilaterally agreed SDGs in terms that are more suited to its own business interests:

So under financing, the MOU calls only for ‘build[ing] a shared understanding of sustainable investing’ but not for reducing banking induced instabilities and tax avoidance. Under climate change, it calls for ‘...public commitments from the private sector to reach carbon neutrality by 2050’, not actions that result in carbon neutrality by 2030. Under education, it re-defines the Sustainable Development education goal to ‘ensure inclusive and equitable quality education’ into one that focuses on education to meet the ‘rapidly changing world of work.’ (Gleckman, 2019)

And this ability to influence – even hijack – the multilaterally agreed global agenda comes at no cost to WEF:

The MOU explicitly restricts the WEF from making financial contributions to the UN, which might have ameliorated the economic impact of some of Trump's threat to the budgets of the UN system. At the same time, it avoids any commitment to reduce global inequality, to make energy affordable, to hold multinational corporations accountable for human rights violations, or even to rein in the behavior of the WEF's firms that act inconsistently to the re-defined goals set out in the agreement. (Gleckman, 2019)

The agreement details a range of ways in which the two organisations will work together at various levels, from the UN Secretary General delivering a keynote at Davos, to representatives of the organisations participating in meetings and regional and national levels. In this way they seek to draw on each other to increase their public legitimacy.

While many commentators are stunned that the UN would willingly sign an agreement that essentially invites a take over of its agenda, this MoU is entirely in keeping with WEF's mission of influencing global governance. WEF describes itself as 'the International Organization for Public-Private Cooperation' that 'engages the foremost political, business, cultural and other leaders of society to shape global, regional and industry agendas' (WEF, 2010). Its reach, ambition and influence are impressive and have included initiatives and partnerships in the areas of finance, the environment, and global health.

Following the global financial crisis, WEF convened the Global Redesign Initiative (GRI), which, in 2010, produced a report called *Everybody's Business: Strengthening International Cooperation in a More Interdependent World*. Advocating multi-stakeholder governance, the Report sought to 'reboot' global governance, and declared that it:

seeks to expand the scope of what global governance means; integrate elements of the informal governance system into the formal governance system; and reposition the roles of the nation-state, the international private sector, and international civil society organizations in global governance. (WEF, 2010)

This ambition was matched by the sweeping scope of its proposal, which covered a range of public policy areas, such as global investment flows, energy security, the future of government and education systems.

Global Governance: Everybody's Business?

WEF's astonishing ambition to 'reboot global governance' should be read against a context in which, increasingly, a range of new private actors are entering into the business of development (Sharma, 2019). High-net-worth individuals and

corporations are engaging in 'philanthrocapitalism' which invests funds into solving major social issues (McGoey, 2014). On the face of it, partnerships between private venture philanthropists and IOs or governments seem logical and useful – a 'win-win', in management parlance. However, the growing presence and influence of private actors and venture philanthropists in the arena of social policy and development raises several concerns. These include the ways in which national or multilateral agendas are hijacked by private actors to further their own interests – the example of how the SDGs have been translated by WEF provides evidence of this. Bill Gates' powerful brand, for instance, helps direct funding and attention to causes he champions at the cost of others that might be equally or more important.

A second concern is that the authority and the public image of governments is undermined by private impact investors. Private actors are able to promote their philanthropies and attract attention by projecting governments as failing society through their inefficiency, poor resourcing, lack of political will and lack of accountability. Having reduced the status of government, they then seek to influence these very governments and seek their financial and other support in their causes. Conflict of interest is another significant concern; when money is not just donated and given away 'for good' but rather deployed in 'good causes' for profit, less profitable but more important and urgent causes could be ignored.

Critics also point to the inappropriateness of the market-based approaches that philanthrocapitalists bring to social justice issues. Treating the resources deployed into social issues as 'investments' means expecting 'returns on investments'. This results in greater focus on measuring and monitoring. Both the monetization and the monitoring have meant that social issues are cast as highly specific, atomized, solvable problems, with clear solutions that produce identifiable, monetizable benefits in the short, if not immediate, term. This type of approach is unlikely to work for the really big and entrenched issues which require a more patient and longer-term engagement, and where 'returns' might not be visible for decades.

More generally, critics would argue that large multinational corporations and big businesses are part of the problem rather than the solution. As global elites gather again at Davos in January 2020, Former US Secretary for Labor, Robert Reich, argues that, like Trump, these elites should also be charged with abuse of power (Reich, 2020). He points out that there is an enormous concentration of wealth today, and the '26 richest people on Earth now own as much as the 3.8 billion who form the poorer half of the planet's population'. The hardships and crises that the global elites seek to save us from – poverty and economic inequality to environmental degradation – have in fact been caused in large measure by these very elites. Indeed, these issues are also leading to political insta-

bility in a major way, with protests across a range of countries. Despite these well-known concerns and long-standing debates about whether or not philanthrocapitalists and impact investors ought to have an authorized role to play in this space, the entry of big business into the world of development is not seen as a hostile takeover. Rather, it is welcomed by governments and IOs. There is, today, a strong narrative that we confront global crises of unprecedented proportions that pose existential threats that cannot be solved by governments alone; the cooperation of businesses, NGOs, and civil society at large are needed. Many declarations have been signed (for example, the Paris Declaration on Aid Effectiveness) which insist that for aid to be effectively deployed, all the actors including national governments and IOs and donors and philanthropists should align their goals and ambitions and work in ways that mutually support each other. Even more urgently, there is a growing realization that few of the SDGs will be met by 2030. There is a sense of panic that the various initiatives of UN's Agenda 2030 are just spinning their wheels and that an urgent re-think is required on how they could be salvaged. The agreement between the UN and WEF could perhaps be an expression of this panic, and the sense that even more players need to join the team to achieve the SDGs.

'Architectures' of Global Governance

Debates about how UNESCO's 2030 Agenda can be salvaged provide an understanding of how these reforms and their implementation are conceptualized. 'Architecture' appears to be a dominant way of conceptualizing the planning and implementation of these reforms. In the case of education, for example, Nicholas Burnett from the Results for Development Institute, has argued that 'the international architecture for education is failing the world' (Burnett, 2019, p. 15). In response, he adds:

Theoretically one could imagine setting up a well-funded new international agency, probably a UN agency, building on the functional parts of UNESCO education, focused on global public goods in education, and working closely with financing agencies that would be more focused on supporting developing countries. (Burnett, 2019, p. 18).

But, he notes somewhat cryptically and without explanation, 'This does not seem a realistic possibility in the present international climate, however.' (Burnett, 2019, p. 18). The slightly scaled down version he suggests is also evocative of 'architecture'.

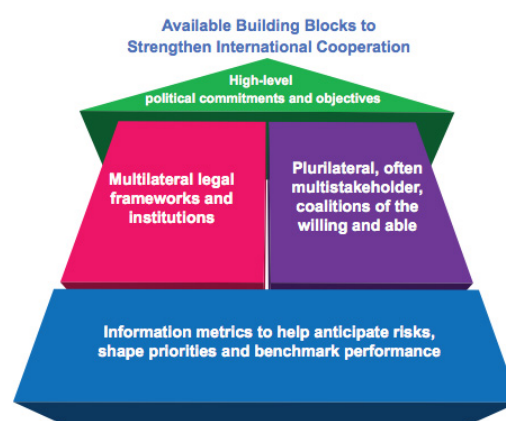
The WEF's 'global redesign' project was also conceptualized in terms of 'architecture' and focused around the question 'How can the architecture of global cooperation be redesigned not only to accommodate our deeper interdependence but also to capitalize on it?' (WEF, 2010). Where Burnett appears to visualize

a UN type of intergovernmental body at the apex, with a range of other bodies arranged hierarchically beneath it, the WEF model is a wider, more expansive architecture that bypasses not only States, but also intergovernmental organisations:

When states were the overwhelmingly dominant actors on the world stage and major policy decisions were commonly decided by a limited number of them, progress on international cooperation tended to be measured by the establishment of new intergovernmental legal frameworks and institutions. But the Global Redesign proposals suggest that efforts today to strengthen international cooperation will increasingly need to have a wider focus and apply multiple tools: creating new international law and institutions; upgrading the mandate and capacity of existing international institutions; integrating non-governmental expertise into the formulation of policy frameworks, be they formal (legal) or informal (voluntary or public-private); and integrating nongovernmental resources into policy implementation. (WEF, 2010, p. 8).

The architectural references continue in Everybody's Business, with talk of 'building blocks' and international cooperation conceptualized in the shape of a building. These architectural understandings of global governance merit examination. What is this 'international architecture'? In many ways, I suggest it is a figment that is only tentatively held together by declarations, high-level forums, reviews, standards, monitoring mechanisms, funding agreements, contracts, meetings and so on between a dizzying array of

Figure 1: Available Building Blocks to Strengthen International Cooperation (WEF, 2010, p. 8). OCDE, 2017



institutions and actors distributed throughout the world. Burnett's vision of "a global institutional system that effectively supports national education systems to improve their performance" evokes the stable, stately, predictable and controlled 'physics of big things' – like planetary systems. But

the ground realities – and not just in aid dependent nations – are more akin to the chaotic, unpredictable, counter-intuitive, frantic and complex movement that occurs at the quantum level. Using the principles that regulate the planets to bring about change at the quantum level may be one reason why current efforts at global governance are failing.

The concern that international aid is failing to deliver on its promise, and the search for strategies to make aid more effective are, of course, not new. One such strategy was inscribed into the Paris Declaration on Aid Effectiveness in 2005, in which 111 countries agreed to a ‘practical action-orientated roadmap to improve the quality of aid and its impact on development’ organised around the five principles of ‘ownership, alignment, harmonization, managing for results, and mutual accountability’ (OECD, 2005, n.p.). This vision was operationalised by agreements to align the funding strategies of donors with the budgets of recipients. Burnett’s reiteration of the need for such alignment nearly 15 years after the Paris Declaration proves that this strategy has not been successful. What the WEF proposes in its global redesign is the introduction of even more actors, even more committees and even more rungs of hierarchy – a scaling up of a plan that has already been declared a failure by some observers.

What are the Options?

The ‘multidimensional (as opposed to purely multilateral) approach’ and the ‘stakeholder paradigm of international governance’ (WEF, 2010, p. 9) proposed by WEF is a modernising project of staggering proportions. Such aspirations are seldom successful, and this is just as well, because when they are successful, they can have devastating effects, as James Scott (1998) has shown so powerfully in varied cases across the globe. Such large-scale, totalising projects require a tunnel vision – and such visions elide crucial specificities, often to the detriment of the most marginalised communities. As Bowker and Star (2000) and others have amply demonstrated, the world is hybrid and complex, and attempts to create ‘global metrics to help anticipate risks, shape priorities and benchmark performance’ (the block that sits at the base of WEF’s Global Redesign model) cannot be successful without committing ontological violence. Such projects, premised on synoptic views, discount local knowledges and make demands that are often oppressive and ill-suited, and local actors struggle to find workarounds to deal with plans dreamed up elsewhere.

Fundamentally, architectural metaphors and dreams of Empire are ill-conceived, iniquitous, and most of all, unworkable. Following Urry (2004), I point to the advice of the Gulbenkian Commission on the Restructuring of the Social Sciences, which emphasized the importance of conceptualizing both the natural and the social sciences as characterized by complexity. A new way of working is needed, ‘based on

the dynamics of non-equilibria, with its emphasis on multiple futures, bifurcation and choice, historical dependence, and ... intrinsic and inherent uncertainty’ (Wallerstein 1996, p. 61, cited in Urry, 2004).

This shift to complexity thinking means not drawing up an ultimate global organisational chart with clearly defined roles, even if they include, as in the case of Everybody’s Business, a range of ‘stakeholders’. Instead, plans are premised on systems that are adaptive, evolving and self-organising, like ‘walking through a maze whose walls rearrange themselves as one walks’ (Urry, 2004, p. 111).

Perhaps it may be more useful to imagine other metaphors – such as ‘infrastructures’ or ‘hybrid, egalitarian networks’ as alternatives to the rather static ‘architecture,’ which is limited in the tension it can tolerate. Infrastructures are more basic – and they allow a range of different structures, tailored to local and regional situations, to be generated. But perhaps these are also too deterministic. Hybrid, egalitarian networks (as opposed to ‘aristocratic networks’ (Buchanan, 2002) envision collaborative engagements among various partners in dynamic relations, where the system is not set once and for all, but is flexible, intelligent (in that it adapts) and emergent. The distinction made by Heiman and Timms (2018) between ‘old power’, which acts like currency and is therefore hoarded, centralised and treated like a possession; and new power, which is open, participatory, peer-driven, and acts like a current (see also Gorur 2019), may be useful in seeking alternatives to architectural models of global governance. They illustrate this distinction by contrasting Harvey Weinstein’s ‘old power’ approach, which sought to gather and wield power to control others’ fates, with the approach of the #MeToo movement, which derived its power from peer-to-peer movement and manifested itself in many different ways – as Facebook communities, law suits, meetings over coffee and so on. There was no single leader controlling and monitoring others – rather, various groups and individuals took up the hashtag and made it their own in different ways.

In new power thinking, ‘global’ does not mean a single vision, a single agenda, or, more grandly, a single ‘system’ or ‘architecture’. Rather, scale is achieved when a basic idea, such as exposing abuse, is allowed to take on different forms, as per the desires and motivations of different groups. The recent protests in Hong Kong provide another example – it appears to have no identifiable leader, no formal system or hierarchy, no plans that are made in advance. Rather, the mob organises itself through informal means minute by minute, and has managed to mobilise large masses of highly committed people. I am not suggesting that this kind of ad hoc-ness is possible or even desirable in education aid; what I am suggesting is that grand, controlling visions may not function as well as more hybrid, local and emergent approaches might.

Linked to the above is the danger of a single story, as Chimamanda Adichie (Adichie, 2009) argues. Visions of one global agenda, one single ambition, with the whole world's support, assumes that UNESCO's or WEF's vision of 'quality education', which is in turn linked to the assumed purposes of education, is self-evident, apolitical, and universal. Some would argue that these visions arise from a destructive form of capitalism that has produced a consumerist society that is effectively destroying the earth at an irreversible pace (see Klees, 2019).

The multidimensional approach advocated by WEF, however, should not be mistaken for a model that allows for multiplicity, diversity etc. The model it proposes is simply one wherein, instead of the UN being at the top, the UN becomes just another actor under the WEF which is at the apex. Although a range of stakeholders might be involved in various committees, these actors have all drunk the same marketization kool-aid. The marriage between an intergovernmental organization such as the UN focused on human rights, peace, sustainability, egalitarianism and democracy, and the WEF, made of up the most influential businesses driven by profit – businesses that have likely violated all the principles espoused by the UN – is unlikely to be the key to the successful attainment of the SDGs, especially given that the WEF appears to contribute nothing at all to the SDGs, whilst simply hijacking the agenda.

Small Worlds, Modest Ambitions, and Sustained Results?

Could it be that the key to begin rethinking education reform and making progress towards the aspirations of SDG4 lies in not thinking big, but thinking small? Not being bold, but being modest? Not looking for big, measurable 'impact', but for immeasurable, sustained benefits? Not gathering all the world's foremost experts and the richest and the most famous in a fancy hotel to deliberate on big agendas, but modest gatherings of humble folk sitting cross-legged on the floor? In hybrid, egalitarian, fluid networks, the emphasis is on "co-presence, conversations, meetingness, travel" which facilitate a very different way of engaging, prioritising, planning and implementing (Urry, 2004, p. 124).

To illustrate how this might work, I would like to draw upon the story that Kiran Bhatta of the Centre for Policy Research, India, narrated to me, about a Shiksha Samvad (education dialogue) organized by the NCPCR (National Commission for the Protection of Child Rights). Shiksha Samvads were community meetings which brought together, often at the level of the village panchayat, the local people and the local education bureaucracy. The idea was to facilitate a sharing of concerns and the collective search for solutions in a non-confrontational environment of mutual respect and trust. In one instance, Bhatta said, the issue confronting the community was that no transportation was available for the children

from the village to reach the secondary school which was a few kilometers away. Even if a bus could have been requisitioned – itself not an easy task – the road leading to the village was not suitable for a bus – and getting the road fixed would take years, if it happened at all. While this discussion was on, one member of the community spoke up – he owned a rickshaw, and he went every day to the town where the school was located to find custom. Why not use the rickshaw as the transport to school instead of a bus? He would be glad to transport the children.

The open-ended approach to a search for solutions demonstrated in the story above is very different to the approaches of 'global governance' currently conceptualized by large organisations – be they intergovernmental agencies or private actors such as WEF. In the case of global governance, both problems and solutions are articulated in universal terms. Through the many measurements and metrics that are in place, it is possible that the issue of students dropping out after primary schooling is identified as a problem (although the estimates of out of school children appear to vary widely depending on who is doing the counting). At the synoptic level, the students unable to attend secondary school might even show up, if the metrics are done right, but the rickshaws and muddy roads would not be visible. The creative solution of employing the rickshaw to get the children to school cannot arise at any high-powered discussion of global leaders at Davos or Paris or New York. The solution that would emerge instead, perhaps, would be to persuade governments to spend a larger percentage of the GDP on education – which may or may not happen, and even if it did, may or may not result in a road and a bus to transport the handful of children in the Shiksha Samvad story. The problem of access never comes to life as a solvable problem if it is just a data point on a global dashboard at the UNESCO Institute for Statistics or some other global forum.

Adopting a dynamic approach, rather than implementing pre-formulated plans, would bring about a paradigm shift in development and aid thinking, forcing a confrontation with 'the contradictions and contingencies of practice and the plurality of perspectives' (Mosse, 2006, p. 938) and decentering the 'postulated omnipotence of the global whether it be international capital, neoliberal politics, space flows, or mass culture' (Burawoy, 1998, p. 30). This kind of ethnographic engagement, operating without the need to respond in some globally standardized way to show 'impact', would likely yield smaller but deeper and most sustained and more sustainable results.

Hesitations and Conclusions

The issues we are dealing with are of great import and consequence. Getting things wrong can have terrible immediate and long term consequences. For this reason, I am hesitant to offer

my critique. At the same time, precisely because the stakes are so high, there is an obligation to offer up suggestions that may provoke further debate and thinking. To sum up, I argue that the very concept of 'global governance' is both dangerous and doomed to fail – even when it is promoted by intergovernmental agencies. But if such global governance is taken over by philanthrocapitalism, then the damage to democratic ideas and socially just practices could be incalculable. I do not say this because I believe that all businessmen and businesswomen are greedy or incapable of doing good. However, collectively, large businesses have contributed actively to many of the problems we face today. As one commentator has so aptly put it:


The WEF sees itself as “a partner in shaping history”. To critics, that’s an admission of guilt; they point out that Davos Man and Woman have made quite a mess of the world economy. (Weardon, 2020)

Being more and more aggressively ambitious and expanding the scope and scale of projects may not be the answer. Paradoxically, scaling things down and slowing things down are perhaps the only way to achieve widespread, fast and sustained results.

References

- Adichie, C. (Presenter). (2009, July). The danger of a single story. [Video]. TED Conferences. https://www.ted.com/talks/chimamanda_ngozi_adichie_the_danger_of_a_single_story
- Bowker, G.C. & Star, S.L. (2000). Sorting things out: Classification and its consequences. The MIT Press.
- Buchanan, M. (2002). Small world: Uncovering nature's hidden networks. Weidenfeld & Nicolson.
- Burawoy, M. (1998). The Extended Case Method. *Sociological Theory*, 16(1), 4-33. <https://doi.org/10.1111/0735-2751.00040>
- Burnett, N. (2019). Invited essay: It's past time to fix the broken international aid architecture for education. *International Journal of Educational Development*, 68(1), 15-19. <https://www.learntechlib.org/p/209924/>.
- Gleckman, H. (2019). *How the United Nations is quietly being turned into a public-private partnership*. <https://www.opendemocracy.net/en/oureconomy/how-united-nations-quietly-being-turned-public-private-partnership/>
- Global Policy Forum. (2019, August 8). *UN signs deal with Davos that threatens democratic principles*. <https://www.globalpolicy.org/component/content/article/270-general/53120-un-signs-deal-with-davos-that-threatens-democratic-principles.html>
- Gorur, R. (2019). Old Power, New Power and Ontological Flattening, in Christina Mølsted and Daniel Pettersson (eds.) *New Practices of Comparison, Quantification and Expertise in Education: Conducting Empirically Based Research*. Routledge.
- Heimans, J. & Timms, H. (2018). *New power: How anyone can persuade, mobilize and succeed in our chaotic, connected, age*. Doubleday.
- Klees, S. (2019, August 7). The international education architecture: Some reflections. *NORRAG*. [Blog post]. <https://www.norrag.org/the-international-education-architecture-some-reflections-by-steven-j-klees/>
- McGoey, L. (2014). The philanthropic state: market-state hybrids in the philanthrocapitalist turn. *Third World Quarterly*, 35(1), 109-125.
- Mosse, D. (2006). Anti-social anthropology? Objectivity, objection, and the ethnography of public policy and professional communities. *Journal of the Royal Anthropological Institute* (N.S.) (12), 935-956.
- OECD. (2005). *The Paris Declaration on Aid Effectiveness: Five Principles for Smart Aid*. <https://www.oecd.org/dac/effectiveness/45827300.pdf>
- Reich, R. (2020). Trump is on trial for abuse of power – the Davos elites should be in the dock too. *The Guardian*. <https://www.theguardian.com/commentisfree/2020/jan/19/donald-trump-impeachment-trial-abuse-power-davos>
- Sharma, S., & Soederberg, S. (2019). Redesigning the business of development; the case of the World Economic Forum and global and global risk management. *Review of International Political Economy*. doi: 10.1080/09692290.2019.1640125
- Scott, J.C. (1998). *Seeing like a state: How certain schemes to improve the human condition have failed*. Yale University Press.
- Transnational Institute. (2015a). *Hundreds of Civil Society Organizations Worldwide Denounce World Economic Forum's Takeover of the UN*. <https://www.tni.org/en/article/hundreds-of-civil-society-organizations-worldwide-denounce-world-economic-forums-takeover-of>
- Transnational Institute. (2015b). *UN signs deal with Davos that threatens democratic principles*. <https://www.tni.org/en/article/un-signs-deal-with-davos-that-threatens-democratic-principles>
- Urry, J. (2004). Small Worlds and the New 'Social Physics'. *Global Networks*, 4(2), 109-130. doi:10.1111/j.1471-0374.2004.00083.x
- Weardon, G. (2020). Warm words in the alps ... Davos prepares for 50th economics shindig. *The Guardian*. <https://www.theguardian.com/business/2020/jan/19/warm-words-as-the-global-order-unravels-how-50-davos-gatherings-shaped-history>
- World Economic Forum. (2010). *Everybody's Business: Strengthening International Cooperation in a More Interdependent World Report of the Global Redesign Initiative*. https://www.innovations.harvard.edu/sites/default/files/WEF_GRI_EverybodysBusiness_Report_2010.pdf
- World Economic Forum. (2020). Our Mission. <https://www.weforum.org/about/world-economic-forum>

Blurred Lines Between Public and Private in Education Development: Whose Trade-Offs Between Regulation and Opportunity

 **Alexandra Draxler**, Senior Advisor, NORRAG
 alexandra.draxler@graduateinstitute.ch

Summary

This article develops an overview of key issues, debates and concerns around the growing engagement of private actors in education, pointing to both recent historical development of such involvement, as well as cues for a research agenda around the topic. She explores the shift from an aid architecture that dates back to the aftermath of the World War II and was thought for nation states, to the current public-private approach. She then raises several questions concerning the trade-offs there might be for the blurring of lines between public and private, with a central concern for equity.

Keywords

PPPs
Aid architecture
Governance
Equity

Introduction

Long-standing assumptions about the legitimacy of the world order are splintering at an accelerating pace, also affecting educational development. The centrality of governments in conceiving, delivering and regulating education based on agreed-upon norms and principles is weakening under pressures of both demand and supply. Yet, new ways of doing things that include the for-profit private sector have gone along with increased inequality, a fading of commitment to fund unfulfilled needs in the poorest countries, and uncertainty about the paths forward. This piece gives an overview of some of the main challenges and conflicting objectives facing public and private entities when it comes to delivering quality education for all. It ends with a series of questions for which research and policy dialogue are needed.

Background

The mechanisms of global cooperation and governance that emerged from the aftermath of World War II, (the United Nations, the OECD, the Bretton Woods institutions and various military alliances) were all conceived with governments as the principal players. Governments were assumed to be the guarantors and regulators of political systems, with non-profit private actors and institutions as more or less subservient collaborators. Norms and standards were to be agreed and enforced by governments and conflicts were matters for governments to settle. However, gathering strength since the 1950s neoliberal economic theories equating freedom with competition as the ideal defining characteristic of societies¹ (Milton Friedman & Friedman, 2002) gained influence in a number of nations and in international development bodies. Globalization has increased the reach and power of multinational corporations, to the detriment of governments' power to collect taxes and maintain or improve public services and public goods (Lewin, 2019). Regulation was variously seen as necessary to ensure safety and equity of citizenries or as an unnecessary weakening of capitalist inventiveness. The tension is growing between the vision of education as a means

of developing individual and collective talents and cohesion, on the one hand, and competing philosophies rooted in monetary valuation of all human activity sideline individual worth and satisfaction except as a factor of economic productivity (Klees, 2016).

International conferences and agreements increasingly mentioned the private sector as a partner and actor in development beginning in the last decade of the twentieth century. International organizations began giving corporate, for-profit entities, a seat at the development assistance table (Draxler, 2008).

These trends are viewed variously with alarm, resignation or satisfaction, depending on the context and the motivations and ideologies of the actors. They have permeated development assistance philosophy and interpretation of research and evaluation on on-going programmes (UNESCO GEM Report, 2019). The concept note for the 2021 Global Education Report sets out the challenges and dilemmas of this changing landscape admirably, stressing the need for a comprehensive overview as well as better definitional clarity on non-state actors and their place in the education policy and delivery. Within this panorama, public-private partnerships (PPPs) have to a large extent been folded into a broader trend that sees a blurring of lines between public and private actors (Steiner-Khamsi & Draxler, 2018) and competing views of the policy and governance mechanisms that promote innovation and efficiency (Verger, 2017).

The weakening of the public sector in terms of funding and power in the face of globalization is playing out through dramatically increasing inequality² and economic uncertainty for those on the low side of the socio-economic spectrum. Interacting with increasing conflicts within states³ and their resulting humanitarian crises, there are also consequences on the structure and pay of work, damage to the environment, global governance in general, and individual security and autonomy (Stiglitz, 2018). The Rawlsian vision of distributive justice (King, 2005), with the state as umpire of fair opportunity for its citizens, has become to a large extent bypassed by an underlying attribution of individual or local communal responsibility for success or failure regardless of broader circumstances. In short, interactions between the public and private sectors are inevitably viewed through the lens of an ideological world view concerning the benefits and beneficiaries of governance structures.

Education for what?

In education, this has played out, with accelerating power since the late 1970s, by an emphasis on human capital as the overwhelmingly most important outcome of learning (Klees, 2019). Concurrently the contribution of human capital to productivity, as measured by corporate value and GDP, has become a key element of education. Cost-benefit, in this view,

is measured not in terms of social cohesion or overall well-being, but in terms of preparation for jobs.

Concurrently, the private sector has discovered over the last thirty years or so that education is one of the last frontiers for private enterprise, domestically and for export (Gutman, 2000). While the provision of materials and infrastructure for education has always been partially or wholly contracted out to private providers, the creation and running of schools and universities has been largely public or carried out by non-profit entities. Following on a trend for public-private partnerships for other public endeavors (utilities, infrastructure, wars), education has emerged as a possible lucrative area for capturing public subsidy (Draxler, 2015). Largely practiced in the US and the UK, education public-private partnerships for education (sometimes including a range of actors and therefore called multi-stakeholder partnerships) are being encouraged and funded by some multilateral and bilateral donors. In today's landscape, it is often difficult to disentangle the identities and roles and interactions of various private actors, along with new financing mechanisms and new legal frameworks.

Also, as a number of articles elsewhere in this issue will detail, contemporary philanthropists and philanthropies are more and more inclined not just to fill gaps in public provision but also to seek to participate in and influence societal trends and public policies. Furthermore, the boundaries between philanthropies and business are also becoming blurred in many instances. And, with a rapidly shifting landscape of private sector involvement world-wide the domination of philosophies and ways of intervention of the Global North will undoubtedly be more and more influenced by new actors in other parts of the world. (netFWD, 2019).

Education Reform: Finance, Regulation and Time-Frames

In spite of educational progress in most countries, a background of inadequate and often stagnating or declining financing available for the development of education at all levels remains. With the financing gap⁴, in addition to further challenges posed by the weakening of public education provision, it is natural that users, practitioners and policy makers look to alternatives that they hope could step in with funding, generate efficiencies, and improve quality. There is undeniable demand in all countries for improvements to education, often expressed by parent demand for private schooling. Private sector involvement is tempting on the demand side. On the supply side, opportunity knocks.

It is clear from both financial flows and research that additional funding injected into education development from the private sector is negligible. PPPs are guaranteed and largely financed by public funds (Verger, 2017). The principal claims for the benefits of PPPs and private sector involvement in ed-

educational development in general are that they will increase financial resources available as well as the effectiveness of both inputs and outcomes (Stiglitz, 2018). However, efficiencies and profits can accrue only by lowered costs (almost exclusively lower costs for teachers through reduced pay or replacement by technologies) or reduced public funding due to increased household contributions.

Both demand and supply incentives mean that the trend for more private involvement, modest in financial terms at this writing, will not slow down. The policy questions that analysts, researchers, decision-makers and users need to ask are around these issues. It should be borne in mind that time-frames are crucial for the answers. Reforms and solutions that seem attractive in the short term often have longer-term unintended consequences. Strengthening the private sector offer of education can have (and has demonstrably had) the effect of weakening the public sector and therefore disadvantaging large cohorts of learners that by choice or necessity rely on the public sector to ensure equity and meet special needs.

New Governance Tools and Attitudes

In contrast to the world order of nation-states, the contemporary one in which corporations participate openly and actively in the formulation of public policy and governance, we are still lacking tools to fully protect public goods such as education.

Much research on private sector involvement in education has focused on the appropriate creation and management of the regulatory frameworks (Rolla Moumné, 2015). This may not be a productive avenue, in the light of a general trend towards weakening of state control in many countries and of blurring distinctions between public, corporate and philanthropic aims and influence (Lubienski, 2016). In that sense, viewing PPPs as a distinct category of educational supply and management may be outdated. New financial arrangements mixing public and private interests in educational development – e.g. social impact bonds (Carnoy & Maraci, 2020) results-based funding, corporate or for-profit philanthropy – continue to emerge. All these have in common a blurring of lines between public and private, and trade-offs between competing interests and objectives.

Follow here some of the questions and issues that need attention when imagining what trade-offs there might be for the blurring of lines between public and private and what tools of control and information can be put in place.

- How is democratic governance/oversight foreseen, provided and monitored?
- How do private sector initiatives fit in to, complement or compete with education for all?
- What are the opportunity costs of PPPs, multi-stakeholder partnerships, or for-profit education? Reforms are costly.

PPPs are known to expend extra effort as compared to single-party provision of education (Verger, 2017). These costs should be assessed and included as part of reform and partnership measures.

- How are results measured and over what time-frames? Short-term outcomes nearly always have longer-term unforeseen effects.
- How might scalability be in conflict with tailored innovation? Innovations that are presented as being cost-effective when scalable can prove resistant to going to scale for a number of reasons, but without scale can be very much more expensive than alternatives (Mauricio Romero, 2019).
- What are the potential conflicts of interest of the entities carrying out the background research on needs, operation and outcomes, and how is integrity of data use protected (Carnoy & Maraci, 2020)?
- What part of the burden of providing education for all is shouldered by financing coming from the private sector as opposed to public financing routed through private sector policy and spending?

Even in countries with robust regulatory environments, examples abound of abuse or non-observance of regulations. Costing of reforms often doesn't include externalities provided by governments or the price of putting the reforms in place. Non-profit interest groups of parents, teachers, researchers and other stakeholders can and should, however, be watchful defenders of the public interest and the public good.



References



- Carnoy, M., & Maraci, R. (2020). Investing for “Impact” or Investing for Profit? Social Impact Bonds, Pay for Success, and the Next Wave of Privatization of Social Services. National Education Policy Center. https://nepc.colorado.edu/sites/default/files/publications/PB%20Carnoy-Marachi_0.pdf
- Draxler, A. (2008). New Partnerships for Education: Building from Experience. UNESCO and World Economic Forum.
- Draxler, A. (2015). Public-private partnerships and international education policies, in S. McGrath & Q. Gu (Eds.) *Handbook on International Education and Development*. Routledge.
- Gutman, C. (2000). Education: The last frontier for profit. *The UNESCO Courier*. <https://unesdoc.unesco.org/ark:/48223/pf0000121198>
- King, L. A. (2005). The Federal Structure of a Republic of Reasons. *Political Theory*, 33(5), 629-653.
- Klees, S. (2019). The International Education Architecture: Some Reflections. *NORRAG*. <https://www.norrag.org/the-international-education-architecture-some-reflections-by-steven-j-klees/>
- Klees, S. J. (2016). Human Capital and Rates of Return: Brilliant Ideas or Ideological Dead Ends? *Comparative Education Review*, 60(4), 644 – 672.
- Lewin, K. (2019). *Peak aid and time for something different: sustainable financing for education*. <https://www.ukfiet.org/2019/peak-aid-and-time-for-something-different-sustainable-financing-for-education/>
- Lubienski, C. (2016). Sector distinctions and the privatization of public education policymaking. *Theory and Research in Education*, 14(2), 192-212. doi:10.1177/1477878516635332
- Mauricio Romero, J. S. (2019). *Beyond Short-term Learning Gains: The Impact of Outsourcing Schools in Liberia after Three Years*. <https://www.cgdev.org/publication/beyond-short-term-learning-gains-impact-outsourcing-schools-liberia-after-three-years>
- Milton Friedman, & Friedman, R. D. (2002). *Capitalism And Freedom*. (Vol. (50th anniversary edition)). University of Chicago Press.
- netFWD, O. (2019). *Philanthropy and Education – Quality Education For All: Lessons and Future Priorities*. https://www.oecd.org/site/netfwd/NetFWD_PolicyNoteOnEducation.pdf
- Rolla Moumné, C. S. (2015). *Overview of the role of private providers in education in light of the existing international legal framework: investments in private education: undermining or contributing to the full development*. UNESCO. <https://unesdoc.unesco.org/ark:/48223/pf0000243823>
- Steiner-Khamsi, G., & Draxler, A. (Eds.). (2018). *The State, Business, and Education: Public-private Partnerships Revisited*. Edward Elgar.
- Stiglitz, J. E. (2018). Meet the ‘Change Agents’ Who Are Enabling Inequality. *New York Times*.
- UNESCO GEM Report. (2019). *Concept note for the 2021 Global Education Monitoring Report on non-state actors*. UNESCO.
- Verger, M. M. (2017). *Public-private partnerships as an education policy approach: multiple meanings, risks and challenges*. UNESCO. <https://unesdoc.unesco.org/ark:/48223/pf0000247327>

Endnotes

1. George Monbiot. (2016). Neoliberalism – the ideology at the root of all our problems. <https://www.theguardian.com/books/2016/apr/15/neoliberalism-ideology-problem-george-monbiot>
2. Kristalina Georgieva. (2020). The Financial Sector in the 2020s: Building a More Inclusive System in the New Decade. <https://www.imf.org/en/News/Articles/2020/01/17/sp01172019-the-financial-sector-in-the-2020s>
3. Daniel V. Speckhard. (2020). Casualties of conflict: 7 urgent humanitarian crises, The 2020 Early Warning Forecast, a publication of Lutheran World Relief and IMA World Health. <https://reliefweb.int/report/yemen/casualties-conflict-7-urgent-humanitarian-crises-2020-early-warning-forecast>
4. Gordon Brown. (2019). Why wait 100 years? Bridging the gap in global education. <https://www.weforum.org/agenda/2019/06/making-generation-educated-a-reality>

Is Schooling Any “Good”? Edu-Philanthropy, Orientations and Accountability

 **Christopher Lubienski**, Professor, Education Policy, Indiana University, USA
 clubiens@iu.edu

 **Samantha Hedges**, Doctoral Candidate, Education Policy Studies, Indiana University, USA
 slhedges@indiana.edu

Summary

Lubienski and Hedges analyse how the new “edu-philanthropy,” with its focus on “disrupting” sectors, encouraging entrepreneurialism, innovation, accountability for results, and measuring impact, actually re-casts the “good” of education. While school systems are often positioned to mediate competing demands reflecting societal and private goals for education, new edu-philanthropies generally advance an agenda that emphasizes individualized benefits, and promote policies that undercut attention to the collective purposes of schooling.

Keywords

Public good
Education policy
Edu-philanthropy
Privatization
Accountability

The new “edu-philanthropy,” with its focus on “disrupting” sectors (Christensen, Horn, & Johnson, 2008), encouraging entrepreneurialism and innovation, demanding accountability for results, and measuring impact is seeking to improve education systems in ways that echo the business backgrounds of these philanthropists. However, in applying assumptions and approaches from impact investing, information technology, and other fields, the edu-philanthropy movement re-casts the “good” of education. While school systems are often positioned to mediate competing demands reflecting societal and private goals for education, new edu-philanthropies generally advance an agenda that emphasizes individualized benefits, and promote policies that undercut attention to the collective purposes of schooling.

Traditionally, education systems have been structured to provide societal benefits such as increased social cohesion and greater economic development, but also to generate private advantages like enhanced employability for individuals. The public good aspects of education suggest regulation, if not direct provision, by public authorities in order to guarantee widespread and preferably equitable access for all. But the private good aspects of schooling imply a different set of structures and behaviors often associated with the business sector, such as consumer-style choice, autonomous and independent provision by non-state actors, and competition. Understanding and mediating these different conceptions of education is an ongoing task that illuminates the relative strengths of various models of school governance in their ability to serve different constituencies.

Philanthropic Impulses and Orientations

Disrupting this traditional, even creative, tension between public and private purposes and related structures for education, edu-philanthropies have in recent years reconfigured education governance in fundamental ways that bypass the necessarily fragmented aims of traditional education structures, but which reflect their own backgrounds

in private-sector wealth accumulation. Such disruption is evident across the globe as public policymakers increasingly draw on private-sector institutions and actors (including from for- and non-profits) as inspiration and models for reconfiguring public policymaking and governance in education (Lubienski & Perry, 2019).

In the United States, while there is a long tradition of philanthropic interest in education, the new edu-philanthropists are leveraging their wealth not necessarily just out of the humanitarian impulse that was the hallmark of earlier economic elites, but as an investment for which they demand evidence of effectiveness and returns – albeit not simply to themselves. This is evident across major edu-philanthropic actors in the US, including the “big six” foundations active in education reform (Gates, Walton, Broad, Dell, Fisher, and Robertson foundations), as well as with two other private organizations – the Chan Zuckerberg Initiative and the Emerson Collective – that fall outside of traditional philanthropic forms. These are some of the wealthiest and most active philanthropies overall in the US, and at least half of them are focused primarily on education (Lubienski, 2019b).

But in examining these actors, particular patterns are evident beyond their immense scale (both individually and collectively). It is important to note that, with the exception of the Walton family, which is second generation wealth from retail sales, all of these edu-philanthropists are self-made, having earned fortunes largely from the tech sector, but also through retail and other endeavors. Moreover, although they have some degree of diversity in their agendas, they find common ground in promoting (quasi-)market or “incentivist” models for education that emphasize the pursuit of individual (or organizational) self-interest that advance private good aspects of schooling, but also in elevating private interests in education policymaking (Greene et al., 2008; Lubienski & Linick, 2011; Sandel, 2012; Scott & Jabbar, 2014). This is evident not just in their funding of alternative organizational models for schooling, such as charter schools, but in their investments in individuals, organizations, and networks that “orchestrate” advocacy around their agendas (Lubienski, Brewer, & Goel La Londe, 2016). Thus, while collectively these edu-philanthropists have pretty much no professional expertise or training in education issues, their claim to a predominant position in education policymaking is not just a matter of their personal wealth or philanthropic virtue, but the business acumen in market analysis, impact investing, sensing and shaping consumer preferences, and working with public officials that they demonstrated in earning that wealth.

In fact, these philanthropists themselves, and often the people they employ to direct their efforts in education, tend to have training and experience in business, not education. Hence, in treating education policymaking as an area for private interests

to assert their agendas, those agendas also tend to reflect a business model for schooling in areas such as school choice programs, merit pay for teachers, or private sector solutions for issues facing public education.

This agenda is evident in policies that – on the supply side – ease entry for non-state providers of schooling, along with related access to public funding (as with charter schools and vouchers), provide more autonomy and deregulate schools, and promote individualized education options, often drawing on technologies from the sector where many of these philanthropists earned their experience and fortune. On the demand side, these policies focus on school choice, recasting families as consumers who can shop around for the best fit or most effective education services. Thus, although edu-philanthropists often adopt a rhetoric of “equity,” their preferred policies often elevate the individual benefits of schooling for those who effectively capitalize on the opportunities provided by choice (Lubienski, 2017).

Privatizing Educational Goods

As private philanthropists are exercising influence over public policy processes in re-making schools in the private-sector’s image, the organizational behavior of schools increasingly reflects private sector models that stress the private-good benefits of education, and neglects schoolings’ public-good benefits (Lubienski, Gordon, & Lee, 2013; Lubienski & Weitzel, 2009). Families are increasingly positioned to treat schooling in consumer-style terms, weighing options and looking for relative advantages for their child – as opposed to “other people’s children” (Delpit, 1995; Dewey, 1899). The broader public interest in education is de-emphasized as consumer ideals of “freedom of choice” and “options” become predominant goals (e.g., Bast & Harmer, 1997; Blum, 1958; Friedman, 1962; Greene, 2002; Mackinac Center for Public Policy, 1997; Slodysko & Danilova, 2017).

These policy goals then shape the organizational behavior of schools, which are encouraged to adopt business-style structures, practices and orientations to attract students (and funding) and become more “entrepreneurial” (Klein, 2012). Recognizing competitive incentive structures promoted by policymakers and philanthropists, schools may pursue certain types of students (and not others), thus reshaping their “public” institutional orientations (Bifulco, Ladd, & Ross, 2009; Gonzalez, 2017; Rotberg, 2014). Together, the efforts of edu-philanthropists to impose market-style models on education, and the increasing tendency of schools to adopt such models, highlight the shift of the “good” of schooling from one that accommodated both individual and collective concerns to one that is centered on the privatized purposes of schooling, which are best pursued through a business model for education (Labaree, 2018).

In leveraging their backgrounds in the business, edu-philanthropists tend to conceptualize problems facing education – including factors reflecting public education’s traditional orientation to public and private goals – as issues that can be addressed through business-style remedies. Perhaps the most obvious evidence of this tendency is the efforts to re-cast problems with schooling as a matter of ineffective individuals and organizations, rather than a result of social factors such as segregation and systematic resource deprivation. Thus, as the business-lens shapes the diagnosis, it also shapes the prescribed remedy. The edu-philanthropies in question generally seek to promote “innovation,” (market-style) accountability, deregulation (“autonomy”), a wider menu of choices, and consumer satisfaction – as one might do with, say, WalMart or Microsoft.

But at the same time, it is important to observe that these policies are promoted, not necessarily through grass-roots democratic means in impacted communities, but through top-down approaches more associated with the business sector, often through outsourcing the policy and advocacy work to intermediaries (DeBray, Scott, Lubienski, & Jabbar, 2014; Lubienski, 2018, 2019a; Scott et al., 2016; Scott & Jabbar, 2014; Scott, Lubienski, DeBray, & Jabbar, 2014). There, as in the private sector, edu-philanthropists strive to align policy and political factors to advance their agenda through efforts such as investing in political campaigns, funding particular “experts” and “thought leaders,” or creating “grass tops” organizations that give the appearance of community support (Au & Lubienski, 2016; Miller, 2011).

All of this, of course, begs the primary question of whether education is a public or private good – something that has been considered at length elsewhere. But, in a sense, that question becomes less relevant as edu-philanthropists, elevating their own sense of expertise and imposing their vision onto public policymaking, effectively privilege one side of a complex and nuanced debate about the “good” that education represents. Ironically, even as reformers laud the goal of “accountability” for schools, edu-philanthropists enjoy a degree of impunity from the consequences of their policy agendas. Philanthropists are not necessarily accountable to the wider public for whom they seek to shape policy. As Bill Gates noted, “It would be great if our education stuff worked, but that we won’t know for probably a decade” (Strauss, 2013). Thus, as some school choice schemes supported by edu-philanthropies are now being shown to have detrimental impacts for children (Dynarski, 2016; Lubienski & Malin, 2019), funders are shielded from scrutiny not only by their position as private, non-governmental actors, but by the presumed virtue provided by their public efforts to “do good.”

References

- Au, W., & Lubienski, C. (2016). The Role of the Gates Foundation and the Philanthropic Sector in Shaping the Emerging Education Market: Lessons from the US on Privatization of Schools and Education Governance, in A. Verger, C. Lubienski, & G. Steiner-Khamisi (Eds.), *The Global Education Industry* (pp. 27 – 43). Routledge.
- Bast, J. L., & Harmer, D. (1997). *Vouchers and Educational Freedom*, Cato Institute, <https://www.cato.org/publications/policy-analysis/vouchers-educational-freedom-debate>
- Bifulco, R., Ladd, H. F., & Ross, S. (2009). The Effects of Public School Choice on Those Left Behind: Evidence from Durham, North Carolina. *Peabody Journal of Education*, 84(2), 130-149.
- Blum, V. C. (1958). *Freedom of Choice in Education*. Paulist Press.
- Christensen, C. M., Horn, M. B., & Johnson, C. W. (2008). *Disrupting class: How disruptive innovation will change the way the world learns*. McGraw-Hill.
- DeBray, E., Scott, J., Lubienski, C., & Jabbar, H. (2014). Intermediary Organizations in Charter School Policy Coalitions: Evidence From New Orleans. *Educational Policy*, 28(2), 175-206.
- Delpit, L. D. (1995). *Other people’s children: Cultural conflict in the classroom*. New Press: W.W. Norton.
- Dewey, J. (1899). *The school and social progress*. University of Chicago Press.
- Dynarski, M. (2016). *On negative effects of vouchers*. <https://www.brookings.edu/research/on-negative-effects-of-vouchers/>
- Friedman, M. (1962). *Capitalism and Freedom*. University of Chicago Press.
- Gonzalez, J. (2017). Putting social rights at risk: Assessing the impact of education market reforms in Chile, in B. S. Ndimande & C. Lubienski (eds.) *Privatization and the education of marginalized children: Policies, impacts, and global lessons*.
- Greene, J. P. (2002). *2001 Education Freedom Index*. <https://www.manhattan-institute.org/html/2001-education-freedom-index-5802.html>
- Greene, J. P., Carroll, T. W., Coulson, A. J., Enlow, R., Hirsch, E. D., Ladner, M., . . . Stern, S. (2008, January 24). Is school choice enough? *City Journal*. <http://www.city-journal.org/2008/forum0124.html>
- Labaree, D. (2018). Gold among the dross. <https://aeon.co/essays/higher-education-in-the-us-is-driven-by-a-lust-for-glory>
- Klein, J. I. (2012, August 16). The Case for the Private Sector in School Reform. *The Atlantic*.
- Lubienski, C. (2017). Redefining Equality Through Incentive-

Based Policies, in S. Parker, K. N. Gulson, & T. Gale (eds.), *Policy and Inequality in Education*. Springer Berlin Heidelberg.

Lubienski, C. (2018). The critical challenge: Policy networks and market models for education. *Policy Futures in Education*, 16(2), 156-168.

Lubienski, C. (2019a). Advocacy Networks and Market Models for Education, in M. Parreira do Amaral, G. Steiner-Khamsi, & C. Thompson (eds.) *Researching the Global Education Industry: Commodification, the Market and Business Involvement*. Springer International Publishing.

Lubienski, C. (2019). "What 'Good' Is Schooling? The New Education Philanthropies and Education Reform." Paper presented at the "Silicon Valley Philanthropy: 'Disruption' and the Implications for Educational Development", International Research Symposium. Stanford University, Center on Philanthropy and Civil Society. Palo Alto, CA, April 19.

Lubienski, C., Brewer, T. J., & Goel La Londe, P. (2016). Orchestrating Policy Ideas: Philanthropies and Think Tanks in US Education Policy Advocacy Networks. *Australian Education Researcher*, 43(1), 55-73.

Lubienski, C., Gordon, L., & Lee, J. (2013). Self-Managing Schools and Access for Disadvantaged Students: Organisational Behavior and School Admissions. *New Zealand Journal of Educational Studies*, 48(1), 82-98.

Lubienski, C., & Linick, M. (2011). Quasi-Markets and Innovation in Education. *Die Deutsche Schule*, 103(2), 139-157.

Lubienski, C., & Malin, J. (2019, August 30). The New Terrain of the School Voucher Wars. *The Hill*. <https://thehill.com/blogs/congress-blog/education/459400-the-new-terrain-of-the-school-voucher-wars>

Lubienski, C., & Perry, L. (2019). The Third Sector and Innovation: Competitive Strategies, Incentives, and Impediments to Change. *Journal of Educational Administration*, null.

Lubienski, C., & Weitzel, P. (2009). Choice, Integration, and Educational Opportunity: Evidence on Competitive Incentives for Student Sorting. *The Journal of Gender, Race & Justice*, 12(2), 351-376.

Mackinac Center for Public Policy. (1997). Mackinac Center Praises Charter School Decision: Freedom to Choose School Affirmed. Midland, MI..

Miller, R. (2011, July 21). How Stand for Children snuck into the Statehouse. *Illinois Times*. <http://illinoistimes.com/article-8899-how-stand-for-children-snuck-into-the-statehouse.html>

Rotberg, I. C. (2014, February). Charter Schools and the Risk of Increased Segregation. *Phi Delta Kappan*, 95(4), 26-30.

Sandel, M. J. (2012). *What Money Can't Buy: The Moral Limits of Markets*. Farrar, Straus and Giroux.

Scott, J., DeBray, E., Lubienski, C., La Londe, P. G., Castillo, E., & Owens, S. (2016). Urban Regimes, Intermediary Organization Networks, and Research Use: Patterns Across Three School Districts. *Peabody Journal of Education*, 00-00.



Scott, J., & Jabbar, H. (2014). The Hub and the Spokes: Foundations, Intermediary Organizations, Incentivist Reforms, and the Politics of Research Evidence. *Educational Policy*, 28(2), 233-257.



Scott, J., Lubienski, C., DeBray, E., & Jabbar, H. (2014). The Intermediary Function in Evidence Production, Promotion, and Utilization: The Case of Educational Incentives, in K. S. Finnigan & A. J. Daly (Eds.) *Using Research Evidence in Education: From the Schoolhouse Door to Capitol Hill*, (pp. 69-92). Springer.

Slodysko, B., & Danilova, M. (2017, June 19). Indiana Christian school says it can deny admission to LGBT students. *Chicago Tribune*. <https://www.chicagotribune.com/news/nationworld/midwest/ct-indiana-christian-school-lgbt-20170619-story.html>

Strauss, V. (2013, September 27). Bill Gates: 'It would be great if our education stuff worked but...' *Washington Post*. <http://www.washingtonpost.com/blogs/answer-sheet/wp/2013/09/27/bill-gates-it-would-be-great-if-our-education-stuff-worked-but/>

A New, Old Wave: Global Education Policies, New Philanthropy, and ‘Disruption’ through ‘Innovation’¹

 **D. Brent Edwards Jr.**, Associate Professor and Track Coordinator, Global Perspectives on Education Policy and Practice, Department of Educational Foundations, University of Hawaii, USA
 Brent.edwards@hawaii.edu

 **Mauro C. Moschetti**, Associate Researcher, Department of Pedagogy, Faculty of Education and Psychology, University of Girona, Spain
 mauromosche@gmail.com

Summary

With a wider historical and political perspective of the policies advocated by foundations, this article frames the agenda of new philanthropy in education, offering. They argue that while “new philanthropy” presents itself as “new”, in the education sector it is continuing the trajectory of global education policies that began almost forty years ago. They also argue that new philanthropy is ‘disruptive,’ in a different sense, in that the policy trends it supports tend to exacerbate inequality and militate against equitable access to quality education.

Keywords

Global education policy
Privatization
Disruption
Innovation
Inequality

Introduction

What is known as “new philanthropy” arose in the past twenty years or so and presents itself as “new” because, among other things, it is focused on changing the ways that organizations operate and that services are provided (Phills, 2008). This kind of philanthropy is no longer content to support programs that protect the status quo (e.g., by feeding the poor or by saving whales). Rather, new philanthropy seeks to change the ways that systems operate through ‘innovation’ and ‘disruption’ (Ball, Junemann, & Santori, 2017). In the education sector, innovation and disruption often refer to the incorporation of business principles and economic logic into the way that schools are governed and the way the curricula and teaching are organized (Olmedo, 2017).

In this short piece, we argue two things: First, that new philanthropy’s reform agenda is not really new or innovative. In what follows, we explain that new philanthropy is simply continuing the trajectory of global education policies that began almost forty years ago. Second, we argue that new philanthropy is, in fact, ‘disruptive,’ but not in the way that philanthropists would like to think. From our perspective, new philanthropy is disruptive in that the policy trends it supports tend to exacerbate inequality and militate against equitable access to quality education.

As will be further discussed, the phenomenon of global education policy (GEP) refers to a common set of reform principles currently guiding many education policies around the world, in the context of globalization (Verger, Novelli, & Kosar-Altinyelken, 2018). Since the 1980s at least, these policies have tended to include school competition-oriented policies, standardization, focus on ‘core subjects’ (i.e., math, reading and science), management techniques pertaining to the private corporate world, and test-based accountability

regimes. In what follows, we begin with a characterization of the origins of the global education policy field and the emergence of the new philanthropy actors. Subsequently, we clarify, first, how these trends reflect the business principles and economic logic that are typical of new philanthropy, and second, how these trends contribute to ‘disruption’ in the sense described above.

Global Education Policy: From State Domain to Global Governance

In the post-WWII context, way before philanthropic organizations entered the scene, governments became concerned with ensuring peace, stability, and prosperity by creating multilateral institutions. As Mundy et al. (2016) describe, the establishment of UNESCO, together with the development of the Universal Declaration of Human Rights in 1948, placed education on the post-war agenda of multilateralism, which was focused on ensuring shared principles and values across countries. In subsequent decades, as education became an issue of concern for more and more international organizations, these organizations started to represent a new aspect of international relations. However, more than entities in and through which the interests of states were settled, the work of international organizations and their interaction with each other and with national and even subnational actors increasingly constituted a space -or field -of activity in its own right (Lingard & Rawolle, 2011).

Since the 1980s, however, the proliferation of new actors who contribute to shape GEP trends can be divided into at least three broad categories. The first is that of ‘traditional’ multilateral institutions such as the United Nations organizations and regional international development banks. The second is national aid agencies, that is, governmental bodies that provide development assistance to low-income countries, often, though not always, along lines of national self-interest and formerly colonial relationships. In contrast with these two groups, the third group can be labeled ‘international civil society’ and includes non-governmental organizations (NGOs), such as philanthropic organizations, think tanks, research organizations, and program implementing organizations, in addition to others who represent crosscutting interests such as Save the Children, Teach for All, the Global Campaign for Education, and Education International (the global federation of teachers’ unions), to name a few.

Some argue that this third group should be divided into two, thus separating corporate actors (‘edu-businesses’, corporate social responsibility initiatives, and new philanthropic organizations) from other non-profit NGOs, activists, and grassroots movements (Avelar & Ball, 2017). Either way, the key element here is that all of these organizations are

either semi-independent or completely independent of the interests of states, with the implication being that this ‘global education policy field’ is to a great extent characterized by the priorities, preferences, and autonomy of numerous kinds of actors different from states. Worth noting, as there are uneven power relationships across organizations competing for influence, and given that the GEP field is situated within larger geopolitical dynamics, the architecture of GEP can be depicted as a complex network of influence, organizations, policy ideas and paradigms, and financial arrangements (Edwards, 2018; Mundy et al., 2016).

In the 1990s, the term ‘global governance’ was popularized in order to characterize the dynamics described above wherein multiple organizations compete and collaborate across levels to influence education policy. Not surprisingly, the emergence of this term coincided with the end of the Cold War and came on the heels of a new wave of economic globalization that began in the 1970s. When it comes to the global governance of education, in the context of a world capitalist system, there have been new pressures put on states by the combination of economic liberalization, financial deregulation, periodic recessions, and the increasing involvement of non-state and for-profit actors in education reform processes, together with the prevalence of the overlapping logics of neoliberalism and new public management that permeate reform processes. More specifically, these economic and ideational factors create multiple challenges for states. For example, economic liberalization pressures states to compete economically to attract global capital, which entails a focus on making education systems competitive; financial deregulation often makes it more difficult to collect tax revenue (and thus to fund education systems); periodic recessions (and/or economic reforms imposed by development banks) force policymakers to do more with less; and the involvement of corporate and non-state actors in policymaking processes shifts the common sense around reform such that policies based on efficiency, competition, and accountability (and informed by considerations of profitability) are seen as being the most appropriate and desirable for improving the quality of education (Edwards & Means, 2019). As will be discussed below, these contextual factors influence the second (i.e., current) wave of GEPs.

A Thirty-Year-Old New Wave

This shift in thinking identified as from the 1990s can be characterized as a shift that tends to focus on the governance (or management) of education systems according to measurable outcomes, business principles, and economic logic. This contrasts with the traditional emphasis on improving state provision of education, wherein the government focused on inputs, processes, infrastructure, and the expansion or improvement of the system to reach all students and their needs. Thus, when it comes to policy

change since the 1980s—the time when the above contextual constraints began to emerge—it can be said that reforms that accord with, or that follow from, this context represent key forms of innovation, in that they represent a break from the logic that guided education reform in earlier periods, as described further above. Looking at trends in worldwide perspective during this time, Sahlberg (2016) notes that there are five key innovations that stand out. In that these innovations have been promoted and adapted across many country contexts, they are also GEPs.

The first global education trend is the introduction of policies geared towards competition. Examples include voucher programs (where students are given a stipend to cover or offset the cost of attending a private school and families are granted freedom to choose among the available public and private options), charter schools (where publicly-owned schools are run by non-state, both for-profit or non-profit actors while receiving public funding on a per-capita basis), and low-fee private schools (where states allow—or indirectly drive—the proliferation of private schools created by individuals or groups of individuals aiming at financial profit targeting low-income populations). The means for judging the effectiveness of these reforms is most frequently based on standardized test scores, with the further implication being that schools are less likely to collaborate and instead compete for enrollment. Rather than improving quality and equity, evidence shows that the competitive environments that these policies aim at generating foster socio-economic segregation dynamics while providing incentives for schools to recruit certain types of students, as well as to discriminate against those less academically skilled or with special educational needs (Edwards & Means, 2019). The loss of positive peer-effect resulting from greater school discrimination and the segregation dynamics contributes to an increasing achievement gap between schools and thus fuels social reproduction and increasing educational inequalities.

The second GEP innovation is reflected in efforts at standardization. This began with a shift away from teacher autonomy and towards standardized curricula and assessment in the 1990s. In the words of Sahlberg (2016), although “these reforms initially aimed to have a stronger emphasis on learning outcomes and school performance instead of content and structures of schooling,” in practice it has become “a generally unquestioned belief among policy-makers and education reformers that the presence of clear and sufficiently high performance standards for schools, teachers, and students is a precondition to improved quality of teaching and better overall performance of schools” (p. 134). Standardization policies seem to have spread, however, unaware of long-known social reproduction dynamics and perverse mechanisms that, in fact, these policies propel. To be sure, schools with more resources and with students

who have more economic, cultural, and social capital are already more likely to perform better in standardized tests. In addition, punitive measures often embedded in policies for standardized assessment (i.e., threat of withholding resources from schools, closing schools, state takeover, or performance-based teacher firings) do not contribute to improving teaching practices in the schools in question, as the lack of resources and stability arguably militates against the provision of a quality education. Finally, unwanted effects of standardization at the teaching practices level, such as teaching to the test, scripting and aligning curricula with standardized tests, and the reduction or elimination of recess time and/or other untested subjects, also tend to have a more negative impact on schools serving low-SES or marginalized populations where, in light of the families’ limited cultural and educational capital, schools play a key role in guaranteeing access to culture in a broad sense.

The third GEP trend has to do with an increased emphasis on literacy, numeracy and science in curricula, signaled as ‘core subjects’ in numerous national and international policy documents. The explosive proliferation of international large-scale assessments (ILSAs) since the 1990s has played a major role in prioritizing certain school subjects over others. The global diffusion of ILSAs and, especially, their power in terms of appealing to policymakers by creating simple, straight-forward scorecards for different national educational systems, has raised concerns around the need to align national curricula to the contents included in such assessments. While various IL-SAs have been in place since the 1990s, the most influential is PISA (Program for International Student Assessment). PISA’s policy influence has become such that scores in the areas of ‘reading, mathematics, and science’—PISA’s three areas of assessment—‘have now become the main determinants of perceived success or failure of pupils, teachers, and schools in many education systems’ (Sahlberg, 2016, p. 135). This worldwide ‘general consensus’ has meant that an ever-growing number of educational systems have increased instructional time for literacy, numeracy and science subjects to the detriment of other subjects such as social studies, arts and music, and the development of so-called non-cognitive skills, traditionally inherent to the humanist educational endeavor. This reconfiguration in terms of the curriculum and the overall aims of education leads to the same harmful consequences as described above for low-SES and marginalized students.

The fourth GEP trend is the transposition of techniques, common-sense, and planning procedures from the private corporate world to the education sector, especially in terms of management at both the school and system levels. Examples include performance-based pay, teacher and principal assessment based on measurable results, value-added

models for hiring and firing teachers and principals or other personnel-related decisions, and data-driven instruction (based on student test scores), among others. This trend has gained salience as part of the new-public-management-inspired criticism of schools and, more broadly, the idea that state agents and agencies are ineffective and inefficient actors and organizations that lack clear performance-oriented incentives. In this context, private organizations—and private schools, in particular—are considered blueprints for managerial activity that will lead to increased student achievement. Interestingly, however, evidence is conclusive in affirming that the better performance frequently found in private schools is not related to their private nature nor their managerial approach, but rather to the above-average socio-economic status of the students that these schools target and serve. At the same time, and somewhat paradoxically, some typical private-sector managerial practices are at the core of both better performance at the individual level and school segregation at the aggregate level, as when schools seek to attract those students who will allow them to produce the best results (i.e., highest test scores) without requiring costly services. Of course, such strategies—which can be labeled resource-use maximization by means of student selection—further inequity on a system-wide basis and contribute to social reproduction.

Finally, and relatedly, the fifth GEP trend has to do with the adoption of test-based accountability policies that aim at holding teachers and school leaders accountable for students' achievement. In addition to consumer-based accountability dynamics stemming from the introduction of market mechanisms in educational systems (and which are directed at schools), test-based accountability regimes have been increasingly adopted as a means of monitoring school professionals' labor. In clear interdependence with some of the trends described above, these accountability regimes are based on the ideas that teachers and principals have to deliver on improving student achievement in compliance with set performance targets, and that student achievement can be measured objectively by means of standardized tests. Most of the architecture of these regimes relies on the logics of monetary rewards and punishments, often enacted through merit-based pay models with students' scores in standardized tests being the only or main indicator of merit. The problem with test-based accountability is that it may be considered both illegitimate and short-sighted to hold school professionals accountable for results that are impossible to achieve; extremely simplistic in terms of the indicators used; conceptually questionable in terms of whether or not they actually reflect 'learning,' 'achievement,' or 'skills'; or, most often, dependent on variables that are beyond schools' control. In that test-based accountability often specifies the achievement or proficiency threshold that students are expected to reach, these policies frequently lead teachers to

focus on 'bubble' students, that is, students who are on the cusp of reaching the test result cutoff score that is needed for compliance. The implication is that students who are either far below or above the desired score are likely to receive less attention from the teacher.

Conclusions

In sketching the five trends noted above, we have attempted to show that new philanthropy is not really new or innovative—and that it represents the continuation of a questionable trajectory of reforms. We also sought to highlight the ways that new philanthropy does, in fact, contribute to disruption. However, as opposed to the positive images of disruption that are promoted by the new philanthropists and their supporters, the global education policies advanced by new philanthropy are disruptive in the sense that they contribute to worsening inequality in multiple ways. We thus suggest that it is new philanthropy and the associated global education reforms that need to be disrupted. A different kind of 'innovation' is needed that moves school systems towards equity-based policies and progressive politics.



Endnotes

1. This paper has been adapted from: Edwards Jr. D.B., Moschetti M.C. (2019). Global Education Policy, Innovation, and Social Reproduction, in M. Peters, & R. Heraud (eds.) *Encyclopedia of Educational Innovation*. Springer. https://doi.org/10.1007/978-981-13-2262-4_111-1

References

- Avelar, M., & Ball, S. J. (2019). Mapping new philanthropy and the heterarchical state: The Mobilization for the National Learning Standards in Brazil. *International Journal of Educational Development*, 64(C), 65–73.
- Ball, S. J., Junemann, C., & Santori, D. (2017). *Edu.net: Globalisation and education policy mobility*. Routledge.
- Dale, R. (1999). Specifying globalization effects on national policy: a focus on the mechanisms. *Journal of Education Policy*, 14(1), 1-17.
- Edwards Jr., D. B. (2018). *The trajectory of global education policy: Community-based management in El Salvador and the global reform agenda*. Palgrave MacMillan.
- Edwards Jr., D. B. & Means, A. (2019). Globalization, privatization, and marginalization: Mapping and assessing connections and consequences in/through education, *Education Policy Analysis Archives*, 27(123), 1-37.
- Edwards Jr. D.B., Moschetti M.C. (2019). Global Education Policy, Innovation, and Social Reproduction, in M. Peters, & R. Heraud (eds.) *Encyclopedia of Educational Innovation*. Springer. https://doi.org/10.1007/978-981-13-2262-4_111-1
- Lingard, B., & Ozga, J. (2007) (eds.). *The RoutledgeFalmer reader in education policy and politics*. Routledge.
- Lingard, B. & Rawolle, S. (2011). New scalar politics: Implications for education policy, *Comparative Education*, 47(4), 489-502.
- Mundy, K., Green, A., Lingard, B., & Verger, A. (2016). Introduction: The globalization of education policy -key approaches and debates, in K. Mundy, A. Green, B. Lingard, & A. Verger (eds.) *The Handbook of Global Education Policy*. John Wiley & Sons, Ltd.
- Olmedo, A. (2017). Something old, not much new, and a lot borrowed: philanthropy, business, and the changing roles of government in global education policy networks. *Oxford Review of Education*, 43(1), 69-87.
- Phills, J. (2008). How is the new philanthropy different? *Yale Insights*. <https://insights.som.yale.edu/insights/how-is-the-new-philanthropy-different>
- Sahlberg, P. (2016). The global educational reform movement and its impact on schooling, in Mundy, K., Green, A., Lingard, B., & Verger, A. (eds.) *The Handbook of Global Education Policy*. John Wiley & Sons, Ltd.
- Verger, A., Novelli, M., & Kosar-Altinyelken, H. (2018). Global education policy and international development: A revisited introduction, in A. Verger, M. Novelli, & H. Kosar-Altinyelken (eds.) *Global education policy and international development: New agendas, issues, and policies*, 2nd edition. Bloomsbury.

New Philanthropy: A Critique

 **Steven J. Klees¹**, Professor of International Education Policy, University of Maryland, USA
 sklees@umd.edu

Summary

In a critique of new philanthropy, Klees articulates the implications of new approaches to philanthropic giving in education. Stressing fundamental and overarching challenges with new philanthropic strategies, such as impact investment, Klees articulates concern with the emphasis on outcomes, application of business logic and know-how, and a general introduction of chaos with multiple, uncoordinated projects by foundations and corporations, which he argues are an ineffectual means to solve social problems that need democratic, coordinated, national, global, and government-led responses.

Keywords

New philanthropy
Global governance
Global development
Equity
Right to education

New philanthropy is the label being given to recent changes in the approach of foundations and business to contributing to the social good. In the past, foundations mostly gave grants and businesses sometimes engaged in what they called corporate social responsibility (CSR) to undertake projects that they felt to be good public relations. Nowadays, the new philanthropy has some distinguishing characteristics. Most ubiquitous is so-called “impact investing,” which blurs the lines between profits and social purpose. For foundations, instead of having their “money gone for good,” they are investors who often expect a return, perhaps sufficient to recoup their initial outlay (OECD 2014, p. 10). For corporations, impact investing usually means making a profit if their expenditures are seen as successful in some way. Another touted feature of the new philanthropy is that it is supposed to be “disruptive,” in the sense that it is rather disdainful of government-led solutions to social problems and intends to disrupt traditional modes. And, relatedly, it exalts market solutions and business acumen, believing that the private sector can be the engine of social change and that business logic and know-how can be applied to solve social problems. In education, the new philanthropy has given us a focus on privatization, technology, measurement and testing, results-based financing, and related narrow approaches to accountability, principally on what Pasi Sahlberg has called GERM, the rather narrow neoliberal Global Education Reform Movement.

What’s wrong with the new philanthropy? To begin, I see impact investing as somewhere between very problematic and disastrous. On the very problematic side, I think the likelihood of major financial resources going into impact investing is pretty low. Certainly, this is true on the corporate side. CSR to date has given us very small investments that are uncoordinated, idiosyncratic, self-interested, public relations-oriented, and unlikely to contribute to solving social problems. A former business school professor of mine wrote about the “social responsibility of business and other pollutants of the air.” He was very pro-business but his point was the business of business is business and we should not expect them to invest much in social problems – even if now there is the possibility of some return on the investment.

It is possible that we will get more substantial impact investment from foundations, but despite the current

rhetoric of partnerships, it is likely to be uncoordinated and idiosyncratic as well. Moreover, a fundamental problem with impact investment is the same one faced by the public sector's fascination with results-based finance (RBF). Past concern with both inputs and outcomes of education has narrowed to forget about inputs and to only look at outcomes. However, improving education inputs is extremely important, and the desired outcomes of education are multiple, and many are not easily measured. Impact investing (or RBF) selects a few of the more easily measurable outcomes. Thus, impact investment projects result in a major distortion of educational purposes and curricula, re-directing what should be in the hands of educators, communities, and governmental representatives into narrow quantifiable goals. Impact investing gets around public accountability and participatory, democratic oversight, turning what should be a political activity in the best sense of that word into a narrow technical one.

Perhaps even more problematic still is the new philanthropy's emphasis on the application of business logic and know-how. Contrary to current hype, business leaders have neither the knowledge nor experience with how to deal with complex social problems that have no "bottom line" and are embroiled in disagreement about both facts and values. The rigid hierarchical decision-making structures of business are nowhere to be found in the messy political environment of government. Business know-how is of very limited use, and business charity, i.e., social responsibility, is even of less use. The "new public management" approach for the last several decades and the new philanthropy have combined, as above, to treat our social problems as if they did have a bottom line by focusing on a few quantitative outcomes to the detriment of coming to grips with the complex nature of the problems we face.

At one level, the new philanthropy is giving us chaos. Uncoordinated, multiple projects by foundations and corporations may help some people, but it is no way to solve social problems that need democratic, coordinated, national, global, and government-led responses. However, the coordinated efforts of the new philanthropy may be even more frightening and harmful than the atomistic response. There are a number of examples indicating that the coordinated efforts of foundations and multinational corporate actors are moving us toward a new ruling elite. In the U.S., in the Obama administration era, Diane Ravitch (2013) writes about how three foundations – Broad, Gates, and Walton, which she calls the Billionaires Boys Club – have essentially "hijacked" U.S. education policy to push neoliberal GERM reforms. In Brazil, a number of scholars have examined how the Lemann Foundation led a coalition to push the government in similar directions (Avelar and Ball 2019; Hall 2019; Tarlau and Moeller, forthcoming). And in global health policy, the Gates Foundation and others seem to have usurped the role of the World Health Organization, successfully fighting

some diseases but ignoring the shambles that the world's primary health care infrastructure has become.

I find some of the long-run goals of the private sector frightening. The World Economic Forum (2010) proposed what they called a "Global Redesign Initiative." The essential idea was to turn the United Nations itself into a giant Public-Private Partnership, with business being formal partners in global governance. And it is actually being implemented! Recently, the U.N. quietly, without any public scrutiny, signed an MOU with the World Economic Forum to establish "multistakeholder governance groups," comprised mainly of multinational corporations, as an integral part of its governance structure (Gleckman 2019).

All this is tied to the arrogance of the new philanthropy. The criticism and dismissal of government efforts, the idea that we need to disrupt present approaches, focus on atomistic market solutions, and recognize that business leaders can be instrumental in solving our social problems is simply hubris. Anand Giridharadas' (2018) book, *Winners Take All: The Elite Charade of Changing the World*, should be required reading for all edu-preneurs:

Elite networking forums like the Aspen Institute and the Clinton Global Initiative groom the rich to be self-appointed leaders of social change, taking on the problems people like them have been instrumental in creating or sustaining....The question we confront is whether moneyed elites, who already rule the roost in the economy and exert enormous influence in the corridors of political power, should be allowed to continue their conquest of social change and of the pursuit of greater equality. The only thing better than controlling money and power is to control the efforts to question the distribution of money and power. The only thing better than being a fox is being a fox asked to watch over the hens. [pp. 6-10]

Giridharadas exposes the paucity of "win-win-ism," the belief that these elites can solve all our social problems by doing good through doing well:

By refusing to risk its way of life, by rejecting the idea that the powerful might have to sacrifice for the common good, it clings to a set of social arrangements that allow it to monopolize progress and then give symbolic scraps to the forsaken – many of whom wouldn't need the scraps if the society were working right. [p. 7]

Of course, there are sensible, even progressive, philanthropists. But the new philanthropy is embedded in neoliberal ideology that deprecates governments and extolls the market. Philanthropy has long had ideological biases (Arnove 1980; 2007) but the new philanthropy elevates these

biases into an explicit market fundamentalist philosophical approach. Forty years of neoliberal cutting and disparaging government has resulted in an ever greater prominence of philanthropy, viewed as a major way to make up for the shortfall in needed resources.

Governments and intergovernmental agencies pander to these new philanthropists in the hopes of attracting their money. I view the Education Commission's call a few years ago for one overarching education goal and the World Bank's embodiment of that in its new "learning poverty" goal as mainly trying to attract Bill Gates and other actors into expanding their education philanthropy. Julia Gillard (2019), CEO of GPE, in supporting this "galvanizing" goal basically says as much. I think all this is health sector envy, and it is unlikely to work. The health sector attracts resources because it is very big business and has some simple things that can be done (e.g., vaccinations and bed nets). Moreover, in education, this is awful public policy. The World Bank, GPE, and others in their pandering and arrogance are basically violating government sovereignty and giving up on SDG4 that was agreed to by the entire United Nations and that could be mostly achieved if sufficient resources were forthcoming.

Philanthropic giving is dwarfed by public spending, but given the dire need for more resources, new philanthropy can have an outsized impact, distorting social investments towards its neoliberal ideological underpinnings. We need a sea change in how we approach our social problems. A crucial part of that sea change is that we must no longer rely on charity as the major mechanism for providing the resources needed. The redistribution of global wealth must be seen as a right to correct long-standing and current injustices. Rich countries must live up to their promise of spending at least .7% of GDP on ODA, and global corporate and wealth taxes should be routine. Perhaps even of foundations. In a sensible world, there would be no vast private fortunes and little need for new or old philanthropy.

References


- Arnové, Robert. (2007). "Revisiting the 'Big Three' Foundations," *Critical Sociology*, 33(3), 389-425.
- Arnové, Robert. (ed.) (1980). *Philanthropy and Cultural Imperialism: The Foundations at Home and Abroad*. G.K. Hall.
- Avelar, Marina and Stephen J. Ball. (2019). "Mapping New Philanthropy and the Heterarchical State: The Mobilization for the National Learning Standards in Brazil," *International Journal of Educational Development*, 64(C), 65-73.
- Gillard, Julia. (2019). "Global Education: Ideas for the Way Forward," *Global Partnership for Education Blog*. <https://www.globalpartnership.org/blog/global-education-ideas-way-forward>
- Giridharadas, Anand. (2018). *Winners Take All: The Elite Charade of Changing the World*. Knopf.
- Gleckman, Harris. (2019). "How the United Nations is Quietly Being Turned into a Public-Private Partnership," *Open Democracy Blog*. <https://www.opendemocracy.net/en/oureconomy/how-united-nations-quietly-being-turned-public-private-partnership/>
- Hall, Stephanie M. (2019). *Privatized from the inside: A network ethnography of Brazilian teacher education policy under the Workers' Party* [Unpublished doctoral dissertation]. University of Maryland.
- OECD netFWD. (2014). "Venture Philanthropy in Development: Dynamics, Challenges and lessons in the Search for Greater Impact". *OECD Development Centre*. <https://www.oecd.org/dev/Venture%20Philanthropy%20in%20Development-BAT-24022014-indd5%2011%20mars.pdf>
- Ravitch, Diane. (2013). *Reign of Error: The Hoax of the Privatization Movement and the Danger to America's Public Schools*. Knopf.
- Tarlau, Rebecca and Moeller, Katherine. (2018). "'Philanthropizing' Consent: How a Private Foundation Pushed Through National Learning Standards in Brazil." *Journal of Education Policy*. <https://www.tandfonline.com/doi/abs/10.1080/02680939.2018.1560504>
- World Economic Forum. (2010). "Everybody's Business: Strengthening International Cooperation in a More Interdependent World: Report of the Global Redesign Initiative." *World Economic Forum*. http://www3.weforum.org/docs/WEF_GRI_EverybodysBusiness_Report_2010.pdf

Endnotes

1. Author of the forthcoming book, *The Conscience of a Progressive*

Philanthropy for Education in Developing Countries: Insights from a Global Survey

 **Laura Abadia**, Policy Analyst, OECD Network of Foundations Working for Development (netFWD), France

 laura.abadia@oecd.org

 **Nelson Amaya**, Policy Analyst, OECD Centre on Philanthropy, France

 nelson.amaya@oecd.org

Summary

Building upon OECD data on philanthropic giving from 2013-15 and 2017, this article provides a big picture on philanthropy for education in developing countries. It also draws on qualitative inputs collected by the OECD netFWD through its members and associates, and complementary desk research to identify some of the strategies foundations pursue to navigate and influence education systems.

Keywords

Global governance
Global development
Data
OECD

With an estimated annual funding gap of USD 39 billion in low- and middle-income countries (UNESCO, 2015), reaching quality universal education still appears like a far off target. National governments and official development assistance (ODA) providers are central in bridging this resource deficit, but limited fiscal space and flattening ODA flows (OECD, 2019) makes it unlikely for them to close the funding gap on their own, at least in the short term. In this context, private philanthropy appears as a prominent and complementary source of development finance. However, until recently, reliable and publicly available information on foundations' giving, priorities and behaviours was surprisingly scarce.

To provide a better picture of philanthropic giving for developing countries, the Organisation for Economic Co-operation and Development (OECD) stepped up its engagement with philanthropic foundations on two fronts: data collection on philanthropic flows, and increased dialogue with foundations. In 2018, the OECD published unprecedented data on private philanthropy for development, collected following OECD-DAC statistical standards to ensure comparability with ODA flows (OECD, 2018). The survey included 143 foundations worldwide and collected grant and activity-level data on philanthropic giving between 2013 and 2015. That same year, the OECD launched the OECD Centre on Philanthropy to collect additional data on cross-border and domestic philanthropic flows in targeted geographies and issue areas. Complementary to these efforts, since 2012 the OECD Network of Foundations Working for Development (netFWD) brokers dialogue between foundations, governments and traditional development actors to enhance mutual understanding and initiate collaboration among them.

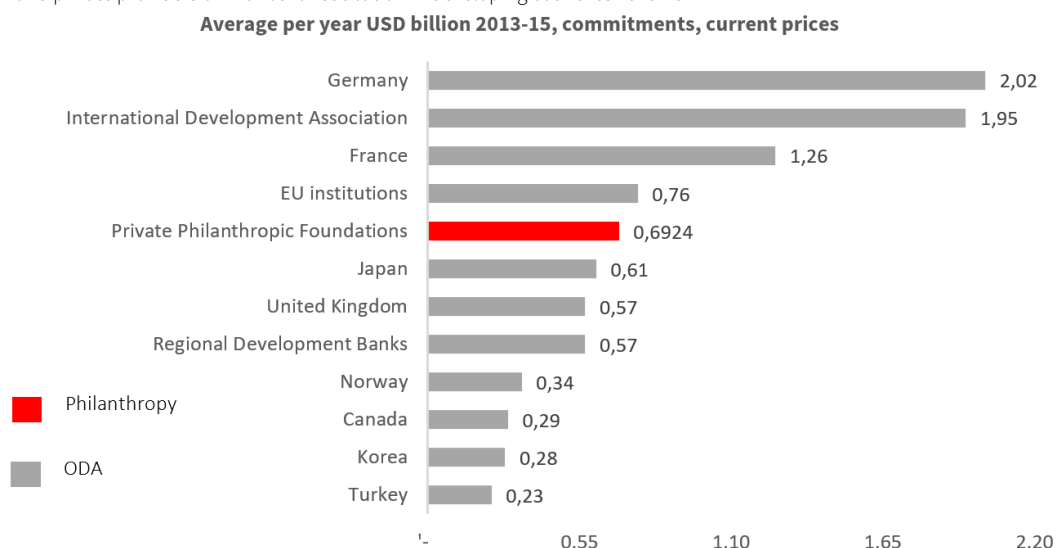
Building upon OECD data on philanthropic giving from 2013-15 and 2017, this article provides a big picture on philanthropy for education in developing countries. It also draws on qualitative inputs collected by the OECD netFWD through its members and associates, and complementary desk research to identify some of the strategies foundations pursue to navigate and influence education systems.

Global Philanthropy for Education: Five Facts

Foundations are an important source of funding for education in developing countries. With a total of USD 2.1 billion over three years, or an average of USD 693 million per year, education

was the second most supported sector by foundations, after health and reproductive health. Collectively, foundations represented the fifth largest source of funding for education towards developing countries, making it on par with the bilateral ODA provided by the United Kingdom or Japan (Figure 1).

Figure 1: ODA and private providers of finance for education in developing countries 2013-15



Source: OECD (2018) and OECD (2019c)

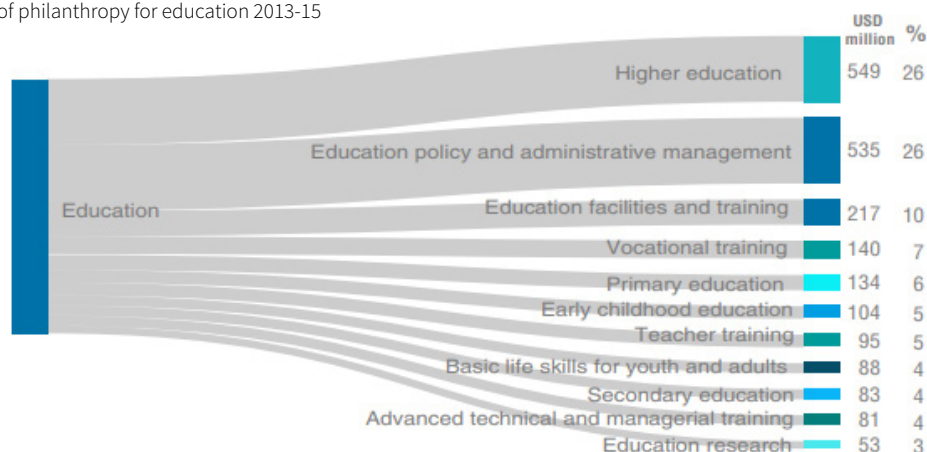
Asia and Africa attracted most education-related giving, while India, Turkey and the People's Republic of China ranked as the top recipient countries. Asia received USD 608 million, or 29% of total philanthropic giving for education between 2013-15. It was followed by Africa, with USD 592 million (28% of total giving). Most education funding went to upper-middle income countries (41% of total philanthropic funding for education), while only 8% of funding reached least developed countries.

In line with the regional allocation of giving, India received most funding for education with USD 290 million. Turkey with USD 227 million and the People's Republic of China with USD 177 million followed it. Domestic foundations provided a substantial share of funds for education, representing 43% (India), 96% (Turkey)

and 76% (China) of total philanthropic giving for education in the three countries.

Globally, higher education was the main sector targeted by philanthropy in education. Having received close to USD 549 million, or 26 % of total philanthropic funding for education, scholarships, and degree and diploma programmes at universities, colleges and polytechnics received the largest share of education-related funding. The least supported sector was education research, with USD 53 million (or 3% of total funding for education), which comprises research on education effectiveness, relevance and quality, systematic evaluation and monitoring (see Figure 2). Interestingly, in Africa and Asia, teacher training was the least supported sector by foundations, while in America, excluding the United States and Canada, it was one of the most supported sectors.

Figure 2: Distribution of philanthropy for education 2013-15



Source: OECD (2018)

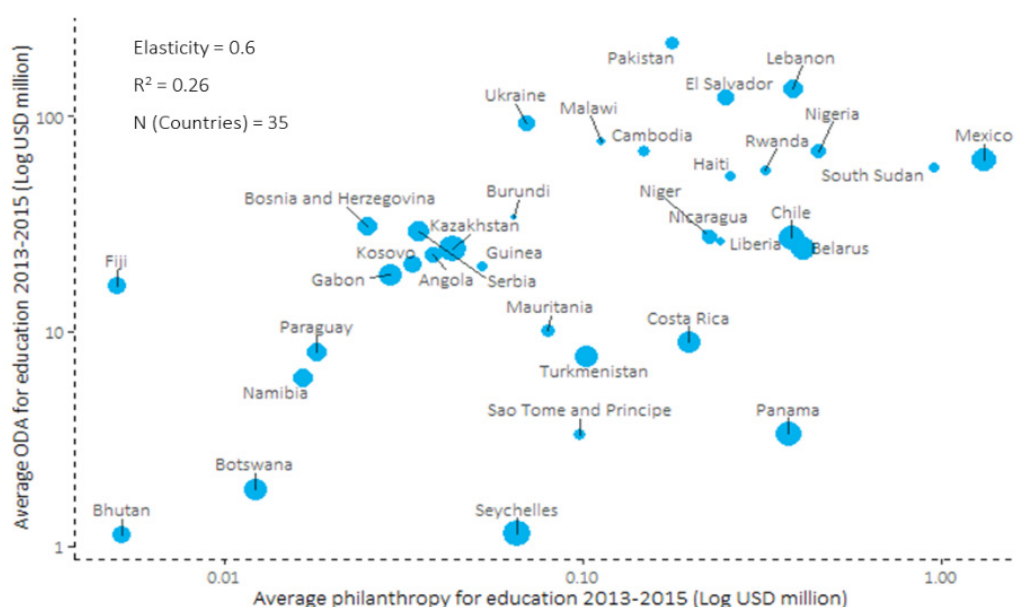
Foundations channelled their funds through well-known large organisations. Non-governmental organisations (NGOs) and other civil society groups channelled USD 578 million (28% of total). For their part, universities, colleges, other teaching institutions and think tanks channelled USD 476 million (23% of education giving), and multilateral organisations USD 155 million, or 7.5% of education giving. The intermediary organisations that channelled most philanthropic funding for education were the United Nations Children's Fund (USD 82 million, 4% of total funding for education) and the World Bank Group (USD 45 million, or 2% of total funding for education). Of total philanthropic funding for education, 65% was earmarked to specific projects, while only 8% was provided as core support.

Finally, there is a positive correlation between the scale of

funding from ODA and philanthropy in education. Between 2013-15, ODA for education towards all developing countries averaged USD 8.5 billion per year, making philanthropic funding in education around 8% of ODA towards education. In addition, similarly to philanthropy, ODA targeted primarily higher education, and was concentrated in Asia and Africa (39% and 32% of total ODA for education, respectively). In countries receiving both sources of financing during this period, there is a slightly positive correlation between the scale of funding from ODA and philanthropy in education. This means that, on average, countries receiving larger amounts of ODA also received larger amounts of philanthropic flows (see Figure 3).

Figure 3: ODA vs. private philanthropy for education, 2013-15

Figure 3: ODA vs. private philanthropy for education, 2013-15



Note: Bigger size reflects higher GDP per capita in 2015 (constant 2010 USD), by country. ODA figures represent period average of commitments towards the education sector. Note for Kosovo: This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of independence. Source: OECD calculations based on OECD DAC and World Development Indicators.

How philanthropy navigates education systems in developing countries

Data on the volume and scope of philanthropic flows is not sufficient to describe how foundations navigate the intricate ecosystem of institutions and actors within education systems. Qualitative inputs are also needed to cast light on some of the strategies foundations pursue when investing in education in developing countries –and areas that warrant further attention.

Qualitative inputs from foundations, interviews and desk re-

search revealed four different approaches foundations follow when investing in education. **A first strategy consists in filling gaps by supporting the provision of education services in underserved areas or for marginalised populations.** For instance, philanthropic funders and ODA donors have expanded bridging courses to help out-of-school children catch up and reintegrate formal education in Burkina Faso, Mali, Niger, Ethiopia, Liberia and Lebanon. In Egypt, the Sawiris Foundation for Social Development is partnering with the Ministry of Education to establish community primary schools in remote villages. In both examples, philanthropic engagement is time-bound. In the initial years, philanthropy covers initial set-up and running costs, and ideally, initiatives are later transferred to the government or to the community. Yet, long-term funding is not always available, which raises the issues sustainability and scalability.

A second approach consists in supporting innovation, underpinned by rigorous monitoring and evaluation. Foundations are often portrayed as flexible and agile organisations. This gives them the ability to hatch and rigorously test new

ideas at a relatively small scale, which can in turn help create aspirations for wider policy change, provided a dialogue with governments and policy makers takes place. For example, the Ford Foundation, in partnership with the Consultative Group to Assist the Poor (CGAP) put in place a research programme to reduce extreme poverty. They piloted and rigorously evaluated an approach, known as the “Targeting the Ultra Poor” or the “Graduation Approach” in eight countries across Africa, Asia and Latin America. Randomized evaluations showed that the approach helped families transition to more secure livelihoods, and in some contexts improved their psychosocial well-being. Based on this evidence, more than 20 countries have adopted the approach, directly reaching hundredths of thousands of women.¹

A similar strategy consists in strengthening governments’ education monitoring systems and injecting reliable data on student learning outcomes into the public sphere. In South Africa, the Michael & Susan Dell Foundation has helped strengthen the government’s capacity to gather timely and standardised data from schools. In doing so, it has built the largest data pool of learner achievement in the country, covering 11.1 million learners, or over 85% of primary and secondary students. Similarly, the Hewlett Foundation has helped expand grassroots learning assessments of foundational numeracy and literacy skills across 14 countries. Citizen-led initiatives test children at home, and share results with families, schools, communities and government in an easy to understand and act manner. These efforts help improve accountability of education system and advocate for greater focus on the quality of learning.

Finally, by co-investing with ODA and other private donors, foundations are helping shape initiatives at a much larger scale than they would ever reach on their own. For instance, The Early Learning Partnership, which aims to prepare more than 12 million children for primary school in Africa and South Asia, is the result of a collective effort by the Children’s Investment Fund Foundation, the UK Department for International Development and the World Bank. There are also growing examples of donor collaboratives supporting investments in education, where foundations, high net worth individuals and private companies pool their knowledge, expertise, networks and resources. Co-Impact, a donor collaborative that pledged USD 80 million in its first round of funding in 2018 is a case in point.

Looking ahead, **foundations could collaborate more with research teams** to shed light on root obstacles to schooling and learning, design pilots, experimentally test different educational interventions, and support dissemination of findings. Achieving SDG 4 does not only require securing sufficient resources but also making sure those resources ultimately support effective approaches to improve access to quality education. Education research is essential to learn about specific contextual barriers

to quality schooling, identify what works best and why, and improve the design, delivery and effectiveness of education policies and programmes. However, as revealed by the data, research was the least supported sector by philanthropy in education during the period 2013-15, leaving room for foundations to step up their game substantially.

Conclusions

With funding and technical expertise, foundations are becoming full-fledged partners in achieving quality education. However, they still face challenges in engaging with education systems in developing countries. Many governments cannot distinguish foundations from other civil society organisations, and are unaware of their potential added value. Besides, not all foundations have a strong presence on the ground, and in many countries, there are no coordination structures for institutional engagement at the national level. Governments in developing countries could further strengthen the enabling environment for philanthropy, by creating a legal status to clearly differentiate foundations from other civil society organisations. Foundations could also improve knowledge-sharing with governments and the donor community, by participating in national, regional or international platforms, especially at the sectoral level.

In addition, foundations could take greater advantage of existing initiatives to improve the transparency and availability of data on philanthropic giving for development. In 2020, the OECD will update and expand its database on philanthropy for development, through a new global survey, targeting 200 foundations and covering the period from 2016-2019. Furthermore, the OECD Centre on Philanthropy will release unprecedented data on domestic philanthropic giving in four emerging economies: Colombia, India, Nigeria and South Africa. Beyond fundamentally shaping our understanding of philanthropy, open data on philanthropy’s contribution for development is the cornerstone for effective coordination and collaboration amongst development funders. With this information, donors can identify funding gaps and avoid duplication, and recipient organisations can better target their fundraising efforts. Not to mention, publicly accessible data on philanthropic giving could help build trust with grantees, and end beneficiaries, and inform the broader public on foundations’ role in society.



Endnotes

1. Ford Foundation (2020). Early Lessons from Large-Scale Implementations of the Graduation Approach. <https://www.fordfoundation.org/campaigns/early-lessons-from-large-scale-implementations-of-the-graduation-approach/> and Abdul Latif Jameel Poverty Action Lab (J-PAL). About Us. <https://www.povertyactionlab.org/about-j-pal>

References

- Banerjee, Abhijit, Esther Duflo, Nathanael Goldberg, Dean Karlan, Robert Osei, William Parienté, Jeremy Shapiro, Bram Thuysbaert, and Christopher Udry. (2015). "A Multi-faceted Program Causes Lasting Progress for the Very Poor: Evidence from Six Countries." *Science*, 348(6236): 1260799-1–1260799-16. doi:10.1126/science.1260799.
- OECD. (2018). *Survey on Private Philanthropy for Development 2013-15: Data Questionnaire*. OECD Publishing. <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyondodafoundations.htm>.
- OECD. (2018). *Private Philanthropy for Development*. OECD Publishing. <https://www.oecd.org/dac/private-philanthropy-for-development-9789264085190-en.htm>
- OECD netFWD. (2019). *Philanthropy and Education – Quality Education for All: Lessons and Future Priorities*. OECD Development Centre. http://www.oecd.org/development/networks/NetFWD_PolicyNoteOnEducation.pdf
- OECD. (2019a). *Development Co-operation Report 2019: A Fairer, Greener, Safer Tomorrow*. OECD Publishing. <https://doi.org/10.1787/9a58c83f-en>.
- OECD. (2019b). *Creditor Reporting System (CRS)* [database]. <http://stats.oecd.org>.
- OECD. (2019c). *OECD International Development Statistics: Creditor Reporting System* [database]. www.oecd.org/dac/stats/idsonline.htm.
- R4D. (2015). *Bringing Learning to Light: The Role of Citizen-led Assessments in Shifting the Education Agenda*. Results for Development Institute.
- UNESCO. (2015). *Pricing the right to education: the cost of reaching new targets by 2030, Policy Paper 18*. UNESCO. <https://unesdoc.unesco.org/ark:/48223/pf0000232197>

Towards a Typology of Philanthropy In Education: Insights from the International Education Funders Group (IEFG)

 **Bronwen Magrath**, Director of Programs, International Education Funders Group (IEFG), UK
 bronwen@iefg.org

Summary

This paper aims at understanding the diversity of philanthropy in terms of what their contribution "actually" is, financially, strategically, or organizationally. So it discusses how they provide support to education programmes, policy and research; how they approach organisation goals; and how they organise as a sector. It highlights the need to develop a framework for categorizing philanthropic activity in education so we can develop a stronger analysis of what this diverse group of stakeholders is (and is not) doing to improve systems of education and learning outcomes.

Keywords

Global governance
Global development
Data

Introduction

It is becoming increasingly difficult to ignore the role of philanthropy in the global education sector. This is in part thanks to NORRAG's Philanthropy in Education symposium series, co-edited volumes,¹ as well as this Special Issue, which have shone a new light on the role of foundations in education financing, programming, and research. The Comparative & International Education Society have recently introduced a Philanthropy and Education Special Interest Group, and the 2021 Global Education Monitoring Report will focus on the role of non-state actors, including foundations, in education systems.

For some, the increasing role of philanthropy in education, particularly in the education systems of low- and middle-income countries, is a cause for alarm. Justifiable concerns are being raised on the degree to which foundations are transparent about where they obtain and spend their funds and their motivations to do so (Srivastava & Read, 2019), we well as the power they are able to wield with cash-strapped governments. There are no clear or formalised lines of accountability between foundations and the communities or governments with whom they work, which raises additional concerns about how philanthropy can be monitored and held to account for its work. For others, the entry of philanthropic investment and grant-making is a much-needed antidote to chronic under funding of education (van Fleet, 2011). From this perspective, foundations provide flexible and targeted funds that can complement larger-scale government and bilateral financing, as well as support to global public goods in education, including research and advocacy (Montoya & Antoninis, 2019).

But in much of this coverage, foundations are treated as a monolith and little attention is paid to the diversity of the philanthropic sector. This article seeks to address this gap. It is not attempting to make a value judgement on philanthropy's role in education sector; the purpose is to increase our collective understanding of the diversity of philanthropy in terms of how they provide support to education programmes,

policy and research; how they approach their organisational goals; and how they organise as a sector. To do so, we draw on the experience and insights of the International Education Funders Group² a 100+member network of foundations who provide support to basic education in the Global South. The IIEFG is a convening space for foundations, designed to provide opportunities for collective learning and action in order to help improve and coordinate education grant-making. We draw on examples of programmes and practices of IIEFG members to illustrate that foundations work in many education sub-sectors, from early childhood to higher education, and provide support ranging from direct service provision to policy advocacy and research. The aim of this contribution is to improve and enrich our dialogues and research agendas in the field of philanthropy and education.

Models of Philanthropic Support

In the broadest sense, we can think of foundations in the education sector as falling into one of two groups – those that are **grant-making foundations** and those that are **operating foundations**. The former category includes independent foundations (generally endowed by an individual or family), corporate foundations (sponsored by a company or group of companies), and community foundations (who receive their funds from a variety of sources)³. Of these, independent foundations are by far the largest in the US, accounting for roughly 90% of all registered foundations (Anheier & Toepler, 1999).

Operating foundations primarily operate their own programmes and projects, but they may also provide grants to others. This category of foundation receives far less academic or popular attention, however outside of the US, operating foundations are quite a common form of philanthropic organisation (Jung, Harrow & Leat, 2018; Anheier & Toepler, 1999). Surveys of the International Education Funders Group membership suggests that, among foundations based outside North America and Europe, two-thirds are operating foundations. These include Qatari-based Education Above All, which operates the programme Educate a Child – the only philanthropic fund dedicated solely to out-of-school children (OOSC). Educate a Child leverages its limited funds by co-financing the scale-up of interventions that bring OOSC into the classroom. Another example of an operating foundation is the Varkey Foundation, which runs teacher training programmes in Ghana, Uganda and Argentina as well as awarding the annual Global Teacher Prize.

Grant-Making and Organisational Approaches

Another way to think about the diversity of the philanthropic sector is to explore how foundations seek to achieve their organisational mission and goals. Perhaps surprisingly, the ‘how’ of philanthropy has received scant attention, as academic and popular interest seems to focus more on the

source of foundations’ capital – both financial and social – than on what they do with this wealth and influence. There have been some attempts to distinguish foundations by their funding approach (see for example Jung, Harrow & Leat, 2018; Anheier & Leat, 2006; Prewitt, 2006); building off this body of work, we can distinguish four overlapping but distinct categories of philanthropic support to education:

A **service delivery approach** seeks to support the direct provision of education services or to ‘fill gaps’ in coverage. This likely remains the most common approach to education philanthropy and covers a wide swath of work. Most if not all operating foundations follow a service-delivery approach. IIEFG members in this category may support the delivery of educational services in formal education, for example the IDP Foundation, Inc. provides school leadership training for low-fee private schools in Ghana through its Rising Schools Program; Luminos Fund supports alternative ‘catch up’ programmes for out-of-school children through its Speed School initiative; Aga Khan Foundation runs its own formal and informal education programmes, including operating universities in Central Asia, East Africa and Pakistan.

A significant number of grant-making (non-operating) foundations also follow a service delivery approach to education philanthropy by providing grants to partners who deliver education services in some form or another. Some of the best known of these partners and programmes include BRAC’s early childhood education programming in Bangladesh and STIR’s teacher training programmes in India and Uganda, both of which receive significant philanthropic support.

A **human development approach** to philanthropic support seeks to build the capacity of an individual or group. For some foundations, this can mean supporting future leaders or ‘change-makers’ through targeted supports or awards. Scholarship provision is a traditional example of a human development approach to education, though one that is decreasing in commonality as many foundations seek to widen support to whole schools, communities or education systems. Mastercard Foundation’s Scholars Programme is a long-running example, however, and provides financial, social, and academic support to young African scholars.

High profile prizes are another approach to human development and capacity building. These can be on an individual level, such as Varkey Foundation’s Global Teacher Prize, or an institutional/organisation levels, such as MacArthur Foundation’s 100&change competition, which last year was awarded to Sesame Workshop and International Rescue Committee for their early childhood education work in refugee communities.

On the other side of the human development approach spectrum, some foundations focus their effort on building the

capacity of local communities, grassroots organisations and social movements. Firelight Foundation, for example, invests in community-based organizations in Africa in the belief that this will lead to sustainable social change for children and youth. It is worth noting that many foundations following a service delivery approach include a focus on capacity-building and human development of their local partners, so there is significant overlap between these categories.

A human development approach often goes hand-in-hand with supporting education advocacy. This can be through support to key individual change-makers or through support to civil society advocacy or social movements. As an example of the former, Malala Fund's Gulmakai Champions initiative identifies and provides targeted support for education advocates working for improved access to quality secondary education for girls. Other foundations choose to support advocacy organisations or networks of organisations. Regional Education Learning Initiative (RELI), for example, is a foundation-led network of education advocates focused on policy influence for improved learning outcomes in East Africa.

A **knowledge development approach** focuses on improving education data and evidence, including by conducting or supporting education research. This is often with an eye to impacting policy, supporting advocacy campaigns and/or driving wider systemic change in education. Sometimes foundations themselves conduct education research, for example Al Qasimi Foundation carries out research on education policy and practice in the Gulf states; Zenex Foundation works in partnership with South African research institutions to deliver its research programme on foundation phase literacy and numeracy. Other foundations support or commission research in specific education sub-sectors, for example, Echidna Giving supports research on girls' education and The LEGO Foundation supports work on early childhood development and learning through play.

Much of this research is motivated by a desire for policy change in a given field. For foundations who advocate for more effective and equitable education policies, supporting or conducting policy-oriented research is often central to their approach. The Bernard van Leer Foundation is a well-known example of this approach, as they have been supporting advocacy and policy-oriented research on the health, nutrition and education of babies and toddlers for 50 years.

For other foundations, a knowledge development approach is about expanding the availability and quality of education data. The motivation for such an approach is generally to support better education decision making at national, sub-national and even global levels through robust and comparable education data. The Michael and Susan Dell Foundation has developed a data dashboard and visualisation tool (the

Data Driven District project) that uses South African Ministry of Education data but presents it in a way that is accessible and comparable for district-level officials to use. Hewlett Foundation has supported the development of citizen-led education assessments modelled on the ASER assessments developed by Pratham in India. This initiative is designed to improve coverage on learning outcome data but also its accessibility and use by communities and policymakers. At the global level, a number of IEFG members have provided key support for the Global Education Monitoring Report, which reports on international progress against global education goals and targets.

Finally, a **catalysing innovation approach** focuses on the role of foundations in supporting or incubating innovative education models or experiments. For many, this approach is associated with 'new' philanthropy and typified by the image of the entrepreneur and social innovator, disrupting traditional approaches to education by supporting new ideas, technologies and risky start-ups. There is again considerable overlap with the other approaches described above, as foundations in this category may support innovative service delivery or may seek to improve the supply of evidence for 'what works' in education. Examples of the 'catalysing innovator' include DG Murray Trust, which self-describes as a 'public innovator, not a grant-maker'⁴, and provides strategic investments designed to address key social change levers in South Africa.

For many foundations working under a catalysing innovation approach, the goal is to create systemic change in education rather than to fill gaps in service delivery. An interesting example of such an approach is provided by Co-Impact, a global collaborative focused on systems change in education and healthcare. Co-impact identifies 'pathbreaking systems change opportunities'⁵ and works with other philanthropists to provide long-term investment to support and scale these opportunities.

Philanthropic Networks

Foundations working in education and other social sectors are increasingly adopting networked forms of organisation in order to strengthen their collective voice and impact. Education policy and advocacy networks are of course not unique to philanthropy, but foundations are becoming more active and influential in these networks (Ball, 2008). What is important to understand is that both individual foundations and philanthropy as a sector are seeking to be taken more seriously as development partners – not just sources of additional funds. We see this in the creation of The Global Partnership for Education's Private Foundations Engagement Strategy, which was co-developed by foundations and highlights their role in thought leadership, convening multi-stakeholder partnership, and information sharing (GPE, 2018). The Organisation for Economic Co-operation and Development (Antoninis) Network of Foundations Working in Development (netFWD)

has also developed a set of guidelines and principles for philanthropic engagement, centred on three pillars of Dialogue, Data and information sharing, and Partnerships (OECD, 2014).

The International Education Funders Group is itself a product of this interest for more coordination, collaboration and information sharing in the philanthropic sector. The group remains a loose affinity network and, by design, does not operate with a single voice nor engage in policy advocacy or educational governance (Haggerty, Magrath & Kelava, 2019). However, several spin-off groups have emerged out of the IIEFG, and these serve as good examples of networked forms of philanthropic organisation as well as efforts by foundations to be valued as development partners rather than simply donors. The Partnership to Strengthen Innovation in Secondary Education (PSIPSE) came out of an IIEFG subgroup meeting, where six members decided to align targeted co-funding to help incubate and scale innovative practices in secondary education in lower-income countries. More recently, an Education in Emergencies Working Group has emerged. This group is yet to engage in co-funding, but members have co-developed a statement of common commitments (IIEFG, 2019) and a joint pledge to establish common standards and measurement tools for broader learning outcomes in the sector.

Conclusion

The growing interest in the role of foundations in global education has not been accompanied by a robust analysis of what this contribution actually is – financially, strategically and organisationally. There is a need to develop a framework for categorizing philanthropic activity in the education sector so we can begin to develop a weightier analysis of what this diverse group of stakeholders is (and is not) doing to improve systems of education and learning outcomes. This short paper has offered some tentative suggestions of how we may approach such a project; we hope it is a starting point for a much wider conversation.

Endnotes

1. The PiE series has been co-sponsored by NORRAG, the Sheikh Saud bin Saqr Al Qasimi Foundation for Policy Research, the Open Society Foundations and the Graduate Institute, Geneva.
2. International Education Funders Group (2020). The International Education Funders Group (IIEFG) is a member-led learning and collaborating network for foundations, donor-advised funds, and other private grantmakers. <https://www.iefg.org/>
3. These typologies have been developed by the Foundation Center and are thus US-centric and not specific to the education sector.
4. The DG Murray Funding Trust (DGMT). (n.d). [website]. <https://dgmt.co.za>
5. Co-impact. (2020). [website]. <https://co-impact.org/>

References

- Anheier, H., & Leat, D. (2006). *Creative Philanthropy*. Routledge.
- Anheier, H. K., & Toepler, S. (Eds.). (1999). Private funds, public purpose: Philanthropic foundations in international perspective. Springer Science & Business Media.
- Global Partnership for Education (2018). *Private Foundations Engagement Strategy 2018-2020*. <https://www.global-partnership.org/sites/default/files/2017-12-gpe-private-foundations-engagement-strategy.pdf>
- Ball, Stephen (2008). New Philanthropy, New Networks and New Governance in Education. *Political Studies*, 56(4). 747-765.
- Haggerty, Megan, Bronwen Magrath and Gordana Kelava. (2019). 'The International Education Funders Group: History of a philanthropic affinity network', in Natasha Ridge and Arushi Terway (eds.) *Philanthropy in Education*. Edward Elgar Publishing.
- Jung T, Harrow J and Leat D. (2018). Mapping Philanthropic Foundations' Characteristics: towards an international integrative framework of foundation types. *Nonprofit and Voluntary Sector Quarterly*, 47(5), 893-917.
- Montoya, Silvia and Manos Antoninis. (2019). *Role of foundations in achieving SDG 4: Data, research, networks and advocacy as global public goods*. [Presentation]. International Education Funders Group Biannual Meeting, Zurich Switzerland, April 2019.
- OECD. (2014). *Guidelines for Effective Philanthropic Engagement*. <https://www.oecd.org/site/netfwd/ENG%20-%20Guidelines%20for%20Effective%20Philanthropic%20Engagement%20country%20pilots.pdf>
- Prewitt, K. (2006). Foundations, in W.W. Powell & R. Steinberg (eds.) *The Nonprofit Sector. A Research Handbook*. Yale University Press.
- Srivastava, P., & Read, R. (2019). *A report on piloting the Invest-ED tool on private sector investment in education with philanthropic and impact investing actors in Asia*. University of Western Ontario. <https://ir.lib.uwo.ca/edu-pub/109/>
- Van Fleet, Justin. (2011). *Global Education Challenge: Harnessing Corporate Philanthropy to Educate the World's Poor* [Working Paper 4]. Brookings Center for Universal Education.

Part 2

Emerging Trends: Profit, Disruption, Impact and Scale

For-Profit Philanthropy: The Implications for Educational Development

 **Dana Brakman Reiser**, Professor of Law, Brooklyn Law School, USA
 dana.brakman@brooklaw.edu

Summary

This article addresses a specific and important legal format of “for-profit philanthropy” in the USA, the Limited Liability Corporation (LCC), and how it is related to the field of education. LLCs provide “complete privacy for donors”, with no need to report activities or grantmaking, and avoids the regulations imposed on regular philanthropy. Brakman-Reiser analyses how philanthropy LLC structures magnify the influence of the elite in society, allowing the wealthiest and most powerful people to elide the transparency traditional foundation law imposes on elite philanthropy.

Keywords

For-profit philanthropy
Limited liability corporation
Accountability
Transparency

Practices, players, and norms native to the for-profit sector are migrating into philanthropy, straining U.S. philanthropy law in myriad ways. Using limited liability companies (LLCs) to conduct philanthropy elides the transparency traditional foundation law imposes on elite philanthropy. Commercially-affiliated donor-advised funds similarly obscure elite influence, and the massive expansion of these players without charitable missions of their own is changing the way philanthropy is practiced in ways not contemplated by existing regulation. Like other areas of philanthropic endeavor, these “for-profit philanthropy” trends will have an implication for the education sector.

Use of Philanthropic LLCs in Lieu of Foundations

Many people first became aware of the possibility that philanthropy might be conducted under the auspices of an LLC instead of a nonprofit, tax-exempt organization with the creation of the Chan Zuckerberg Initiative (CZI) in late 2015. CZI was created by Facebook Founder and CEO, Mark Zuckerberg, and his wife, Dr. Priscilla Chan, who said they would give 99% of their net worth during their lifetimes to the organization, to further its mission to “advanc[e] human potential and promote equality for all children in the next generation” (Zuckerberg, 2015). But CZI is not a private foundation. It is not tax-exempt or nonprofit. It is formed as an ordinary limited liability company (Brakman Reiser, 2018b).

Of course, CZI didn’t invent the philanthropy LLC – the Emerson Collective and the Omidyar Network use this format and pre-date CZI by over a decade – but it certainly has popularized it. Others are following suit. Some have done so publicly, like in the announcement by John and Laura Arnold that they would shift to an LLC to coordinate their philanthropy in February 2019 (Gose, 2019). But they are not alone, and as no public notice of formation of a philanthropy LLC is required, we do not know the scope of this trend.

One might wonder about the tax advantages that an LLC gives up, and indeed there are tax costs of using a philanthropy LLC rather than a tax-exempt private foundation. These costs, however, are lower than one might think. If a philanthropist

has access to good tax advice and planning, the relative income, gift, and estate tax costs of using a philanthropy LLC can be minimized (Brakman Reiser, 2018a).

On the other side of the ledger, using an LLC offers philanthropists some very valuable advantages. First, using an LLC offers donors complete privacy. LLCs need not report their activities or their grantmaking publicly, as tax-exempt private foundations are required to do (Internal Revenue Service, 2017). Different philanthropists will have different appetites for privacy. For example, CZI's website purports to provide a comprehensive public report of its grants and investments. The Omidyar Network, the Emerson Collective and Arnold Ventures also make information about their activities available on their websites, but provide fewer details. The choices about what to disclose vary because disclosure for philanthropy LLCs is a choice – not an obligation. We only know a philanthropy LLC exists if it chooses to publicize the fact of its existence, and among those we know about, we only can learn what they choose tell us. This stands in stark contrast to private foundations, which must publicly disclose their grants and activities (Internal Revenue Service, 2019).

The second advantage an LLC offers philanthropists is unparalleled control. This control is not only over governing their philanthropic entities, but also over whether and when to exit them. Unlike a nonprofit, tax-exempt entity to which contributions are irrevocable (Hansmann, 1981), philanthropy LLC founders can change their minds down the line, take out their money, and do with it whatever they choose. It is important to state that none of the philanthropy LLC founders mentioned here have given any indication that they will pull out their funds. But, again, it is their choice. Philanthropy LLC founders who change their minds tomorrow, in five years, or in fifty, have only public relations concerns to put a brake on removing the assets they place into them. If donors one day decide there is a different or better way to achieve the changes they wish to see in the world, they can take their money and pursue that instead with no legal consequences. Again, this is very different than contributions to a tax-exempt private foundation, which are irrevocable (Internal Revenue Code §501(c)(3)).

The final advantage is the flexibility that an LLC provides. Using an LLC avoids the considerable regulatory complexity that attends a private foundation (Fremont-Smith, 2004). In addition, it means that – within a single entity – a philanthropist can pursue grantmaking, impact investment, and political advocacy. Private foundation regulation would make doing all of this difficult in a single entity, and doing some of it would be impossible (Brakman Reiser, 2018a).

Since CZI has pointed out this flexibility to pursue multiple strategies within one single entity as the reason for the LLC

structure's appeal (Chan Zuckerberg Initiative, Our Core Initiatives, 2019), it offers a nice example. CZI has been engaging in all of these different kinds of activities – including in the education space. It provides considerable detail on a long list of other grants on its website, and many of them operate in the education space (Chan Zuckerberg Initiative, Grants). For example, in April 2019, it made grants to UC San Diego and UC Berkeley to support underrepresented students pursuing careers in science, technology, mathematics, and engineering (STEM) (Sanders, 2019). The information CZI provides on its impact investment portfolio is less detailed, including only the firms supported and not amounts or other terms, but virtually all of these investments appear connected to education (Chan Zuckerberg Initiative, Ventures). Some examples include: AltSchool, Bridge International Academies, Trilogy Education Services, and Varsity Tutors. Many of these are recognizable – and some, quite controversial. CZI also explains that “engag[ing] in policy and advocacy work to help shape debates” is a core part of its strategy, but it has no comparable disclosure of these activities. At least one early report, however, tabulated its commitment of at least \$45M to political advocacy, mostly around combatting mass incarceration and addressing the crisis in affordable urban housing (Thompson & Kulwin, 2017).

An LLC lets philanthropists coordinate these different elements of their strategy for social change through a single organization. It is easy to understand why donors would be interested in using LLCs, but for the education sector and society, there are both pros and cons attendant to the new structure. On the plus side, philanthropy LLCs can free up additional capital for the pursuit of social good. They may be more efficient than heavily-regulated tax-exempt alternatives. They are also of a piece with the broader shift of business norms to accept the responsibility of the for-profit sector for people and planet, not just profit – a salutary development.

But there are also potential downsides for the education sector and society. Contributions to philanthropy LLCs could crowd out those to traditional charities; the extent to which that will occur is an empirical question deserving of study. Regardless of how that question is answered, however, philanthropy LLC structures magnify the influence of the elite in our society. LLCs allow society's wealthiest and most powerful individuals and families to elide the transparency requirements and channeling effects that private foundation law designed to limit their influence. The drafters of private foundation regulation intended to keep advocacy separate from charity, and to limit coordination of private for-profit investment activity with charitable activity. These limitations were enacted with the purpose of limiting philanthropy's ability to magnify the influence of societal elites. Scholarship on philanthropy in education has powerfully argued that private foundations – even as regulated – allow elites worrisome

influence over educational policy and execution (Tompkins-Stange, 2016). Philanthropy LLCs raise the stakes.

Expansion of Commercially Affiliated Donor Advised Funds

Turning to another for-profit philanthropy development, the massive expansion of commercially-affiliated donor-advised funds also has considerable implications for education. A donor-advised fund (DAF) is set up by a donor when the donor makes a contribution of funds or assets to a sponsoring organization (Colinvaux, 2018). These funds can only be distributed to a charity, but need not be distributed immediately. The donor can give instructions on when and to whom to make payouts from the fund, but the sponsor has the legal title to the funds once the donor makes the donation. The sponsor is itself technically a tax-exempt public charity, although when it is a commercially-affiliated sponsor it has no charitable mission of its own other than as a conduit for donors' funds. Despite sponsors' clear legal title over DAF funds, in practice, they wait for and follow instructions from donors – and donors can even pass on these advising rights when they die.

Donor-advised funds are no small phenomenon. As of 2017, they held assets of over \$110 billion. As a category they are “[t]he fastest-growing recipient of charitable dollars in the United States” according to one 2018 report (Collins, Flannery & Hoxie, 2018). 2017 was a banner year, due to a combination of a booming stock market and the impact of tax reform. DAFs took in over \$29 billion in contributions (National Philanthropic Trust, 2018); the largest of the donor-advised fund sponsors, Fidelity Charitable, had a staggering 83% increase in donors and received eight and a half billion in contributions (Joslyn, 2018). Admittedly, 2017 may be a bit of an outlier, but the growth of DAFs has been enormous and consistent. So much so that donor-advised fund sponsors are now some of the largest recipients of charitable funds in the US. Fidelity Charitable was the top recipient of US charitable funds in the lists compiled by the Chronicle of Philanthropy in 2016 and 2017 (Joslyn & Olsen-Phillips, 2017). Together with sponsoring organizations affiliated with Vanguard, Schwab and Goldman Sachs, they were 4 of the top 10 in the 2017 list, vying with and often surpassing household names like the United Way, St. Jude's and the American Red Cross (Chronicle of Philanthropy, 2016, 2017).¹

Donor-advised funds offer some impressive benefits to donors. Like philanthropy LLCs, they provide considerably greater privacy than private foundations. While donors give up legal title to donated funds, DAF donors maintain considerable control: including the power to advise (usually conclusively) on their investment and ultimate donation, and can pass on these powers to future generations. Essentially, a DAF provides donors with much of the benefit of a private foundation, but without the regulatory load and costs that a private foundation would entail.

Moreover, the DAF structure allows donors access to considerable tax benefits. A donor can take a current tax deduction in the year she donates assets to a donor-advised fund, regardless of whether the funds are actually paid out to operating charities (Colinvaux, 2018). Because the sponsoring organization is deemed a public charity under tax law, a donor can also access a double benefit for donations of appreciated property, not only deducting its fair market value but also not recognizing and paying tax on the gain over her basis (Internal Revenue Code § 170(e)).²

This DAF value proposition has not only attracted donors, but also commercial interests to the space. The biggest players here by far are donor-advised fund sponsors affiliated with major investment houses like Fidelity and Schwab. As noted above, these entities have no charitable mission other than housing and administering DAFs. They are valuable to their affiliated investment companies as client service, and commercially-affiliated DAFs are marketing these benefits of DAFs for donors heavily.

Like philanthropy LLCs, DAFs allow donors to elide the regulatory transparency required of private foundations. DAF sponsors are required to make only aggregate disclosures and not disclosures on a fund-by-fund basis (U.S. Department of Treasury, 2011), thus they can provide the means for donors to make their philanthropic agendas opaque and unaccountable. Accountability concerns about the influence of foundations in education – through advocacy, agenda setting, and other means – are well known. This influence will be further obscured by the channeling of such efforts through donor-advised funds. Moreover, lest one think DAFs are merely an efficient way for small donors to manage donations without the cost of a private foundation, a recent Internal Revenue Service (IRS) leak revealed that donors in Silicon Valley used DAFs to channel contributions from over \$100 million to nearly \$2 billion (Metcalf, 2018). The public will never know how those funds are being spent.

In addition to demanding transparency, philanthropy regulation channels charitable and particularly foundation activity in a variety of ways. As noted earlier, it channels private foundation activity away from political advocacy. With DAFs, those limits still apply, but these vehicles raise a different channeling issue – timing. Philanthropy law, through the rule that private foundations must pay out 5% of their assets annually (Internal Revenue Code § 4942), demands at least some emphasis (many would say not enough) on current spending to address current needs. DAFs have no similar obligation to make an annual payout. Funds can remain in a DAF seemingly in perpetuity, and in a DAF held by a commercially-affiliated sponsor whose affiliated management company manages the assets while invested and which has no independent charitable mission, it is hard to see what incentive would exist to encourage distribution.

Concerns about this kind of asset-parking fueled Congress to demand that Treasury study the issue in 2006, and in its report found an average payout of 9.3% of assets that year (U.S. Department of Treasury, 2011). This information is from a time well before the explosion of DAFs and tells us nothing about individual fund spending, but it has muted congressional interest in adopting a payout requirement. Reports that some private foundations have used grants to donor-advised funds to fulfill their own payout requirements exacerbates these asset-parking concerns (Olsen-Phillips, 2018), and critics have called for action at least to limit this seemingly clear abuse (Colinvaux, 2019). In the meantime, an increased use of DAFs not only by those who would create private foundations but also those who would otherwise make direct contributions imperils all kinds of charities in need of those funds, educational charities included.

Finally, there is the issue of blowback. The pressure from commercially-affiliated DAF sponsors is transforming the philanthropic landscape. Operating charities – especially colleges and universities – find themselves increasingly offering DAFs to compete for donors and to attempt to guide DAF dollars eventually to their coffers (Blum, 2018). To service this new type of vehicle, they often white-label products created and sold to them by the very commercially-affiliated sponsors that dominate the field, strengthening the feedback loop. The impact of competition is also being felt dramatically by community foundations, which were the originator of the DAF concept (Colinvaux, 2018). Of course, competition can be a good thing, and it has led to a reduction of the costs associated with DAFs and some innovation, particularly by community foundations. But this competitive pressure is forcing community foundations to concentrate their energies further on donor recruitment and to look farther afield for donors. Cost cutting can also undercut community foundations' regional expertise in the charitable space. Many factors led to the recent upheaval at the Silicon Valley Community Foundation, but this pressure is part of that unfortunate story as well (Gelles, 2018).

Conclusion

The transparency, channeling and blowback concerns raised by philanthropy LLCs and DAFs are not limited to the education context, but they are live and serious in this important space, and are particularly associated with Silicon Valley philanthropy. These and other for-profit philanthropy phenomena demand further study, policy analysis, and ultimately regulatory attention.

Endnotes

1. In 2018, the Chronicle of Philanthropy renamed its list and changed its methodology to exclude DAFs, explaining its "aims to measure the American public's support of specific causes and organizations, and donor-advised accounts are charitable-giving vehicles, not organizations with a social mission." (Davis, Lindsay, & O'Leary, 2018).
2. It bears mentioning that none of this tax deduction value applies to non-itemizers, the numbers of which increased substantially after the 2017 tax legislation (York, 2018).

References

- Blum, D. (Mar. 27, 2018). *Charities capitalize on the donor-advised-fund boom by creating their own*. Chronicle of Philanthropy. <https://www.philanthropy.com/article/Charities-Capitalize-on-the/242935>
- Brakman Reiser, D. (2018a). Disruptive philanthropy: Chan-Zuckerberg, the limited liability company, and the millionaire next door. *Florida Law Review* 70(5), 921-69.
- Brakman Reiser, D. (2018b). The rise of philanthropy LLCs. *Stanford Social Innovation Review* 16(3), 26-33.
- Chan Zuckerberg Initiative. (May 22, 2019). *Grants*. <https://chanzuckerberg.com/grants-ventures/grants/>
- Chan Zuckerberg Initiative. (May 22, 2019). *Our core initiatives*. <https://chanzuckerberg.com/about/our-approach/>
- Chan Zuckerberg Initiative. (May 22, 2019). *Ventures*. <https://chanzuckerberg.com/grants-ventures/ventures/>
- Chronicle of Philanthropy. (2016, 2017). *How much America's biggest charities raise: 27 years of data*. https://www.philanthropy.com/interactives/philanthropy-400#id=table_2017
- Colinvaux, R. (March 4, 2019). Fixing philanthropy: a vision for charitable giving and reform. *Tax Notes*, 162(9), 1007-15, 1011.
- Colinvaux, R. (2018). Defending Place-Based Philanthropy by Defining the Community Foundation. *BYU Law Review*, 2018(1), 1-55.
- Collins, C., Flannery, H. & Hoxie, J. (July 2018). *Warehousing wealth: Donor-advised charity funds sequestering in the face of growing inequality*. <https://ips-dc.org/wp-content/uploads/2018/07/Warehousing-Wealth-IPS-Report-1.pdf>
- Davis, T., Lindsay, D. & O'Leary, B. (October 30, 2018). How the 2018 America's favorite charities ranking was compiled. *Chronicle of Philanthropy*. <https://www.philanthropy.com/article/How-the-2018-America-s/244936/>
- Fremont-Smith, M. (2004). *Governing nonprofit organizations*. Harvard University Press.
- Gelles, D. (May 11, 2018). Inside a powerful Silicon Valley charity, a toxic culture festered. *New York Times*.
- Gose, B. (January 28, 2019). John and Laura Arnold join other billionaires in move away from traditional philanthropy. *Chronicle of Philanthropy*. <https://www.philanthropy.com/article/JohnLaura-Arnold-Join/245557>
- Hansmann, H. B. (1981). Reforming nonprofit corporation law, *University of Pennsylvania Law Review*, 129(3), 497-623.
- Internal Revenue Code. §§ 170(e), 501(c)(3), 4942.
- Internal Revenue Service. (2017). *Form 990, schedule B: schedule of contributors*. <https://www.irs.gov/pub/irs-pdf/f990ezb.pdf>
- Internal Revenue Service. (2019). *Form 990-PF*. <https://www.irs.gov/pub/irs-pdf/f990pf.pdf>
- Joslyn, H. & Olsen-Phillips, P. (November 1, 2017). Fidelity Charitable Tops United Way for 2nd Year in a Row in the Philanthropy 400, *Chronicle of Philanthropy*. <https://www.philanthropy.com/article/Fidelity-Charitable-Tops/241612>
- Joslyn, H. (2018). \$8.5 billion poured into Fidelity Charitable accounts in 2017. *Chronicle of Philanthropy*. <https://www.philanthropy.com/article/85-Billion-Poured-Into/242546>
- Metcalf, T. (Mar. 14, 2018). *A peek into Goldman's black box charity reveals tech billionaires*. <https://www.bloomberg.com/news/articles/2018-03-14/peek-into-goldman-s-black-box-charity-reveals-tech-billionaires>
- National Philanthropic Trust. (2018). *The 2018 DAF report*. <https://www.nptrust.org/reports/daf-report/>
- Olsen-Phillips, P. (May 14, 2018). Foundations move \$737 million to donor-advised funds, Chronicle study shows. *Chronicle of Philanthropy*. <https://www.philanthropy.com/article/Foundations-Move-737-Million/243403>
- Sanders, R. (April 9, 2019). Chan Zuckerberg Initiative launches effort to increase diversity of STEM students. *Berkeley News*. <https://news.berkeley.edu/2019/04/09/chan-zuckerberg-initiative-launches-effort-to-increase-diversity-of-stem-students/>
- Tompkins-Stange, M. (2016). *Policy patrons: philanthropy, education reform, and the politics of influence*. Harvard Education Press.
- Thompson, A. & Kulwin, N. (October 24, 2017). *Mark Zuckerberg has bigger plans than the White House*. Vice News. https://news.vice.com/en_us/article/8xmvvg/mark-zuckerberg-political-spending
- U.S. Department of the Treasury. (Dec. 2011). *Report to Congress on supporting organizations and donor advised funds*. <https://www.treasury.gov/resource-center/tax-policy/Documents/Report-Donor-Advised-Funds-2011.pdf>
- York, E. (September 26, 2018). *Nearly 90 percent of taxpayers are projected to take the TCJA's expanded standard deduction*. Tax Foundation. <https://taxfoundation.org/90-percent-taxpayers-projected-tcja-expanded-standard-deduction/>
- Zuckerberg, M. (December 1, 2015). *A letter to our daughter*. <https://www.facebook.com/notes/mark-zuckerberg/a-letter-to-our-daughter/10153375081581634/>

The Disruption Fantasy: New Philanthropy's Adventures in Education

 **Hugh McLean**, Director, Education Support Programme, Open Society Foundations
 hugh.mclean@opensocietyfoundations.org

Summary

This article explores the characteristic wish and mindset of “disruption” of new philanthropy. It describes the notion of disruption according to business theory, meaning the capture of market share through entry by means of unexplored potential demand, and promotes a reflection on how this could apply to some kinds of philanthropy. This can shed light on the objectives, standards for determining the success (or lack of it) of interventions, and the power structures involved.

Keywords

Disruption
Business theory
New philanthropy
Education

For neoliberalism's evidence-based and results-driven new philanthropies, disruption is a way of overcoming hurdles to progress (Arrillaga-Andreessen, 2015) and creating new opportunities for social impact (Blair, 2018). It is their key tenet. However, given that the term is likely to be as misapplied and misunderstood in the new philanthropy as it is in business, we should revisit Clayton Christensen's original idea of ‘disruptive innovation’.

Christensen presented his theory of disruptive innovation in the Harvard Business Review (HBR) in 1995 as a strategy for small new companies (Bower, & Christensen, 1995). The ‘start-up’ first gains a foothold at the low-fee, low-cost end of the market where it must develop improved functionalities at lower prices. Unnoticed, perhaps even dismissed, it attracts no competition from the bigger companies that are pursuing higher values towards the upper end of the market. Disruptive innovation occurs when the improved functionalities and lower prices developed by the start-up change how the industry functions and displace market leaders.

Twenty years later, Christensen writes again in the HBR to counter the misuses of his original theory (Christensen, Raynor, & McDonald, 2015). He observes: “many researchers, writers, and consultants [mistakenly] use “disruptive innovation” to describe any situation in which an industry is shaken up and previously successful incumbents stumble.” He insists a more precise definition is crucial for informing strategy: disruptive innovation occurs only if start-ups move up from the low end of the market and, through their innovations, change the way it functions. This is how smartphones replaced Kodak and Xerox, how Netflix replaced Blockbuster, how streaming replaced CDs and how online shopping is changing conventional retail. He concludes that Uber, although unquestionably innovative, is not disruptive for the taxi industry because it did not enter at the low end of the market; it is disruptive for the limousine industry because it entered that market at the low end.

What then can be said for the new philanthropy's eager embrace of disruption as an animating idea following Christensen's

careful clarification? And why does it matter? This article looks at six reputedly disruptive education start-ups in three BRICS countries—Brazil, India and South Africa—to find out.

The New Philanthropy that emerged in Brazil in the 1990s has many features in common with Silicon Valley New Philanthropy: including recent to wealth, living donors who are typically ‘hands on’ and close to government. About 130 social impact investors, institutes, foundations and companies are part of an informal association called GIFE (*Grupo de Institutos, Fundações e Empresas*) (Avelar, 2018) and the two examples below emerge from this ecosystem.

Mosyle was founded by Alcyra Araujo in 2012 with an initial investment of \$1 million from a venture capital fund focused on the Brazilian technology space, *DGF Investimentos*. Mosyle started off as a tool that offers schools a way of managing data, tests, lessons and homework. By January 2019, its products were in 8,500 schools, mostly in Brazil and the US, and are used by 1.5 million teachers in 70 countries. The start-up received a \$16 million investment in January 2019 from Elephant, a venture capital firm focused on enterprise software, consumer internet and mobile markets, to launch Mosyle Business. It hopes to effect the “same disruption”¹ in business it claims to bring to education institutions. Mosyle has brought innovation but it has in no sense disrupted education or education management; if it is to prove disruptive it will be so in the mobile device management industry.

The second Brazilian example, **Me Salva**, began as a Free YouTube channel in 2011. It was set up by Miguel Andorff, an engineering student who wanted to help fellow students². Andorff was given a grant by *Fundação Estudar* for a study trip in Silicon Valley. After an undisclosed investment from e.Bricks and Kairos³, Me Salva is now the biggest educational YouTube channel in Brazil: it has 1.8 million subscribers who each paying about \$10 per month—worth roughly \$200 million a year. Me Salva is innovative for student tuition but it displaces smaller private tutors rather than market leaders.

A lot has been written about the commercialisation of education and schooling in India. The “education market” is huge and its relative openness to private actors predictably caused a gold rush. Many international players such as the IFC, Pearsons, Omidyar and OSF have ‘education investments’ in the country, most of which involve edtech. The first example potentially disruptive of the online tuition market; the second less likely to disrupt the test preparation industry in India which is expected to grow by \$ 7.14 billion during 2018–2022⁴.

Vedantu⁵ also specializes in online tutoring, and has close to 230,000 paying subscribers. It was set up by Vamsi Krishna⁶ who speaks compellingly about “democratizing” teaching and learning through an online tuition platform. The start-up

has raised about \$60 million in six funding rounds since it was founded in 2011. Vedantu has come in at the lower end of the market with an effective and cheaper product and they wish to displace the higher-end market providers with a quality product that will make afterschool tuition cheaper for all students.

The second Indian example is **Xamcheck**,⁷ which was started by Naveen Mandava and is funded through Aspada a social investment company in Bangalore in which OSF has invested \$1.8 million. Xamcheck’s clients are private schools for middle to lower income families, not low-fee private schools at the bottom end of the market. The company provides test materials, runs the diagnostics and follows up with remedial material for teachers that offers a rudimentary personalised analysis for each child. The teacher has little agency, however, and becomes a conveyor of messages between Xamcheck and the children.

South Africa, still dealing with the legacy of bantu-education under apartheid almost 30 years on,⁸ offers two would-be examples of education disruption. The first is **SPARK Schools**, an independent school network of 21 schools and an intake of 10,000 students in 2019. SPARK was founded by Stacey Brewer in 2012⁹. An Angel Investor introduced her to the idea of blended learning and offered to fund a trip to California where she was inspired by Rocketship Public Schools, Charter School network in the Bay Area, San Jose in about 2007. SPARK has a hybrid funding model that has attracted funding from both non-profit foundations and for-profit investments of \$9 million from Omidyar and Pearsons Affordable Learning Fund. SPARK Schools claims to disrupt the crisis in South African education by offering innovative solutions for education; but they’re not disruptive in any sense that Christensen would recognise.

The second South African example is a Pan-African edtech start-up support program, the Injini **EdTech Incubator**¹⁰, which is based in Cape Town. Injini supports would-be disruptive start-ups in cohorts of seven or eight every six months. It attracts edtech start-ups from all over Africa and provides additional seed funding of about \$40,000 for each. Injini was founded in 2017 with funding from the Western Cape Government, the Michael and Susan Dell Foundation, and UBS Optimus Foundation.

These examples illustrate how widely, non-specifically and perhaps unhelpfully, the term ‘disruption’ is employed in the education sector. Start-ups tend to be active in parts of the education system that can be segmented and commercialised—education data management, after school tuition, test preparation, edtech—as we see above. Some start-ups are potentially disruptive within the emerging industries in these segments. But despite their idealism and marketing hyperbole, none of them are disruptive of education overall. It is likely that many institutions providing the financial

backing for ‘disruptive start-ups’ want to reengineer national education systems to accommodate massive privatisation. It would not make business sense to privatise entire education systems, but picking off just the parts that can be made profitable would be highly attractive. Disruption innovation is a promising strategy for identifying where costs may be brought down using innovation that works at scale. This suits neoliberal policy agendas in education that have sought to discredit, defund and ultimately, disrupt.

There is much dissembling in this story; it remains to be seen how much of the creativity that comes with disruptive innovation will be good for education and education systems over the long term. The solutions they currently proffer, tend to be narrowly focused around particular skills or specific aspects of education systems. All feature edtech centrally. Progressive educators cannot be the Kanutes trying to hold back the tide. John Sener (2012) describes American education as entering an age of cybersymbiosis—where it is irretrievably dependent on digital technologies. This holds true globally also. An effective strategy that responds to privatisation and to what these new innovations offer is urgently needed.

To get back to the father of disruptive innovation, Clayton Christensen. Christensen also wrote a book on education, predictably entitled *Disrupting Class* (Christensen et al., 2008). The book was widely acclaimed in business circles but is weak from an educator’s perspective. It presents a number of self-evident observations about the importance of self-directed and individual learning, makes useful and insightful points about American education being too standardized. Unsurprisingly, it ends up with a simplistic plug for charter schools. John Sener writes a good review of the book, in which he presciently notes that business and business commentators are looking for a way to “fix” schools: and that they then put forward solutions that they believe will “fix” them (Sener, 2009). They fail to understand that education is a complex system that does not well respond to single fixes.

The main purpose of business may be profit, but the edtech start-ups in this article all show that profit is not the only force that animates, most care deeply about what they do. We should recall Ken Saltman (2005), however, who reminds us that it is not the intentions of edupreneurs that matter, it is their effects on public education systems that matters.



References

- Avelar, M. (2018) Advocacy as core business: new philanthropy strategies in Brazilian education policy-making, in Gita Steiner-Khamsi, G.; Draxler, A. (eds.) *The State, Business and Education: Public-Private Partnerships Revisited*. Edward Elgar Publishing.
- Blair, W. (2018). Philanthropy in an Age of Disruption. <https://www.williamblair.com/Research-and-Insights/Insights/Private-Wealth-Resources/2018/Philanthropy-in-an-Age-of-Disruption.aspx>
- Arrillaga-Andreessen, L. (2015). Disruption for Good. *Stanford Soc Innovation Rev*, 13(2), 34-39.
- Bower, J.L.; Christensen, C.M. (1995). Disruptive Technologies: Catching the Wave. *Harvard Business Review*, 73(1), 43-53.
- Christensen, C.M.; Raynor, M.E.; McDonald, R. (2015). What Is Disruptive Innovation? *Harvard Business Review*, 93(12), 44-53.
- Christensen, C.; Johnson, C.W.; Horn, M.B. (2008). *Disrupting Class, Expanded Edition: How Disruptive Innovation Will Change the Way the World Learns*. McGraw Hill Professional.
- Saltman, K. (2005). *The Edison Schools: Corporate Schooling and the Assault on Public Education*. Routledge.
- Sener, J. (2012). *The Seven Futures of American Education: Improving Learning & Teaching in a Screen-Captured World*. CreateSpace Independent Publishing Platform.
- Sener, J. (2009). *Book Review of ‘Disrupting Class’ by Clayton M. Christensen, Michael B. Horn, and Curtis W. Johnson*. <https://elearnmag.acm.org/featured.cfm?aid=1669244>

Endnotes

- Mostyle Business. (2020). [Website]. <https://business.mosyle.com/about>
- Mesalva. (2020). [Website]. <https://www.mesalva.com/>
- McGuinness, W. (2017) Me Salva! – The innovative Brazilian online learning startup. <https://www.mcguinnessinstitute.org/tacklingpovertynz/me-salva-the-innovative-brazilian-online-learning-startup/>
- Technavio. (2018). [Website]. <https://www.technavio.com/report/test-preparation-market-in-india-analysis-share-2018>
- Vedantu. (2020). [Website]. <https://www.vedantu.com/>
- Vamsi Krishna. (2016). Everyone is a teacher! | Vamsi Krishna | TEDxWalledCity. <https://www.youtube.com/watch?v=pRSC1dCN4v0>
- Kashyaap, S. (2015). Backed with \$1.8M funding, Secunderabad-based Xamcheck is changing the way schools assess students. https://yourstory.com/2015/08/xamcheck-funding?utm_pageloadtype=scroll
- Smalley, E. (2014) Fighting for Equality in Education: Student Activism in Post-apartheid South Africa. Columbia the Case Consortium. http://ccnmtl.columbia.edu/projects/caseconsortium/casestudies/130/casestudy/www/layout/case_id_130_id_918.html
- Moltke-Todd, N. (2018). How Stacey Brewer Raised R200 million in Funding to Build Spark Schools. <https://www.entrepreneur.com/article/329004>
- Opportunities for Africans. (2020). [Website]. <https://www.opportunitiesforafricans.com/injini-edtech-incubator-programme-2019-2020/>

Move Fast and Reach Many? Disruptive Philanthropy and the Celebration of Scale

 **Seungah S. Lee¹**, Doctoral Candidate, Stanford University, USA
 seungah@stanford.edu

 **Patricia Bromley**, Associate Professor, Stanford University, USA
 pbromley@stanford.edu

Summary

This article frames and analyses the agenda of new philanthropy from the lens of ‘scale,’ which has been less discussed compared to other aspects, such as the challenges that arise from forcing quantification and insisting on financial sustainability to programs serving the poor. On the one hand, the emphasis on scale may generate increased partnerships with local actors and increased coordination across public and private spheres. On the other, large-scale also pushes towards developing standardized, universalistic solutions for a very diverse set of students and contexts.

Keywords

Scale
Monitoring and evaluation
Accountability
Standardization

New philanthropists are changing charitable activity by placing disruption and innovation at the center of the “giving code” (Culwell & Grant, 2016). Proselytizers of the new forms criticize older philanthropic models as supporting waste and failing to solve core social problems. An extreme version of ‘disruptive philanthropy,’ which replaces the public sphere with manner of private initiatives with public purposes in a form of philanthrocapitalism (Bishop & Green, 2008), is modeled directly on Silicon Valley entrepreneurship, where firms like Uber, Facebook, and Twitter are held up as icons of success. Newly minted tech millionaires and billionaires seek to improve the social sphere by importing Zuckerberg’s now-famous “move fast and break things” motto that contributed to their business success. This new approach changes the model of the philanthropic partnership from donor and recipient to investor and entrepreneur. The core assumptions are that nonprofits should aim to efficiently achieve measurable short and long-term impact, attain financial sustainability, and – central to disruptive philanthropy – scale big enough and fast enough to reshape an entire sector.

In what follows, we discuss how the assumptions embedded in Silicon-Valley-style philanthropy shape the behavior of nonprofits, focusing on examples from the education sector and particularly on the celebration of “scale.” The “unicorn” equivalent of philanthropic giving is seen as a silver-bullet solution to a social problem for new, disruptive philanthropists (Callahan, 2017) – large investments in a program that is cost-effective, can quickly go to scale, has immediate and obvious positive impact, and can ultimately be financially sustainable. These features have been discussed elsewhere, under related names like “venture philanthropy,” “strategic philanthropy,” “effective philanthropy” or “outcomes-based philanthropy (e.g., for proponents see Letts *et al.*, 1994; Porter & Kramer, 1999; Brest forthcoming; for critiques see Sievers, 2001; Katz, 2005). For example, the challenges that arise from forcing quantification onto expressive organizations, and insisting on financial sustainability to programs serving the

poor have been widely discussed (Frumkin, 2009). We have seen less reflection, however, on the issue of scale, which we take up in more depth.

The concept of “scale” builds on models of entrepreneurship where the goal is a “hockey stick” growth trajectory – that is, exponential growth (Martin, 2016). In education, there is an increased push to develop programs and initiatives that have wide access and can be scaled globally (see, for example, the Brookings Institution advocacy around scaling global education, Robinson, Winthrop & McGivney, 2016). This leads education nonprofits to focus on developing globally transportable programs and curricula that solve broad, thematic challenges such as developing 21st century skills, girls’ education, and increasing literacy among children.

Seen in a positive light, the emphasis on scale may generate increased partnerships with local actors and increased coordination across public and private spheres. The need to scale under limited resources has led larger education nonprofits to partner with smaller, local organizations to deliver its programs. However, it also pushes towards developing standardized, universalistic solutions for a diverse set of students and contexts. Scale of a new product or program aims towards a simple, good-enough solution that works for many learners, but not one that is tailored to specific groups (Christensen et al., 2006).

As a first reflection, if private programs succeed in reaching scale, it could become highly problematic for the long-term stability of education systems. Private providers have no responsibility to continue providing services beyond the will of their donors – only the government is fundamentally obligated to provide education. Perhaps, some fee-based programs are financially sustainable and would continue in perpetuity due to market incentives, but vulnerable students would be left to the whims of the market and its well-known failure to underprovide public goods. At best, government services may be unintentionally eroded by the incursion of private provision. At worst, the combination of ideologies of disruption and scale in philanthropy may purposefully undercut state capacity to educate all citizens. In either case, once enfeebled, government is less able to step back in should private provision fail or choose to exit. The risk of weakening government is not a new issue (Archer, 1994), but it is one that becomes increasingly urgent and salient as “scale” becomes a main focus of philanthropic and charitable work.

Second, scale exacerbates the likelihood that nonprofits will have to dilute programmatic content to spread across contexts. A case study of education organizations that have achieved scale by Chung et al. (2018) reveals that a primary challenge faced by organizations such as Aflatoun International and Education for Sharing is potential for dilution of

programmatic components in implementation. Aflatoun International offers social and financial education and Education for Sharing delivers play-based education that are both intended to teach children about their rights and responsibilities as agents of change. Both of these organizations have scaled their programs by keeping their programmatic curricula flexible to adapt to various contexts and by partnering with local actors at the country and school levels to facilitate implementation. They are not the direct deliverers of the programs. Hence, they face the challenge of ensuring that what is actually delivered on the ground is what is intended by the program itself and that translation and adaptation of programs to local country contexts does not dilute the actual content.

Third, the vision of global scale, especially via the imagined dissemination of people-free technology, can generate highly decontextualized programs. For example, the rather dramatic and well-documented collapse of the One Laptop Per Child (OLPC) initiative vividly illustrates how naively decontextualized solutions are likely to fail (Ames, 2016). It came as a shock to the OLPC founders that every child around the world either did not want to or could not become a savvy coder simply by being given a laptop and some instructions on open source coding.

Fourth, the celebration of scale favors a focus on the quantity of education over quality. Provided such challenges of content delivery that come with scale, it is no surprise that evidence on scaling and education is on output measures such as number of communities, schools, or students reached and not on the learning outcomes (Samoff, Dembele, & Sebatane, 2011). The greatest scaling stories have been of expanding access to education, but evidence and examples of scaling programs that improve learning have been limited (Robinson, Winthrop, & McGivney, 2016). In an era where quality and learning outcomes have taken center stage in education development, the desire for scale and measurable impact by philanthropists may limit the kinds of work education organizations engage in to address local needs and challenges and improve learning outcomes.

Moreover, the current structure of philanthropic behavior favors larger organizations, such as Teach For All and Room to Read, who have scaled globally by establishing local chapters and can therefore show how much ‘impact’ they have had in terms of reach. This may crowd out smaller, more localized education organizations who may have innovative, contextualized solutions that address education challenges. A more defensible role for education nonprofits in a democracy is as niche providers, a source of pluralism and expression, and sources of innovation, rather than large-scale service providers (Reich, 2016).

To be clear, our goal is not to demonize disruptive charity or philanthropy, we think at times it may be a source of progress and innovation. Brest (forthcoming), for example, outlines the rise of the outcomes movement in philanthropy, highlighting how the Hewlett Foundation had been pouring money into nonprofits with no clear goal or visible effect. Certainly, philanthropy should not be a license to squander valuable resources, or, even worse, a source of corruption. But the “disruptive philanthropy” model contains many assumptions from the world of tech entrepreneurship that do not directly transfer to civil society and education. Unexamined, the models may (perhaps unintentionally) generate negative consequences for society. For example, Horvath and Powell (2016) assert that disruptive philanthropy is inherently anti-democratic. By their definition, it is “any activity through the magnitude of donations either explicitly or by consequence alters the public conversation about which social issues matter, sets an agenda for how they matter, and specifies who is the preferred provider of services to address these issues without any engagement with the deliberative processes of civil society” (2016, p.91).

Looking to the future, an alternative to disrupting formal mass schooling is to work towards supporting and strengthening it. For example, when organizations such as Aflatoun International and Educate! become successful in delivering educational programs at the local level, governments express interest in incorporating aspects of the delivered programs into its national curricula. Some philanthropic organizations do look to willingness of government to incorporate, absorb, and/or fund projects supported by philanthropy as a measure of success (Smyllie, Scaife, and McDonald, 2011). However, a disturbing twist comes from new studies showing that philanthropists are seeking to leverage their philanthropic investments by turning to policy influence as a main goal (Tompkins-Stange, 2016; Reckhow, 2016), thus aiming to circumvent democratic processes and replace or erode the public system rather than build capacity. Especially given the growing levels of populism and erosion of democracy worldwide, philanthropists should reflect carefully on the implications of the way they pursue their goals.

Endnotes

1. Corresponding author. Contact seungah@stanford.edu. This paper benefitted from comments and critiques from Nadine Skinner and Lisa Overby.

References

- Ames, M. (2016). *The Charisma Machine: The life, death, and legacy of One Laptop per Child*. MIT Press.
- Archer, D. (1994). The changing roles of non-governmental organizations in the field of education (in the context of changing relationships with the state). *International Journal of Educational Development*, 14(3), 223-232.
- Bishop, M. and Green, M. (2008). *Philanthrocapitalism: How the rich can save the world*. Bloomsbury.
- Callahan, D. (2017). *The Givers: Wealth, power, and philanthropy in a new gilded age*. Alfred A. Knopf.
- Culwell, C.A. and Grant, M. H. (2016). The giving code: Silicon Valley nonprofits and philanthropy. [online] *Open Impact LLC*. <https://www.openimpact.io/giving-code/>
- Christensen, C., Baumann, H., Ruggles, R., & Sadtler, T. (2006). Disruptive innovation for social change. *Harvard Business Review*, 84(12), 94-101.
- Chung, C., Shanker, A., Lee, S., & Qian, V. (2018). *Building bridges to the Future: Global case studies of teaching and learning in the 21st century*. Connie K. Chung at Smashwords.
- Dees, J.G. (1998). What do you do when traditional sources of funding fall short? Enterprising nonprofits. *Harvard Business Review*. <https://hbr.org/1998/01/enterprising-nonprofits>
- Frumkin, P. (2009). *On being nonprofit: A conceptual and policy primer*. Harvard University Press.
- Horvath, Aaron and Powell, Walter W. (2016). "Contributory or disruptive: do new forms of philanthropy erode democracy?", in Rob Reich, Chiara Cordelli, and Lucy Bernholz (Eds.) *Philanthropy in Democratic Societies: History, Institutions, Values*. University of Chicago Press.
- Katz, S. N. (2005). What does it mean to say that philanthropy is "effective"? The philanthropists' new clothes. *Proceedings of the American Philosophical Society*, 149(2), 123-131.
- Martin, B. (2016). *The Hockey Stick Principles: The 4 Key Stages to Entrepreneurial Success*. Macmillan.
- Porter, M. E., & Kramer, M. R. (1999). Philanthropy's new agenda: Creating value. *Harvard Business Review*, 77(6), 121-131.
- Reckhow, S. (2016). More than patrons: How foundations fuel policy change and Backlash. *PS: Political Science & Politics*, 49(3), 449-454.
- Reich, R. (2016). Repugnant to the whole idea of democracy? On the role of foundations in democratic societies. *PS: Political Science & Politics*, 49(3), 466-472.
- Robinson, J.P., Winthrop, R., & McGivney, E. (2016). *Millions learning: Scaling up quality education in developing countries*. The Brookings Institution. <https://www.brookings.edu/research/millions-learning-scaling-up-quality-education-in-developing-countries/>
- Samoff, J., Dembele, M., & Sebatane, E. (2011). Going to scale: Nurturing the local roots of education innovation in Africa. EdQual RPC.
- Sievers, B. 2001. "If Pigs Had Wings: The appeals and limits of venture philanthropy." Address to the Waldemar A. Nielson Issues in Philanthropy Seminar. Georgetown University.
- Smyllie, S., Scaife, W., & McDonald, K. (2011). That's what governments do. *Public Management Review*, 13(8), 1139-1154
- Tompkins-Stange, M. (2016). *Policy Patrons*. Harvard Education Press.

"Revolution of Learning": The Impact of the Internet on the development of Chinese Educational Philanthropy

 **Han Jialing**, Researcher, Beijing Academy of Social Sciences, and Vice President, 21st Century Education Research Institute, China
 jialinghan@126.com

 **Bao Lige**, Associate Researcher, 21st Century Education Research Institute, China
 blg@21cedu.cn

Summary

This article illustrates the potential benefits and challenges of using technology to improve education in a large country, such as China, as well as how technology is changing the work of philanthropy in education. Namely, they explore how technology is enabling large-scale efforts, with communities that reach rural and urban areas across the country, facilitating access to educational content and supporting an active participation of educators in learning and adapting contents to their realities.

Keywords

Scale
Technology
Inclusion
Chinese education philanthropy

In the era of globalization, information and Internet technology, the production, dissemination and acquisition of knowledge have undergone tremendous changes. These changes include the emergence of constant and convenient communication through electronic devices; such as the use of MOOCs and other knowledge-sharing tools to optimize the use of teaching resources; and through big data to meet the need of personalized and diversified learning. Breaking time and space constraints has become a reality, we are moving towards a learning society that is anytime, anywhere, everywhere. In China, philanthropy in education has been going through many changes concerning organizational form, resource transfer and people participating in the work of philanthropy, developing a much richer manifestation, apart from the original form as donation and voluntary teaching activities. This article will elaborate on the changes in the field of Chinese philanthropy in education with the influence of technology, analyzing its impact and also developing necessary reflections.

How Technology is Influencing the Form To Organize Chinese Philanthropy In Education and Its Effects

In China, the organized and sporadic educational public welfare practice began roughly in the late 1980s and early 1990s. The initial stage was mainly carried out from the perspective of activities such as “helping the poor with organized donation” and “child protection/care”, such as voluntary teaching, scholarship, construction of school buildings/library, donation of teaching equipment/appliances/books and other infrastructure-based services. (Han & Bao, 2019). With the emergence of the Internet, we could witness the constant changes in Chinese education philanthropy, which now use technology to gain scale, provide easy access to educational content and promote the participation and cooperation of teachers across and beyond geographical barriers. These elements will be discussed below.

Large-scale interactions: the emergence of network communities, platform organizations and alliances

One of the characteristics of the rapid development of Internet and mobile devices is the ability to promote diverse interactions, organizing human, material, financial resources, such as connecting multiple participants like volunteers, recipients and donors at the same time and without geographic boundaries. This trend in China facilitates the emergence of more network communities, platform organizations or alliances to support volunteer organizations, courses, schools and supporting institutions. Examples include BRIDGE Plan¹, which focuses on supporting initial education non-profit organizations, linking necessary resources, and creating an environment for partners' interactions. Other examples are No Child Left Behind², which focuses on online teaching institutions and Rural Small-scale School Alliance³ connecting and serving the small-scale rural schools.

Take Rural Small-scale School Alliance as an example. Promoted by 21st Century Education Research Institute, it aims to connect small-scale rural schools scattered throughout the country, and at the same time build bridges for these schools with other social resources such as non-profit organizations, foundations, enterprises, academy, media and local education authorities. In view of the difficulties and problems in the internal schools of the alliance, the member schools work together to solve them. For example, in order to solve the problem of the most urgent long-term shortage of art and sports teachers, the League selects a group of teachers from the existing teachers to become "part-time" art and sports teachers through short-term training, and further shares the curriculum resources within the League through online learning platform. On this basis, cooperation extends to other disciplines. This brings closer the relationship between the teachers of the alliance schools, and also solves the problem that small-scale schools are difficult to carry out teaching research and improve the quality of teaching due to the lack of teachers.

This league also helps to make the "isolated island" into "archipelago", which means the formation of a regional community based on these scattered schools. Due to the wide distribution and dispersion of small-scale schools in rural areas, although they are facing the same difficulties and problems, most of them are struggling in their own "isolated island", and they do not know that there are thousands of partners in the outside world. For example, there are 14 small-scale rural schools in Lizhou District, Guangyuan City. The principals and teachers are all faced with the dilemma of the increasing loss of students and the decline of rural education. However, there was almost no communication and connection between these 14 schools. They were eager to work together to solve the problems in the development of rural schools. On December 19, 2014—one month after the national "rural small-scale school alliance" was established—"Lizhou District small-scale

school development alliance" was officially established, which is the earliest regional rural small-scale school alliance in China. This micro school alliance, which is composed of 14 schools, is different from the current usually seen school alliance in China as strong school leading weak schools. Instead, the members of the 14 schools of the alliance are equal and provide mutual aid. Through the league, they explore the way to run rural primary schools, learn from each other and develop their respective advantages.

This alliance allows for the voices and requests of small-scale schools to be heard by the society and government; forms a research community of small-scale schools and provides a platform for academics to study these schools. (Han, 2019) Through the realization of the above interaction and collaboration, this alliance hopes to explore an effective path to promote the development of small-scale schools in rural areas and improve their quality of education. Without the help of technology, this diverse interaction would be difficult, if not impossible, to realize.

Facilitating access to content: educational service delivered with low entry barrier, always available to learn at anytime and anywhere

Another change brought by the use of technology is the improvement of the accessibility and efficacy of education, making up for the shortage of teachers, innovating in teachers' training methods, reframing the curriculum, and even changing the classroom teaching and learning method. (Hui et al, 2001) As a country with broad landscape, China has an obvious imbalance in the educational resources. It is often difficult to have the resources reach those remote rural areas. Therefore, with the advantage of the Internet, such difficulties above could be addressed to some extent.

In this regard, many Chinese educational nonprofit organizations are using Internet + Technology to make up for the imbalance in educational resources between urban and rural areas. Examples include Childhood Class⁴, U Charity⁵, China Online Volunteer 2.0⁶, Juvenile Education Development Project⁷, Chiheng-Volun-Online⁸, and others. They provide multiple subjects like English, music, sciences, etc.

Internet + Education refers to a new form of education that combines Internet technology and Education with the continuous development of science and technology. Take Hu+ Project as an example, in October 2015, Huijiang.com launched its "Internet + Education" project, focusing on internet remote education, breaking time and space restrictions. This project is using Internet to carry out offline and online parallel teaching activities, trying to provide low cost, efficient, large-scale, sustainable solution for China's rural education. The Hu+ Project has connected more than 3,000 primary and secondary schools in 30 provinces across the country, affecting more

than 100,000 teachers and more than 1 million students. (Fu, 2010) These courses have become an important method for many rural schools to carry out courses in art, music, crafts, and English, which in the past could not be started for the lack of teachers and other unfavorable reasons.

Active Public participation: teachers participate in the teaching reform

Another characteristic of the use of Internet for education is the enabling of learning in an open, flat and interactive virtual community, which encourages participating teachers to share ideas and create mutual trusted communities. The community can catalyze mutual links, enable knowledge transfer, provide a platform for teachers to display their teaching and thus overcome teaching difficulties, which are hard to solve when they work alone. Immersed in isolated rural areas, Chinese rural teachers usually have less hopes for the future of the school. Slowly, they are more easily inclined to lose their enthusiasm for teaching. However, the Internet allowed those individuals to join a community, then learn, explore and exchange with people who have the similar interest and goals. Inspired by new ideas and methods, teachers in remote areas might not feel alone, their initiative in learning will be more easily increased. This is the power of companionship produced by the Internet.

Originally, the action of the Chinese philanthropy in education cannot be completed without the connection with the schools, and must be completed through the administrative system. With the development of new technologies and networks, the most active teachers in the QQ group and WeChat group (instant messaging software service in China) are now stepping out of schools and some have created their own self-organized groups, forming another set of incentive system. The representative cases are like Acorn Academy⁹, Physics teachers' group like Romantic Physics House¹⁰, and Education Walk¹¹.

As an example, "Education walk" was initiated by Zhang Wenzhi, Xie Yun and other educators to promote discussions among teachers from public schools. They organize daily online and yearly offline activities. Each year it organizes forums in different provinces in China. Every time, there are more than 600 teachers from all over the country, mostly from county and township schools. The theme of "education walk" is "walking to broaden the horizon, reading and writing to rebuild the mind". (Zhang, 2018) Teachers in the group should not only share new ideas and methods of education and teaching, but also have a collision and exchange of beliefs. Organizations as such could create an environment where teachers are no longer lonely fighters scattered in remote areas. Each person is not only a learner, but also a self-media, with the ability and right to share, express, and disseminate ideas. This strategy greatly stimulates the enthusiasm of teachers.

Reflections on Technology Influencing the Education Equity in China

Can Technology really improve the education quality?

One criticism in the debate of whether remote teaching course could effectively improve education equity, which is whether the development of educational technology will change the urban orientation tendency of Chinese education. For a long time, China has had the tendency of emphasizing urbanization. This directly influenced the allocation of educational resources. Although this situation has changed a bit when the government tried to make sources tilt toward countryside these years, while some cases show the misunderstanding of balanced development of urban and rural education as urbanization of rural education, which has made rural education copy urban schools in terms of training objectives, curriculum development, teaching methods, and school building style. (Wu, 2011; Fu & Qiang, 2010)

For example, in the Small-scale Rural School Alliance we have mentioned previously (hereinafter referred to as "the Alliance"), on the one hand, schools were recommended to participate in online live courses on the platform, especially music/art/science/reading, and on the other hand, remote rural school also attend online training for teachers. Initially the Union Schools were excited to accept courses offered by teachers in developed regions or receive more mature courses. While later we have also noted that the effect might not be ideal. If some courses are synchronized with urban schools in developed regions, it is easy to ignore the implicit asymmetry between the urban and rural conditions, such as students attending a music class of a well-known city school when they don't possess the same instruments, or they might try hard to follow the music theory which the teacher in the city school explains. As the case shows, the content is based on the urban condition neglecting the social environment of the rural school students. The value of local knowledge and condition is overlooked and students would lose the connection between knowledge and their real life.

Can technology really improve the autonomy of teachers?

The impact of Internet+ education on teachers is also rather complex and profound. What is the function of a teacher and what is their relationship with technology should be discussed.

In China, under the logic of Internet + education, there are several manifestations of how teachers are using the technology. They can include using the Internet as a database to search for teaching content/curriculum design, no matter if it is a PPT or a video, or using it as a form to have a simultaneous discussion with other teachers in a remote online course for teachers; or even attending an online live course for students, when rural and urban teachers attend the same class at the same time.

These manifestations might have different effects. In the first case, teachers could benefit from the abundant teaching resources and enrich the content of their classes, but at the same time a relatively solidified "optimal" teaching process is being made to train "standardized" teachers. For example, many rural teachers only download the teaching material from the Internet without appropriate revision. Teachers might lose their subjective value in this process, or lose their diversity in teaching and the space for exploration and creation. As for the second case, it is a great opportunity for teachers to connect with the outside world to reach support and solve their teaching problems. And for the last one, although the students could attend the same class as the ones in developed regions, the rural teachers are becoming only a supporter of the teacher from the city. Thus, the values of the local teacher and the organic and rich life links between teachers and students are easily omitted. We could sense a kind of alienation of the teachers especially those rural school teachers in this situation.

Actually, teachers' work can be classified into two categories, creative work represented by instructional design/emotional communication, and mechanical repetitive work represented by corrections and feedback. (Yang, et al., 35) Since we all know the importance of learners' emotions, psychology, morality, emotions and other non-intellectual factors on learning. In the future, only the mechanical repetitive work can be replaced by more technology. Then the teacher-student emotional interaction and the creative process of teaching and learning could have more space to explore. In the case of China, a further emphasis on the position of the local teachers should be made, especially in the online live courses provided by NGOs. Because only the on-site teacher instead of the "cyber" teacher knows the different and special needs of the students.

Although teachers will not be replaced by technology, there still exist different levels of using technology between teachers. The Ministry of Education's experts in promoting information technology have seen the problems of Internet+Education in China. They pointed out that the application of educational informatization has a three-tiered gap between developed and underdeveloped regions. The first layer is the gap in infrastructure and resources – the "digital divide", that is, many Internet + education attempts to fill in. The second layer is more serious is the "new digital divide", which means the gap between two type of people, one are those after having information technology, they can actively promote the use of technology and serve the improvement of teaching, and the others who can only passively "consume" Internet content and cannot be creatively to convert. The third layer is much deeper, which is the "smart divide", referring, to whether teachers and students can "understand and fully grasp the influence of technology on their surroundings and cultivate corresponding

capabilities to develop individuals and society." (Ren,2018) China has almost solved the first divide--the infrastructure and resource, while further effort to solve the latter two divides between the teachers should be made by the educational public welfare organizations in China.

Conclusion

The character of the Internet to promote large-scale interactions, make convenient resource transfer and create active public participation changed the Chinese philanthropy in education in several aspects. In this context, we have to reinforce that the intent of educational technology and educational innovation is not to use the technology of the 21st century to strengthen the teaching of the 19th century, not to achieve the "digital survival" of exam-oriented education, not to use more and more strict technology to control and even kidnap students and teachers. The Internet is not only a technology, but also a culture. We must learn from the values of autonomy, openness, interactivity, decentralization, de-authorization, service-oriented, public participation, and resource sharing embodied in the Internet culture. Integrate them into the current education, thus generating a revolutionary response and promoting the free development of people.

At the same time, we should be cautious about educational technology optimism. We cannot ignore what kind of social conditions the technology is being used and what kind of fundamental idea of education exists behind the use of technology. For philanthropy in education in China, we are still facing future challenges on how to apply technology to improve the quality of education in underdeveloped areas, how to apply technology to relieve Chinese education from exam-oriented education, how to apply technology to strengthen the role of local teachers and students in the classroom, and most of all, to use technology to strengthen the link between education and life.

Endnotes

1. China Development Brief. (2018-12-7). ["Qiaopan Jihua" introduction and its funding strategy]. <http://www.chinadevelopmentbrief.org.cn/news-22350.html>
2. China Daily. (2018-12-7). ["Youjiao Wulei " introduction and its strategy to support online teaching]. http://jx.chinadaily.com.cn/2018-10/15/content_37074685.htm
3. 21st Century Education Research Institute. (n.d.). ["Xiaoguimo Xuexiao Lianmeng " introduction]. <http://www.21cedu.org/?g/id/360.html>
4. Childhood Class. (n.d.). ["Childhood Class (Tongnian Yike)" official website]. <https://www.tn1k.cn/>
5. Weibo. (n.d.). ["U Charity (Ulai Gongyi) "official information platform]. <https://www.weibo.com/ulgongyi>
6. China Online Volunteer 2.0. (n.d.). ["China Online Volunteer 2.0 (Zhijiao Zhongguo 2.0) "official website]. <http://www.ngopvo.org/>
7. Juvenile Education Development Project. (n.d.). ["Juvenile Education Development Project (Shaonian Pai Zhuxue Jihua)" official website]. <https://baike.baidu.com/item/%E5%B0%91%E5%B9%B4%E6%BE%E5%8A%A9%E5%AD%A6%E8%AE%A1%E5%88%92>
8. Fu Tak lam foundation Limited. (n.d.). ["Chiheng-Volun-Online (Zhixing Shipin Jiaoshi)" introduction]. <http://www.ftifoundation.org/upload/file/%E6%99%BA%E8%A1%8C%E8%A7%86%E9%A2%91%E6%95%99%E5%AE%A4%2020171011.pdf>
9. Dandangzhe Foundation. (n.d.). ["Acorn Academy (Xiangguo Xueyuan)" official webpage]. <http://www.dandang.org/category/157>
10. Leaners' Innovation Forum Education . (n.d.). ["Romantic Physics House (Langman Wuli Xiaowu)" introduction]. <http://21lifedu.com/case/1066/>
11. Sohu. (2017-06-22). [speech of the founder of "Education Walk (Jiaoyu Xingzou)"]. https://www.sohu.com/a/151129275_100974

References

Cairui Fu. (23 April 2018). Harnessing Technology to Bridge Gaps in Education. Retrieved from <https://www.wise-qatar.org/harnessing-technology-bridge-gaps-education-arnold-cairui-fu/>

Fu, Qiang, and Qiang Ren. (2010). Educational inequality under China's rural-urban divide: The hukou system and return to education. *Environment and Planning A* 42(3), 592-610.

Han Jialing and Bao Lige. (2019). Report on the current situation of China's education public welfare in 2018. Annual Report on China's Philanthropy Development (2019) [2018 年中国教育公益领域现状报告]. Beijing: China Social Science Literature Press, 2019.

Han Jialing (Ed.). Small is beautiful: stories of dynamic changes in small rural schools in rural China [小而美:农村小规模学校的变革故事]. Beijing: Education Science Press. 2019.

Hui, Kai-Lung, Shan Pan, and Bernard Tan. (2001). The Impact of Internet on Education: Towards an Emerging Paradigm." PACIS 2001 Proceedings.

Ren Youqun.(2018-12-27). The "change and trend" of the development of educational informatization in the past 40 years[从"跟跑"到"并跑", 40年教育信息化发展的"变与势"]. China Teachers' daily. Retrieved from <http://www.chinateacher.com.cn/zgjsb/images/2018-12/26/04/ZGJS-B04B20181226C.pdf>

Wu, Xiaogang. (2011). The household registration system and rural-urban educational inequality in contemporary China. *Chinese Sociological Review* 44(2). 31-51.

Zhang Wenzhi. (2018-11-26). Looking for the companion-ship in Education [寻找教育同路人—"教育行走"教师公益研修活动四年记]. China Education News. Retrieved from http://www.jyb.cn/zgjsb/201808/t20180828_1203285.html

Compensation of Nonprofit Board Members: A New End That Justifies the Means?



Guillaume Jacquemet, PhD Candidate, Faculty of Law, University of Geneva, Switzerland



g.jacquemet@gmail.com

Summary

This article analyses the debatable, and understudied, practice of the compensation of non-profit board members. While the remuneration of such people is legally permitted, most nonprofits do not pay their board members. In this debate, on the one hand, some argue such compensation is not in keeping with the idea that these organisations must serve public purposes, or a diversion of resources or assets to the detriment of beneficiaries. On the other, in a disruptive and competitive market, such compensation could be viewed as a necessary means for the long-term survival of the organisation.

Keywords

Governance
Compensation
Remuneration
Nonprofit board
Non-distribution constraint

Compensation of board members of nonprofit organizations is a subject of intense debate. From a purely legal standpoint, fair remuneration of board members is permitted. Yet, most nonprofits do not pay their board members. It has been argued that such compensation was likely to violate the non-distribution constraint – which prohibits the distribution of profits – and was hardly in keeping with the idea that nonprofits should be serving a public purpose. In that sense, compensation of board members is considered as a diversion of resources or assets to the detriment of beneficiaries, as well as, by extension, taxpayers. In a disruptive and competitive market, however, such compensation could also be viewed as a necessary means for the long-term survival of the organization. In order to foster their growth, nonprofits need more flexibility. This is particularly true in the education sector, where they are competing with other, private or public, nonprofits and even with for-profit structures. The ability to recruit and competitively compensate high-level talent may appear as an appropriate way for them to keep pace with their peers.

Introduction

The third sector¹ is changing around the world: it is becoming more market-oriented, increasingly incorporating business logics and practices. As new models and methods of enacting philanthropic agendas are challenging traditional giving patterns and structures, the vocabulary is evolving as well: the terms "venture philanthropy", "seed money" or "impact investing" are now systematically associated with the world of new philanthropy. Professional circles (i.e., scholars, nonprofit executives, donors, media, etc.) are talking about "strategic philanthropy"², an idiom that reflects both a search to optimize available resources and a desire to maximize impact. This quest is economic by nature. It often requires adopting innovative and disruptive practices whose successful implementation inevitably calls for new skills. However, members of foundation boards or association committees can rarely claim fair remuneration for their services.

The existing model encourages – forces – members of the foundation board or the committee of an association to

volunteer (see below, section 1.). This situation may seem surprising. Especially since the governance of large nonprofit organizations is structurally similar to the governance of for-profit organizations. Their good management requires specific skills, often associated with a high degree of responsibility. It is therefore necessary to ask whether current practices are still justified in the light of the reality of the new philanthropic world (see below, section 2.). The implications for philanthropic organizations involved in education and development will be addressed in the last part (see below, section 3).

The Universal Practice

The question of paying or not paying directors is a perennial nonprofit debate³. It seems nevertheless customary for members of foundation boards or association committees to perform their duties on an exclusively (unpaid) voluntary basis. At most, they are entitled to claim payment for their actual costs arising from the regular fulfilment of their mandate (travel, subsistence, administrative and other organization-related expenses), with an injunction to keep them down to the lowest level. Literature has long defended and continues to defend this approach, on the (questionable) grounds that volunteering is the only way to respect the spirit of the non-distribution constraint (see below, 1.1.) and that the disinterestedness of the members of the top management body would be an essential premise for the pursuit of the public purpose of the nonprofit (see below, 1.2.).

The non-distribution constraint

A nonprofit activity must be carried out exclusively for the public purpose for which the entity concerned is formed and may not be organized for the private gain of any person. This is the expression of the non-distribution constraint developed by Hansmann (1980). According to this theory, “a nonprofit organization is, in essence, an organization that is barred from distributing its net earnings, if any, to individuals who exercise control over it, such as members, officers, directors, or trustees” (Hansmann, 1980, p.838). Funders, donors, as well as members, beneficiaries or users indeed expect their contributions to be invested on programs and services, and board members have a fiduciary duty to manage the organizations’ funds in such way. However, the notion of revenue must be understood here as a “pure profit” (Ibid.), i.e. the result of the activity, after deduction of all the expenses and investments necessary for operating, as well as any allocations to a reserve fund⁴. This means that the organization can reasonably remunerate the services (labor or capital⁵) provided in the course of its activities. This is how the non-distribution constraint should be understood. As such, it is not disputed that nonprofits may hire staff. Yet, a persistent belief is that volunteering – and the strict application of the non-distribution constraint to the board’s remuneration – would somehow guarantee that contributions will not be converted into personal gain by top management of the nonprofit.

These allegations are clearly outdated: nonprofit organizations are no longer the “black boxes” they may have been several decades ago⁶. Much progress has since been made in terms of transparency and a number of structural control measures have been introduced (*checks and balances*). Moreover, remuneration is subject to particular scrutiny by stakeholders, the media and, sometimes, by supervisory authorities. The diversion of resources through compensation seems to be therefore more difficult than ever and, moreover, strongly discouraged. In contrast, failure to fairly compensate senior executives is much more likely to lead them, sooner or later, to believe that the organization is, in a way, beholden to them⁷. This sense of accountability could (potentially) lead them to seek other, often more obscure, compensation channels legally questionable, e.g. assets misappropriation, embezzlements, accounting manipulations, transactions with related parties, or even corruption⁸. In that respect, it is argued that proper compensation will actually reduce the temptation to take advantage of board service for personal gain (Lampkin, 2018, p.3).

Due to their tax exemption, nonprofit organizations are also subject to supervision by tax authorities. In many jurisdictions, the (sometimes significant) compensation of executive directors (CEOs) is becoming a common practice and has never been considered to be inconsistent with the non-distribution constraint, as long as it does not exceed what is reasonable under like circumstances. Determining what is reasonable may be difficult, but is usually a matter of fact – which may also involve moral elements. From a legal and economic perspective, however, there is no objective reason to treat the board members’ compensation differently.

The quality of commitment

Many researchers, advocates and even practitioners argue that the main motivation of a person sitting on the board of a nonprofit organization should be the sole achievement of the public (ideal) purpose of the organization and not any incentive policy, whether monetary or otherwise (Pfister, 2017, p. 336). In other words, the intrinsic motivation, i.e. the practice of an activity for pleasure and personal satisfaction would be sufficient in itself to ensure a sufficient commitment of board members. Moreover, serving with no compensation would be the only guarantee of a genuine commitment that goes beyond any extrinsic considerations, in particular remuneration. This may hold true for those that have devoted their entire life to a special cause, but for the majority of individuals who are working in the nonprofit sector, this is neither practical, nor realistic. Worse, this vision tends to portray an image of an outdated form of philanthropy reserved for a group of wealthy people who can contribute to the common good outside their usual paid or self-employment – if any. This conception is undoubtedly detrimental to the development of modern philanthropy. Furthermore, it has been proven that

when rewarded, philanthropists tend to help more and to be more invested in their mission (Tirole, 2019, p. 578). In this regard, it should be noted that the honorific aspect of a high-end function as well as the prestige and the recognition associated to it are all extrinsic components of human motivation. In fact, optimal engagement may only result from a judicious balance between intrinsic and extrinsic incentives, in form of non-pecuniary and monetary benefits⁹.

The Price of Doing Good

It is long held by the general public that because of the charitable mission of nonprofit organizations, compensation would merely be draining resources away from their mission. This belief persists even among researchers. Advocating for the imposition of a salary cap in the nonprofit sector, senior economist Dean BAKER recently wrote in the *Stanford Social Innovation Review*:

To see the implications of a pay cap, let's take the case of Harvard University, where its former president, Drew G. Faust, earned more than \$1.5 million in 2016, her last year in the position. If her pay had been capped at \$400,000, it would have freed up \$1.1 million. In addition to the president, many other people in top-level positions at Harvard earn salaries in the high hundreds of thousands of dollars, including the provost, college deans, vice presidents, and other executives. If we assume 30 people in such positions, with an average pay of \$600,000, the potential savings would be \$6 million. Added to the savings on the president's pay, this would free up more than \$7 million a year. (Baker, 2019, p. 58).

The proposed demonstration, surprisingly, ignores the intrinsic worth of individuals in the marketplace and the value they add to the organization by running it. Nonprofits – and their directors – operate in a complex market in which boundaries between them and new forms of mission-driven for-profit entities have never been so blurred. These new philanthropy organizations (especially LLCs in the US) benefit from tremendous flexibility particularly when it comes to compensation (Brakman Reiser, 2018a, pp.931). This allows them to hire people that would, most likely, command a very high salary¹⁰, draining best talents out of market¹¹.

If traditional nonprofits want to stand out in this competitive environment and continue to attract funding, they must undertake an important shift from good intentions to real impact, adopting innovative, disruptive and efficient practices. This requires a strong and effective board, which is able to assume the strategic overall management of the nonprofit. According to a 2015 study, however, more than a quarter of nonprofit directors do not have a deep understanding of their organization's mission and strategy. Nearly one-third of them are dissatisfied with the board's ability to evaluate organiza-

tional performance, and a majority does not believe that their fellow board members are very experienced or engaged with their work (Larcker et al., 2015, p.3). These are very alarming figures¹². Organizations should take steps to attract and retain the most qualified and able individuals in the first place, but should also work to keep them committed to their mission. That is where attractive extrinsic incentives come into play. It is indeed well known – and documented – that a more competent and committed board can improve the overall performance of the organization. Without even considering the question of impact and its assessment, managerial performance can already be measured, or at least estimated, through cost efficiencies and fundraising (which are therefore the focus of most incentive plans).

Organizational efficiency

Strong financial and accounting skills may lead to a general reduction in operational and organizational costs. If marginal efficiency savings are essential, in an industry facing disruption and competition, they are no longer enough to guarantee the survival of the organization. Long-term success often implies organizational changes, better allocation of resources or significant shifts in the main strategic plan. This requires more entrepreneurial skills and managerial expertise, as well as strong leadership and capacity for innovation, which come at a certain price. But, in this context, more is less.

Fundraising

In a sector where resources are generally scarce, the capacity to attract funding becomes vital. Hence, successful fundraising campaigns are a sine qua non condition for the long-term success of the organization. Board members bring some critical forms of leverage to the process: reputation, legitimacy and prestige. The more extensive and sophisticated their networks, the more valuable and irreplaceable the members. Power and influence come with a certain price. And, when it comes to fundraising, more is more.

The Implications for the Education World

Most of voluntary educational associations are neither governments, nor for-profit entities, but independent, non-profit, organizations. They usually adopt a board governance structure and largely rely on fundraising activities or public subsidy to provide financial resources for the execution of their programs or services. This is generally true for education nonprofits working with schools, but also for schools themselves. The reputation of the institution, which derives from the quality of its management and faculty, is crucial for attracting every dollar of tuition and fees, as well as public monies. Strong and sound financial skills are then necessary to make good use of these funds and create value – or impact. The considerations set out above are therefore generally applicable to all nonprofits involved in education, maybe even more rigorously. Besides, many institutions (especially

in higher education) partially base their activities on a commercial model. Consequently, successful business experience or education should be a prerequisite for a majority of members. The education system (especially in the US) has almost always had a very blurred demarcation between public and private sectors, exacerbating therefore the competitiveness of markets; the market of services first, but also the market of funding, as well as the market of talents – whether executives or faculty. This explains why the charitable organizations most likely to pay board members, behind hospitals, are universities (Lampkin, 2018, p.9).

Conclusion

In the light of these simple examples, it can probably be said that higher compensations do not necessarily represent less money for the beneficiaries of the charity in question. On the contrary, talents being an essential premise of effective leadership, well-designed compensation arrangements would likely benefit traditional nonprofit organizations, their networks and, ultimately, the public good. An analysis of the effects that compensation of board members generates in terms of social value and impact would probably reinforce this opinion. The rise of philanthropy LLCs in the US may intuitively support this claim. Further analysis should consider the potential effects of compensation on the overall expected (social) return of the organization. However, one thing is for sure: willingness to do well and desire to serve the mission are not enough anymore, especially in a highly competitive market and an "expensive" member who works professionally can actually be "cheap" for the nonprofit and a "cheap" member may turn out to be, in the long run, pretty expensive (Riemer, 2012). To put it simply, paying Drew G. Faust \$400,000 instead of \$1.5 million would not have *"freed up \$1.1 million"*...

Endnotes

1. The “third sector” is a term usually used to describe various organizations with different forms and purposes, belonging neither to the public sector nor to the private sector.
2. For a comprehensive overview of the concept, see Brest and Harvey (2018).
3. For a brief history in the US, see: Lampkin (2018), p. 2.
4. Nonprofits also face an extremely severe assessment by tax authorities in this area, even though the need to build up such reserves is now widely recognized in practice. Some jurisdictions interpret such reserves as an unjustified accumulation of wealth (hoarding), which can sometimes lead to the denial of exemption.
5. Nonprofit organizations may have creditors.
6. The vast majority of “developed” legal orders have adopted, if not proper (hard) law, at least best practice guidelines in order to strengthen transparency and accountability in the nonprofit sector.
7. Swiss Foundation Code (2015), p. 54, pointing out that honorary roles may bring the foundation to be confronted with “an entitlement mentality from board members”.
8. See Douglas and Mills (2000), endorsed by Greenlee et al. (2007, p. 679), arguing that the lack of business and financial expertise and reliance on volunteer boards are both contributory factors to fraud in the nonprofit sector.
9. For a complete analysis, see Bénabou and Tirole (2003, p. 489)
10. For a brief, but compelling presentation of the arguments for the philanthropic LLC model, see Brakman Reiser (2018b), p. 28. For a more in-depth analysis, Brakman Reiser (2018a), pp. 931.
11. They are therefore not only poised to become the preferred vehicle for the US tech elite philanthropists, but are also likely to spread beyond the rarefied circles of Silicon Valley's technology magnates (see Brakman Reiser (2018b), p. 26; Brakman Reiser (2018a), pp. 957).
12. These figures must be put in perspective: on average, nonprofit boards consist of 30 members, which is significantly larger than necessary. Although one size does not fit all, the board of directors should be small enough in numbers for efficient decision-making, but large enough for its members to contribute experience and knowhow from different fields and to allocate management and control functions among themselves. In any case, however, it should not exceed ten members (see: Jacquemet, 2019, p. 153).

References

- Baker, D. (2019). End Bloated Salaries in the Nonprofit Sector, *Stanford Social Innovation Review*, July 2019, 57-58.
- Bénabou R., & TIROLE J. (2003). Intrinsic and Extrinsic Motivation, *The Review of Economic Studies*, 70(3), 489-520.
- Brakman Reiser D. (2018a). Disruptive Philanthropy: Chan-Zuckerberg, The Limited Liability Company, and the Millionaire Next Door, *Florida Law Review*, 70(5), 921-969.
- Brakman Reiser, D. (2018b). The Rise of Philanthropy LLCs, *Stanford Social Innovation Review*, Summer 2018, 26-33.
- Brest P., & Harvey H. (2018). *Money Well Spent – A Strategic Plan for Smart Philanthropy* (2nd edition). Stanford University Press.
- Douglas S., & Mills K. (2000). Nonprofit fraud: what are the key indicators? *Canadian Fundraiser*.
- Greenlee J., Fischer M., Gordon T., & Keating E. (2007). An Investigation of Fraud in Nonprofit Organizations: Occurrences and Deterrents. *Nonprofit and Voluntary Sector Quarterly*, 36(4) 676–694.
- Hansmann H. (1980). The Role of Nonprofit Enterprise, *Yale Law Journal*, 89(5), 835-902.
- Jacquemet G. (2019). Effective Corporate Governance of Foundations: Directional best practice for impact-oriented Swiss foundations, *Expert Focus* 3/2019, 150-157.
- Lampkin L. M. (2018). *Nonprofit Board Members – To Pay or Not to Pay in 2018?* Economic Research Institute.
- Larcker D. F., Donatiello N. E., Meehan B., & Tayan B. (2015). *Survey on Board of Directors of Nonprofit Organizations*. Stanford University Press.
- Pfister L. (2017). *La Fondation*. Schulthess.
- Riemer H.M. (2012). Vereins- und Stiftungsrecht (Art. 60-89bis ZGB), *Stämpfli Handkommentar*. Stämpfli.
- Sprecher T., EGGER E., & Von Schnurbein G. (2015). Swiss Foundation Code 2015, Principles and Recommendations for the Establishment and Management of Grant-making Foundations. *Helbing Lichtenhahn*.
- Tirole J. (2009). Motivation intrinsèque, incitations et normes sociales, *Revue économique*, 60(3), 577-589.

Pursuing ‘Impact’: Experienced Tensions and Implications for Transparency

 **Prachi Srivastava**, Associate Professor, University of Western Ontario, Canada
 prachi.srivastava@uwo.ca

Summary

Philanthropic and other non-state funders are operating in contexts increasingly geared to pursue ‘big impact’ as well as to respond to calls for transparency. Given that these two concepts are not necessarily aligned, this article analyses interviews with philanthropic and impact investing organizations supporting education in Asia and reports the tensions experienced by philanthropic and impact investing actors in India, Japan and Singapore.

Keywords

Transparency
Impact
Data
Reporting
Monitoring and evaluation
Philanthropy

Introduction and Aims

Philanthropic and other non-state funders operate in contexts increasingly geared to pursue ‘big impact’ as well as to respond to calls for transparency. The two are not necessarily aligned. This analysis of interviews with philanthropic and impact investing organisations finds a number of experienced tensions impeding transparency. Some were unconvinced that the pursuit of transparency was a useful ideal as it would hinder impact. Others felt that resources would be better spent in expanding investment portfolios. Some purposely kept data on their activities and investments gated to gain comparative advantage or to comply with the wishes of patrons, benefactors, and investors to remain anonymous. By and large, however, most felt that transparent operations and open access to such data and information would lead to more comprehensive decision-making around investment. Where it was not possible to access through open channels, actors shared information discreetly through social informational networks with other organisations through their own connections. This fed opacity.

There is a lack of clarity on the nature of philanthropic and other non-state engagement and on the magnitude of investment and financial flows. The more recent critical public discourse and academic literature calls on funders to provide publicly accessible information about their activities, operations, and processes. Running alongside is an increasing internal sectoral push towards evaluating ‘impact’, and more diversified mechanisms of investment beyond traditional grant-giving. While prompted by different concerns, both pulls are resulting in a rising interest in transparency. However, given disparate public reporting requirements and the private nature of most reporting exercises, achieving transparency is fraught with tensions.

This contribution reports on some of these tensions as experienced by philanthropic and impact investing actors supporting education in Asia. The insights emerged from a focused analysis of semi-structured interviews with 15 organisations in India, Japan, and Singapore. The interviews were conduct-

ed as part of a study to pilot the Invest-ED Tool (Srivastava & Read, 2019).¹ The analysis focuses on the (un)availability of data systems and access to data and information and on reporting compulsions and incentives, and their potential implications for achieving transparency.

(Un)availability of Data Systems and (Restricted) Access

Purposes of Data Use

There was a distinction between public data and data for internal purposes, the latter which was rarely shared across organisations. However, accessing and producing data were important for two different purposes: (a) decision-making, primarily to inform investment priorities and (b) external and internal reporting to stakeholders and governing entities. This necessitated access to different types of data, causing complications as there were few sources from which participants could easily draw.

Capacity

Some participating organisations had sophisticated ‘well-oiled’ internal systems with highly structured processes to regularly collect and analyse data on investments. They also had or invested in dedicated in-house capacity and technical expertise for monitoring and evaluation. Often, the need to achieve or monitor ‘impact’ was stated in these cases. However, others felt restricted in their capacity. This limited investment to areas where they had an existing physical presence, for example, an office or trusted implementer, or where they could send staff to monitor and evaluate ongoing initiatives. For some funders, this caused a tension in the desire for a more comprehensive investment strategy based on a wider stock-taking analysis. In some instances, there was a noted tension between investing in monitoring and evaluation and data exercises or expanding the pool of resources for supporting more initiatives at scale.

Proprietary Data and Social Informational Networks

The proprietary nature of most organisational data was noted as a major barrier by virtually all participants. There were limitations on what could be publicly shared. Most often, data on specific investment amounts was not shared or reported unless there was a legal or external reporting compulsion. For some, restricted access was a compulsion of anonymous benefactors. Most participants were frustrated by restricted access, creating a feeling as expressed by one interviewee from a philanthropic organisation, that ‘everybody is, like, hoarding information’.

However, some organisations saw data gaps as key to their comparative advantage. Producing relevant data could be an important draw for intermediary organisations, particularly, membership-based network service/support organisations (commonly termed ‘networks’). The broader environment of

restricted access could represent a niche to be capitalised, enticing new members and maintaining loyalty amongst existing ones.

Some funders found a way around this. An informal information sharing system was reported by participants, in which actors relied on their social networks with other organisations to gain access to otherwise gated information. Thus, some key information was shared discreetly through social informational networks rather than through open, publicly accessible channels, unless this was mandated.

Reporting Compulsions and Motivations

Extrinsic requirements linked to formal regulatory compulsions provided the strongest incentives for reporting, while intrinsic motivations were less clear. Regulatory compulsions for reporting were most strongly linked to legal compulsions in domestic contexts. From a research and monitoring perspective, such compulsions certainly help to increase the transparency of some aspects of activity, increasing the ease of public access to vetted information.

However, such stringency is not without its challenges. Blanket compulsions were seen by some participants as unduly restrictive, irrelevant to achieving impact, and decontextualized. This caused frustration among some, investors and investees alike, who commented that high-level compliance and reporting measures were divorced from ground-level realities to achieving impact. In one extreme case, the process of meeting compliance requirements was described as one that ‘soaks your energy and your blood’.

Nonetheless, most saw value in reporting, stressing that indicators and processes should be relevant beyond simply accounting for money spent. Most funders in the study stated that they asked investees to establish criteria for reporting to suit the context and the initiative.

Potential Implications for Transparency

While most participants were interested in transparency and reporting, some felt it was an elusive ideal which may be incongruous with the aims of making ‘big’ impact. As one participant noted:

[We’d like to] fund a greater diversity of organisations, a greater diversity of work. You know, less focused on this flawed idea of reporting every [monetary unit] in the hopes of building transparency, make investment based on trust, focus on big picture not line items. I mean it’s just, it’s very frustrating. You, the stated goal is to change the world...

[...]

...the way of doing it is to count every [monetary unit] spent.

[...]

They are, they are in opposition. There is no way you can do that.

Nonetheless, increased access to data and publicly sharing information were noted as increasing transparency that would help to facilitate investment decisions. Philanthropic actors in the study were interested in increasing transparency to generate data on the implementation and social or sectoral impact of the initiatives they supported. This may be a shift from traditional input-output data tracking money. Foundations disbursing traditional programming grants tended to be interested in understanding how money invested was spent to generate impact in education. However, the development of suitable indicators was noted as a challenge.

Participants also noted that the pursuit of transparency would require significant changes to organisational structures. This would include building systems for monitoring and evaluation and developing staff capacity or investing in technical expertise. For some who were less convinced, this was felt as a tension of wasting resources that may be better spent elsewhere:

...you can't help but think that in the grand scheme of things, because, you know, the resource has gone into measurement then you're going to end up measuring some lower quality thing...because the same resource cannot be put in the improvement of education. Of course, we know somewhere there is a balance [...] that, you know, how you can be more effective aah... so, so we're just grappling with where we put our resources.

Summary of Insights

This preliminary analysis points to a number of experienced tensions for funders operating in a sectoral context to increasingly pursue 'big impact' as well as to respond to calls for greater transparency. The two are not necessarily aligned. Some participants were unconvinced that the pursuit of transparency was a useful ideal, stating it was incongruous with nimble investment. Some felt that resources would be better spent in expanding their investment portfolios. By and large, however, most felt that transparent operations and open access to data and information would lead to more comprehensive decision-making around investment.

Participants in this study tended to focus on reporting for internal purposes or to comply with external regulations. While most saw value in more openly accessible data and information, access was usually restricted. Some purposely kept information gated to secure comparative advantage or to comply with wishes of anonymity. Funders often accessed data and information through ad-hoc social informational networks with other organizations through their own connections rather than through open channels, and sometimes through membership-based networks.

Thus, there is a struggle between the ideals of transparency within the pursuit of 'big impact' -one that requires much further analysis.

References

Srivastava, P., & Read, R. (2019). *Towards transparency: A report on piloting the Invest-ED tool on private sector investment in education with philanthropic and impact investing actors in Asia*. University of Western Ontario. <https://ir.lib.uwo.ca/edupub/109/>



Endnotes

1. The Invest-ED Tool was developed in collaboration with researchers at the Brookings Institution based on an adapted set of reporting standards and disclosures originally developed by the Global Reporting Initiative.

Part 3

New Relationships and Frontiers Between the Public and Private Spheres

Public-Private Partnerships and New Philanthropy in Education: The Case of the Varkey Foundation in Argentina

 **Tomás Esper**, Postgraduate student – Master in Public Administration, School of International and Public Affairs, Columbia University, USA
 te2288@columbia.edu

Summary

This article presents a new form of education privatization in Argentina through public-private partnerships. It draws upon the case of the Varkey Foundation, a philanthropic global organization, and highlights the effects of networks in modern education policymaking

Keywords

PPP
Privatization
New philanthropy
Varkey Foundation
Argentina

Introduction

In recent years, Argentina has experienced a new type of public-private partnership (PPP) within its public education system: the contract-out of in-service headteacher training to the Varkey Foundation (VF) in five provinces. The involvement of the VF in Argentina lies in the crossroads of the emergence of a global expansion of PPP in education (Robertson & Verger, 2012) and the role of new philanthropists (Ball, 2008). Argentina developed PPPs in education prior to its global expansion in the 1980s (Steiner-Khamsi & Draxler, 2018), as already in 1947 state subsidies to private schools were established. Nowadays, this enduring mechanism reaches 63% of primary and 70% of secondary private schools, receiving between 40% and 100% of state-funding to cover teachers' salaries (Sleiman, 2018)¹. Furthermore, privatization is a continuing phenomenon from the early 1950s, and private schools represent at the present 28,2% of total enrollment in k-12 education (DIEE, 2018). Nonetheless, in spite of the adoption of different neoliberal reforms in the 1970s and 1990s, Argentina is considered a 'black swan', as it has never implemented market-oriented mechanisms such as school competition, vouchers or parental choice (Beech & Barrenechea, 2011). In this regard, the country was historically characterized by a strong state-monopoly in education and particularly upon headteachers & teacher training (Feldfeber et al., 2018), a tradition that seems to have been broken in recent years due to different small-scale PPPs throughout the country (Veleda, 2016). Therefore, the emergence of the VF as responsible for in-service headteachers' training raises questions about a new state role and the expansion of privatization under a new PPP scheme.

New Philanthropy and the Expansion of Ppp in Education.

The global emergence of new philanthropy has occurred amid the shift of government to governance in education. New governance in education has replaced historical hierarchical top-down power relationships for heterarchical networks,

entailing the involvement of a range of new actors at different levels of influence within state education policymaking (Ball & Junemann, 2012a). Although not completely powerless, nation-states appear more dependent upon non-state actors as corporations, ‘edubusinesses’ and philanthropists (Ball & Junemann, 2012b). Furthermore, network governance is underpinned by a neoliberal ideology, which strives for private provision of education under market rules and limits the state’s role for enabling and funding private initiatives (Robertson & Verger, 2012). In this sense, ‘new philanthropy’ shows a double face. On the one hand, it steers donations as investments and results as returns (Avelar & Ball, 2019). On the other hand, new philanthropy deploys business methods as performance management, impact evaluation or efficiency for reshaping the public sector. As we shall see, philanthropists are taking on responsibilities and tasks historically developed by the state.

The global expansion of PPP in education has played a pivotal role for the further involvement of philanthropists. In this sense, Steiner-Khamsi & Draxler (2018) argue that, in addition to the shift from government to governance and the re-articulation of the state, governments had “reframed PPPs as global solutions to their local problems” (p. 2). Hence, two questions appear as paramount for understanding this case: (i) why some policy actors buy into certain policies which appear as ‘best practices’ and what these new PPPs are replacing. Particularly relevant for understanding our case is the notion of the global education policy community, characterized by a limited number of participants, who share core values and visions and validate certain policy discourses, but at the same time disenfranchise traditional policies and actors (Ball, 2008). Within such communities, certain key-players engage and network to catalyze the delivery of education services through philanthropy and business in different countries (Ball & Junemann, 2012a). Thus, first, we ought to analyze how, who and where key-players were linked together to introduce the VF to Argentina and second, what the delegation of headteacher training to private hands means in terms of the system’s governance.

Networks, Influence, and Policymaking.

The VF work is a clear example of new philanthropy and the re-shaping of nation-states’ education policy. Founded in 2011 by Sunny Varkey, the VF is mainly concerned with teaching quality, operating in all-six continents with different programs such as “Teach for Uganda” and “Teach for Ghana”, providing grants for work in Lebanon and China and developing policy research projects like the “Global Teacher Status Index”, among other projects (Varkey Foundation, 2019a). Moreover, since 2013 the VF partnered with UNESCO and United Arab Emirates’ Ministry of Education for hosting the ‘Global Education & Skills Forum’ annually in Dubai, where not only the Global Teacher Prize² is awarded, but also ministries, businessmen and private companies from all over the world are gathered (Ridge et al., 2016). The VF is part of the Varkey Group Limited, a conglomerate of five

organizations that includes the GEMS Group, run by Sunny Varkey, the world’s largest private education company (Matovich & Cardini, 2019), which in 2018 made an annual profit of \$602,6 million (Ernest & Young, 2018), 9% higher than the previous year (Matovich & Cardini, 2019). According to its latest financial statement, the VF operates mainly through income generated by its own programs (78,4%), where donations represent only 8,9% (Varkey Foundation, 2018a). Furthermore, as evidenced by Ridge, Kippels and Shami (2016), the Foundation has succeeded to develop a vast network of influential actors across the state, private and third sectors, including Andreas Schleicher from OECD, former U.S. president Bill Clinton or UNESCO’s Director General Irina Bokova.

In Argentina, the VF partnered with the National Ministry of Education (NME) for implementing the “Leadership & Innovation” program (PLIE its Spanish acronym) in five of twenty-four provinces: Mendoza, Jujuy, Corrientes, Salta and Buenos Aires (Varkey Foundation, 2019b). The program entails a six-week training for public school headteachers and one school teacher, aiming to equip them with the skills to be “the managers of real change within their own institutions” (Varkey Foundation, 2019b). The implementation started in October 2016 in the province of Jujuy and continued throughout 2017 in Mendoza, Corrientes and Salta (Varkey Foundation, 2018b), landing in 2018 in the province of Buenos Aires, the largest district in the country (Matovich & Cardini, 2019). After four years, it has trained more than 7,100 headteachers and aims to reach more than 15,000 (Varkey Foundation, 2019b). Furthermore, the Foundation has expanded its scope developing the ‘Innovation Studio’ for PLIE alumni, The Latin-American Coalition for Teaching Excellence and brokering with Argentina for having a National Teacher Prize.

The landing of the VF in Argentina occurred at the hand of a new government and thanks to the combination of two strategies: networking and piloting. As framed by Fontdevila, Verger & Avelar (2019) among the private sector influencing strategies, networking appears to be the preferred method for philanthropists. Compared to Brazil, where networking occurred by means of a well-organized advocacy coalition (Avelar & Ball, 2019), the Argentinian case was dominated by ‘meetingness’, a modality of business encounters, seminars, events and so on, which reunite influential policy actors (Fontdevila, et al., 2019). As detailed by Matovich & Cardini (2019) the key player from the Argentinian side was Esteban Bullrich, at the time National Minister of Education. Minister Bullrich attended a number of events organized by the Varkey Foundation during his prior position as Minister of Education for the City of Buenos Aires (2007-2015), where, for instance, he expressed his desire to have an Argentinian National Teacher Prize (Global Education and Skills Forum, 2017). From the other side, Vikas Pota, president of the VF, was invited by Bullrich to an event at the province of Jujuy with Isolda Calsina, provincial Minister of Education, an encounter that triggered the program. Furthermore, Agustin Porres, who worked with Bull-

rich at the City of Buenos Aires, was appointed Country Director of Varkey Argentina and Fernando Zapiola, former International Baccalaureate coordinator in Argentina and also classmate with Bullrich during their time studying in the U.S., became Academic Director (Matovich & Cardini, 2019).

The second relevant aspect for the establishment of the VF was its piloting modality, as it started in two provinces and was rapidly expanded into three more. Pilot experiences are small-scale interventions less likely to generate opposition from stakeholders and faster to implement (Fontdevila et al., 2019). However, in this case, the policy networks had a crucial role in shaping which provinces would pioneer. Argentina is a federal country with a decentralized education system governed by each province. Therefore, the selection of Jujuy and Mendoza as the first two cases was not casual, but based on a political affinity, as both belong to '*Cambiamos*', the national coalition which governed the country. For the selection of Corrientes and Salta, the Varkey Foundation had a say, related to Porres and Zapiola networks, whereas the final province, Buenos Aires, was also governed by '*Cambiamos*' (Matovich & Cardini, 2019).

New Forms of Privatization in Argentina.

The relevance of the VF's PLIE was the development of a different type of PPP in Argentina, within the context of a change in the governance paradigm. In spite of different neoliberal reforms, the state has never resigned its control over headteachers training for public education, undertaken either at the national or provincial level. However, over the last ten years, a number of projects for in-service headteacher and teachers training between provincial governments, companies and third sector organizations began to appear disseminated throughout different provinces (Veleda, 2016). Nonetheless, none of them were centrally coordinated and funded by the NME, which conceded the PLIE is a distinctive feature.

Furthermore, a paramount aspect of this new PPP was its funding and contracting scheme. First, the PLIE program has no charge for participants in any province, as it is funded by the NME. However, it has an indirect cost for provinces, which have to replace headteachers and teachers during the six-week training (Matovich & Cardini, 2019). Finally, the VF, who receives its payment from the NME, brings their own staff from the United Kingdom (Matovich & Cardini, 2019). Nonetheless, in the context of public cuts in education for the (2015-2019) period (Claus & Sanchez, 2019), the PLIE meant an overhead cost in dollars for the NME (Feldfeber et al., 2018). What is more, the contracting mechanism was controversial, as it was under the figure of a 'cooperation agreement' which allowed the VF to be the only contesting organization for providing the training, instead of public tender (Feldfeber et al., 2018). Thus, through the funding scheme and the benefits received by the VF, one of the key reasons for the global expansion of PPPs in education is clear: making it a business of global scale (Steiner-Khamsi & Draxler, 2018).

Finally, the PLIE initiative was also underpinned by a desire for generating innovation in public education using private sector methods. Minister Bullrich repeatedly criticized Argentina's public education system for being old and inadequate regarding the 21st century demands, and strived for radical innovation imported from outside (Matovich & Cardini, 2019). Innovative solutions to social problems are a typical selling point for PPPs in education (Robertson & Verger, 2012), which was no exception for the Varkey PLIE program. After the six-week training, each headteacher should present a 'School Innovation Project' to implement upon returning to their school. However, concerns might arise when thinking of the Sunny Varkey airline model of "economy, business and first-class to make top-notch education available based on what families could afford" (Rai, 2014). Questions arise when thinking about what type of public education is being delivered and to what extent this piloting case opens the door for further privatization in Argentina.

Conclusion: The Local-Global Divide

Argentina constitutes a case of historical PPP in education (Verger et al., 2016), which began in 1947 under the form of state subsidies to private schooling and continues to this day. However, the partnership with the Varkey Foundation for headteachers and teachers' training entailed the delegation of a responsibility historically developed by the state to private hands (Feldfeber et al., 2018). On the one hand, this case evidences how philanthropists, as a global actor, have a growing participation in education, changing the ways under which education policies are developed within nation states, and dismantling hierarchical power structures within countries. On the other hand, the global growth of privatization (Verger et al., 2016) and particularly of PPP as a model for educational governance (Robertson & Verger, 2012) are transforming the categories used for understanding such a complex phenomenon. The involvement of the VF within Argentina's public education seems to consolidate a new form of privatization through PPP in the country, different from supply-side subsidies, which started around 2012 as documented by Velleda (2016). Nonetheless, the continuity or not of the partnership is in suspense, as the first agreement ended in December 2019, coinciding with a change in the national government due to the defeat of the '*Cambiamos*' in the national election. Hence, the question remains if the VF experience is to be framed within a particular time in history or if it constituted the consolidation of a new privatization wave in Argentina.



Endnotes



1. These numbers are higher when considering private schools with faith designation.
2. The Global Teacher Prize awards US \$1 dollar award to "an exceptional teacher who has made an outstanding contribution to the profession" Furthermore, the has partnered with 40 countries for promoting the National Teacher Prize organization develop the regional

References

- Avelar, M., & Ball, S. J. (2019). Mapping new philanthropy and the heterarchical state: The Mobilization for the National Learning Standards in Brazil. *International Journal of Educational Development*, 64(C), 65–73. <https://doi.org/10.1016/j.ijedudev.2017.09.007>
- Ball, S. J. (2008). New Philanthropy, New Networks and New Governance in Education. *Political Studies*, 56(4), 747–765. <https://doi.org/10.1111/j.1467-9248.2008.00722.x>
- Ball, S. J., & Junemann, C. (2012a). *Networks, new governance and education*. Policy Press.
- Ball, S. J., & Junemann, C. (2012b). 'New' philanthropy, social enterprise and public policy. *Political Studies*, 56(4), 747–765. Policy Press.
- Beech, J., & Barrenechea, I. (2011). Pro-market educational governance: Is Argentina a black swan? *Critical Studies in Education*, 52(3), 279–293. <https://doi.org/10.1080/17508487.2011.604077>
- Claus, A., & Sanchez, B. (2019). *El financiamiento educativo en la Argentina: Balance y desafíos de cara al cambio de década* (Working Paper No. 178; Grupo Compromiso con el Financiamiento Educativo, p. 79). CIPPEC. <https://www.cippec.org/publicacion/el-financiamiento-educativo-en-la-argentina-balance-y-desafios-de-cara-al-cambio-de-decada/>
- DIEE, D. de I. y E. E. (2018). *Anuario Estadístico Educativo 2018*. Ministerio de Educación, Cultura, Ciencia y Tecnología.
- Ernest & Young. (2018). *GEMS MENASA (Cayman) Limited and its subsidiaries. Interim consolidated financial statements for the period ended 28 February 2018*. [Financial Statement]. <https://media.gemseducation.com/media/41205/consolidated-financial-statements-h1-18.pdf>
- Feldfeber, M., Puiggrós, A., Robertson, S., & Duhalde, M. (2018). *La privatización educativa en Argentina*. Education International – CTERA.
- Fontdevila, C., Verger, A., & Avelar, M. (2019). The business of policy: A review of the corporate sector's emerging strategies in the promotion of education reform. *Critical Studies in Education*, 0(0), 1–16. <https://doi.org/10.1080/17508487.2019.1573749>
- Global Education and Skills Forum. (2017). *Esteban Bullrich speaking at GESF 2015*. [Video]. YouTube. <https://www.youtube.com/watch?v=f-Vyv7pbE1I>
- Matovich, I., & Cardini, A. (2019). New philanthropy and global policy networks in education: The case of Argentina, in N. Ridge & A. Terway (eds.) *Philanthropy in Education: Diverse Perspectives and Global Trends*. Edward Elgar Publishing.
- Rai, S. (2014). *Billionaire Education Entrepreneur Varkey Takes His Dubai School Chain Worldwide*. Forbes Magazine. <https://www.forbes.com/sites/saritharai/2014/04/02/chalk-a-block/#7f445cc34e75>
- Ridge, N., Kippels, S., & Shami, S. (2016). Economy, Business and First Class. In A. Verger, C. Lubienski, & G. Steiner-Khamsi (eds.) *World Yearbook of Education 2016: The Global Education Industry* (pp. 264–287). Routledge.
- Robertson, S. L., & Verger, A. (2012). Governing education through public private partnership, in S. L. Robertson, K. Mundy, A. Verger, & F. Menashy (eds.) *Public Private Partnership in Education. New Actors and Modes of Governance in a Globalizing World* (pp. 21–42). Edward Elgar.
- Sleiman, C. (2018). *Subvenciones estatales a la educación privada. ¿Quiénes reciben más?* Universidad Pedagógica Nacional. <http://observatorio.unipe.edu.ar/datos>
- Steiner-Khamsi, G., & Draxler, A. (2018). Introduction. In G. Steiner-Khamsi & A. Draxler (eds.) *The state, business and education: Public-private partnerships revisited*. Edward Elgar Publishing. <https://www.elgaronline.com/view/edcoll/9781788970327/9781788970327.xml>
- Varkey Foundation. (2018a). *Annual Report. Report and financial statements for the year ended 31st March 2018*. Varkey Foundation. http://apps.charitycommission.gov.uk/Accounts/Ends19/0001145119_AC_20180331_E_C.PDF
- Varkey Foundation. (2018b). *Evaluación de resultados intermedios. Presentación del impacto del Programa de Liderazgo e Innovación Educativa*. [Informe de Monitoreo y Evaluación]. Varkey Foundation. <https://www.fundacionvarkey.org/qu%C3%A9-hacemos/programa-de-liderazgo-e-innovaci%C3%B3n-educativa/evaluaci%C3%B3n-de-resultados-intermedios>
- Varkey Foundation. (2019a). *About the Varkey Foundation*. Varkey Foundation. <https://www.varkeyfoundation.org/who-we-are/about-the-varkey-foundation/>
- Varkey Foundation. (2019b). *Programa de Liderazgo e Innovación Educativa*. Programa de Liderazgo e Innovación Educativa. <https://www.fundacionvarkey.org/qu%C3%A9-hacemos/programa-de-liderazgo-e-innovaci%C3%B3n-educativa/>
- Veleda, C. (2016). *¿Una bala de plata para mejorar la calidad educativa? La formación de los supervisores y directores de escuela: Lecciones de 15 programas de formación* (Documento de Trabajo No. 149; p. 37). CIPPEC. <https://www.cippec.org/wp-content/uploads/2017/07/Veleda-y-Achaval-Una-bala-de-plata-Formaci%C3%B3n-directivos.pdf>
- Verger, A., Lubienski, C., & Steiner-Khamsi, G. (2016). The Emergence and Structuring of the Global Education Industry: Towards an Analytical Framework, in A. Verger, C. Lubienski, & G. Steiner-Khamsi (eds.) *World Yearbook of Education 2016: The Global Education Industry*. Routledge.

From the Right to Education to the Right to Learn: Impacts From the New Philanthropy in the Education Policy Making in Brazil

 **Andressa Pellanda¹**, General Coordinator, Brazilian Campaign for the Right to Education, Brazil
 andressa@campanhaeducacao.org.br

 **Daniel Cara²**, Professor, Faculty of Education, University of São Paulo, Brazil
 tojeira.cara@gmail.com

Summary

This article explores how new philanthropy is playing a key role in a shift from disperse new management reforms to privatization as part of a structural state reform in Brazil, by enacting advocacy activities and supporting groups and movement of “political renovation” that affect legislative and public management staff. They argue these two forms of action support an agenda that is advancing fast, displacing the “right to education” in favour of the “right to learn”, moving away from a deeper understanding of education and its role in democracy and social justice.

Keywords

PPP
Privatisation
Advocacy
Lobbying, right to education
Social justice

In spite of the growing privatization in Latin America, few studies have investigated the forms it has adopted in the region. Drawing from the categories of privatization developed by Moschetti, Fontdevilla & Verger (2019), this article argues that since 2016 there has been in Brazil a shift from disperse new management reforms to privatization as part of a structural reform of the state. Philanthropy has been playing a key role in this shift by adopting two forms of action: advocacy activities and supporting groups and movement of “political renovation” that affect legislative and public management staff. As a result, their agenda has been advancing fast, displacing an emphasis from the “right to education” to the “right to learn”, abandoning a deeper understanding of education and its role in democracy and social justice.

The Trajectory of Privatization of Education in Brazil: From Incremental to Structural

Several countries and regions on the globe have been experiencing increasing privatization processes in educational reforms (Verger; Fontdevila; Zancajo, 2016). The case of Latin America is highlighted by leading the ranking of regions with the largest private educational participation and also the highest growth in recent decades (UNESCO-UIS, 2016 apud Moschetti; Fontdevila; Verger, 2019). In addition to the growth in private education provision, the region has seen more complex and multifaceted (Ball, 2009), endogenous and exogenous (Ball & Yudell, 2008) processes, which range from the provision of education to the formulation of educational legislation and policies and in processes increasingly rooted also in the strategies for implementing these policies in the era of 'new public management' (Coupland; Currie; Boyett, 2008).

Moschetti, Fontdevila and Verger (2019), recently reviewing these policies and processes between 1990 and 2016, cat-

egorized the 'paths' by which educational privatization has advanced on the continent. In Brazil, their findings show that privatization has advanced through incremental reform, with the emergence of 'new public management' and the conception of education as a service, accompanied by high rates of territorial inequality. The authors add that processes of resistance by civil society to more structural privatization have made Brazil a country more likely to adopt more moderate reforms, and further describe that it is a very decentralized country and it is therefore difficult to promote deep educational reforms at national level.

From 2016, however, we argue that with a deepening participation of philanthropy actors in the processes of formulating and implementing educational policies – as we will demonstrate in the next item – Brazil has been moving to another category designed by Moschetti, Fontdevila and Verger (2019): educational privatization is becoming part of state structural reform. The two central axes that have characterized resistances to incremental privatization so far are also systematically weakened: there is a recrudescence of formal spaces for civil society participation (Da Silva et al., 2018) and philanthropists are now devoted to training human resources staff to work in public administration at the three federal levels – federal, state and municipal.

Structural Reforms: Flagship Cases of New Philanthropy in Public Policy Formulation

In June 2014, the National Education Plan 2014-2024 under Law 13.005 / 2014 was approved in Brazil. Even before completing one year, the country experienced an institutional rupture (Fernandez and Pellanda, 2018) with the impeachment of the former president Dilma Rousseff and the rise to the presidency of Michel Temer. This shift was characterized on the one hand by the implementation of economic austerity policies, divestments in social areas (Cara and Pellanda, 2018), and the recrudescence of formal spaces for participation (Da Silva; De Sousa; De Pinho Araújo, 2018) and, on the other, by the elaboration of educational reforms marked by the leadership of the new philanthropy.

The milestone of the setback in terms of participation in the formulation of educational policies occurs in 2017, with a process of recomposition of the members of the National Education Forum and the modification of the competences of the permanent instances of negotiation between civil society and the state. Da Silva et al. (2018, p. 21) describe that such processes would be beyond a simple dispute of deliberative spaces around public education policies, but would be linked to a new recomposition by the federal government, “with the intentionality of the crumbling of public spaces in favor of the interests and decisions arising from an education to the logic of the market”.

Overturning the primordial spaces of “resistances” to structural privatization processes, as described by Moschetti et al. (2019),

there was room for other interested actors. In this sense, the two main actions taken by the Temer government (2015-2018) in education were the construction of a National Learning Standards, led by the autonomous group “Mobilization for the National Learning Standards” – coordinated by the Lemann Foundation and with the membership of main philanthropic institutions that work in education in Brazil (Avelar and Ball, 2019) – and the publication of a High School Reform – formulated by the Unibanco Institute and whose implementation has been fostered through education financialization mechanisms together with Itaú Social, Itaú BBA, and Insper (organizations that were also involved in the attempt to implement Social Impact Bonds for education in the state of São Paulo (Cássio; Goulart; Ximenes, 2018)).

Both agendas miss the 20 goals and hundreds of strategies of the National Education Plan, which came to the end of the Temer government with only four of its goals partially implemented and all others far from being met, according to a survey of the Brazilian Campaign by Right to Education, based on official data³.

As Avelar (2018) describes, three fundamental and interrelated forms of work are identified in these activities of the new philanthropic institutions: framing problems and policy solutions with entrepreneurship; coordination, mobilization and activation of relationships and resources in networks; and institutionalization of policies and relationships in heterarchies.

The federal government became occupied by new philanthropy after being put in place the major reforms, being guaranteed the government's non-porosity in the face of education movements and unions, and as the long-term social investment policy in public and free education, represented by the National Education Plan, had been put in corner. However, the main challenge facing such groups from then on is the federal decentralization in the provision of basic education. To this end, another strategy is underway: the capillarization of “new leaders” and “people management innovation” strategies to form public administration staff at all levels of the federation.

Vectors for Implementation: Capillarization of “New Leaders” and “People Management Innovation” as Strategies for Public Administration

In parallel with the achievement of such educational reforms and the more structural privatization process of education in Brazil, new philanthropy has been supporting groups that have grown and strengthened to form new public leaders in a process they call “innovation in people management”. These groups aim to form cadres to take up positions in public administration throughout the country.

Through business management values and discourse – with an

emphasis on impact, efficiency, and results management – the main groups that have advanced this agenda are RenovaBR⁴ and the Political Action Network for Sustainability (RAPS)⁵, by training candidates for elected positions in the legislatures; and Vetor Brasil, focusing on “attracting, selecting and developing professionals” for public management⁶.

From surveys conducted on documents provided by the three organizations, with information from 2018, the main findings were that RenovaBR⁷ has a budget of approximately R\$ 20 million (US\$ 5 million), 85% of which comes from individuals, especially heirs of banks such as Itaú-Unibanco. RAPS, on the other hand, does not make its financial statements and activities available on its website, only for its network, which is made up of partners such as Jorge Paulo Lemann's Estudar Foundation and Lemann Foundation; the Maria Cecília Souto Vidigal Foundation; Instituto Alana – from the same heiress of Itaú who donated to RenovaBR; among others⁸. Vetor Brasil has a budget of about R\$ 5 million (US\$ 1.3 million), mostly from legal entities, 60% of which is donated by the Lemann Foundation⁹.

Therefore, it is possible to verify that the same actors responsible for the structural reforms mentioned in the previous item, such as the new learning standards and the high school reform, as examples, are financing and supporting these “political renewal” movements. But what are their purposes? Their common agenda is to train political leaders and future candidates, guaranteeing them connections and networks in the business field especially, and putting themselves as intermediaries for the selection of these public actors: whether the selection made by the population, in representative positions, as they give a “seal of quality”; whether carried out by chief executives of the three levels of the federation, through direct articulation with these managers.

The results of this kind of policy influence are already considerable: in 2018, 117 RenovaBR leaders competed in the elections¹⁰; RAPS has a network of 581 members from 28 parties, of which 134 have current mandates¹¹; and Vetor Brasil has a network of more than 350 professionals, working in the 27 federation units, in more than 120 government agencies of 40 governments – having grown 91% from 2017 to 2018 (Vetor Brasil, 2015, p. 9).

Conclusions

This paper has shown a shift in the privatization model in Brazil over the past three years, from an incremental model to a structurally based model for state reform. It also related this model to the recent growth of the participation of foundations and business institutes in the formulation of educational policies, following the model of new philanthropies. Finally, it demonstrated that such groups have been designing concomitant strategies to ensure the implementation of such national reforms and to overcome the challenge of

decentralizing education provision by supporting groups that have developed training and created the environment for the solidification of aligned human resources that can compose legislatures and executives at all federal levels from the highest to the most elementary positions.

The impact on the full guarantee of the right to education has already been demonstrated by numerous aforementioned authors. However, there is a deeper nexus impact demonstrated by Cara's doctoral thesis (2019): the replacement of the right to education with the right to learning. Cara (2019) demonstrates that such actors promote discourses and agendas that focus on policies that reduce the scope of the right to education to that of learning, content-based, productivist and utilitarian. Not coincidentally, they are promoters of the curriculum agenda and a reform of High School focused on technical professionalization and cheap labor, to the detriment of the agenda of the National Education Plan.

This article therefore describes and analyzes the size of the problem brought by the new philanthropy in Brazil which, under the guise of “solving problems” or “collaborating” with education, is undertaking a structural action 1) reforms, 2) outsourcing, 3) financialization and 4) reductionism of the right to education in the country.

With the rise of a populist, far-right government such as that of Jair Bolsonaro (Alston, 2017; Mounk, 2018), the tendency is for an even greater impoverishment of this right. Such liberalizing policies are in line with the collapse of what has meant some nod to the construction of a welfare state in Brazil, but which has never seen structural reforms grounded in a perspective of law and which is increasingly distancing itself from that view.



References

- Avelar, M. (2018). Giving with an agenda: New philanthropy's labour in "glocal" education networks of governance (PhD thesis). UCL Institute of Education.
- Avelar, M., & Ball, S. J. (2019). Mapping new philanthropy and the heterarchical state: The Mobilization for the National Learning Standards in Brazil. *International Journal of Educational Development*, 64, 65-73.
- Ball, S. J. & Youdell, D. (2008). *Hidden privatisation in public education*. Brussels Education International. https://www.ei-ie.org/media_gallery/2009-00034-01-E.pdf.
- Ball, S. J. (2009). Privatising education, privatising education policy, privatising educational research: Network governance and the 'competition state'. *Journal of Education Policy*, 24(1) 83-9.
- Ball, S. J., & Olmedo, A. (2011). Global social capitalism: Using enterprise to solve the problems of the world. *Citizenship, Social and Economics Education*, 10(2-3), 83-90.
- Cara, D. T. & Pellanda, A. C. (2018). Avanços e retrocessos em Educação Básica: da Constituição de 1988 à Emenda Constitucional 95, in *Economia para Poucos* (1st ed), (pp. 98-126). Autonomia Literária.
- Cara, D. T. (2019). O fenômeno de descumprimento do Plano Nacional de Educação. (Publication No. 180f) [Doctoral dissertation, Faculty of Education of the University of São Paulo].
- Cassio, F., Goulart, D. & Ximenes, S. (2018). Social Impact Bonds in Sao Paulo's State Public School System: New Modality of Public-Private Partnership in Brazil. *Education Policy Analysis Archives*. 26. 130. 10.14507/epaa.26.3711.
- Coupland, C., Currie, G. & Boyett, I. (2008). New public management and a modernization agenda: implications for school leadership. *International Journal of Public Administration*, 31(9). 1079-1094, 2008.
- Da Silva, M. A., De Sousa, F. B., De Pinho A., & Walisson, M. (2018). A premência na recomposição do Fórum Nacional de Educação: Portaria nº. 577/2017 e instâncias permanentes de negociação, *Research, Society and Development*, 7(4), 1.
- Fernandez, M., Pellanda, A. C. (2018). Austeridade e Políticas Sociais no Governo Temer: um panorama sobre as políticas de saúde e educação, in *Morais da Rosa et al (Eds.) Temerosas Transações: ensaios sobre o golpe recente no Brasil*. Santa Cruz do Sul: Essere Nel Mondo.
- Mounk, Y. (2018). The people vs. democracy: why our freedom is in danger and how to save it. Cambridge, Massachusetts: Harvard University Press.
- Moschetti, M. C., Fontdevila, C. & Verger, A. (2019). Policies, processes, and paths of educational privatization in Latin America. *Educ. Pesqui.* 45. <http://dx.doi.org/10.1590/s1678-463420194187870>.
- Saltman, K. (2010). *The Gift of Education: Public Education and Venture Philanthropy*. Education, politics, and public life. Palgrave Macmillan.
- Vetor, B. (2015). Relatório anual de atividades. Teachers College Press. <https://drive.google.com/file/d/1Qdai2U1CcuI9ZHS2y4OEPZboBifU7GB5/view>.
- Verger, A., Fontdevilla, C., & Zancajo A. (2016). *The privatisation of education: a political economy of global education reform*. Teachers College Press.

Endnotes

1. Andressa Pellanda is the general coordinator of the Brazilian Campaign for the Right to Education. She is a master's degree student in Science-International Relations at the University of São Paulo (USP), she has a postgraduate degree in Political Science (FESP/SP) and holds a BA in Social Communication with accreditation in Journalism (USP). Brazil. andressa@campanhaeducacao.org.br
2. Daniel Cara is professor at the Faculty of Education of the University of São Paulo (USP) and is a member of the Steering Committee of the Brazilian Campaign for the Right to Education. He holds a PhD in education (USP), a MA in Political Science (USP) and a BA in Social Sciences (USP). Brazil. tojeira.cara@gmail.com.
3. Please see for full report: Campanha Nacional pelo Direito a Educação (2014). Plano nacional de educação: 5 anos de descumprimento. http://campanha.org.br/wp-content/uploads/2019/05/RelatorioMetasEstrategias_PNE_5Ano_Campanha_2019-1.pdf
4. RenovaBR (2019). O que é ser comum? <https://renovabr.org>
5. RAPS (2020). A Rede de Ação Política pela Sustentabilidade – RAPS. <https://www.raps.org.br/>
6. VetorBrasil (2020). Quem Somos. <https://vetorbrasil.org/quem-somos/>
7. PwC (2018). Associação Renova BR: Demonstrações financeiras em 31 dezembro de 2018 e relatório do auditor independente. <https://media.renovabr.org/uploads/2019/08/Relat%C3%B3rio-de-auditoria-2018-Renova-BR-VF.pdf>
8. RAPS (2014). Transparência como princípio. <https://www.raps.org.br/transparencia/>
9. VetorBrasil (2018). Relatório do auditor independente sobre as demonstrações Contábeis. <https://drive.google.com/file/d/1GiPFM4En64dsFzfhkN09ixB3mzmOgVu8/view>
10. Renovabr (2018). Relatório Anual 2018. <https://media.renovabr.org/uploads/2019/07/RELATO%CC%81RIO-ANUAL-2018.pdf>
11. RAPS (2020). A Rede de Ação Política pela Sustentabilidade – RAPS. <https://www.raps.org.br/>

Education in Latin America: An Open Field for Business Networking¹

 **Erika Moreira Martins**, Collaborating Researcher, GPPES, University of Campinas, Brazil and UIDEF, University of Lisbon, Portugal
 erikammartins@gmail.com

Summary

This article illustrates the global work of non-state actors in education policy through an analysis of the Latin American Network of Civil Society Organizations for Education (REDUCA), which includes 15 organizations distributed throughout the countries of Latin America and the Caribbean. She addresses the question of ‘what is the bourgeoisies’ project for public education in Latin America?’, and seeks to understand how global processes, national trajectories and regional dynamics are articulated in the context of organized business action in the education sector.

Keywords

Entrepreneurs and Education
Latin America
Network Analysis
REDUCA

Introduction

In the last decades, great entrepreneurs have strengthened themselves as one of the most significant voices in the struggle for control and purposes of public education in Latin America, intensifying their conditioning to private interests. The advance of corporate collective action has been transformed and renewed, deepening quantitatively and qualitatively over time. Today we are confronted with ‘new actors’ such as philanthropists, consultants, international and transnational organizations, think tanks funded by large corporations, private foundations and institutes, lobbyists and business associations eager to guide the construction of broadly segmented educational proposals. Part of these ‘new actors’ have organized themselves into political networks, which also include the third sector and the high state bureaucracy. Given this, we study the ‘Latin American Network of Civil Society Organizations for Education’ (REDUCA), a network that represents the strengthening of organized corporate action for education. This network connects various organizations of the New Right spectrum to the interests of shift governments, aspiring to organically link the interests of capital to Latin American public education in favor of a hegemonic project. This movement is organized around a process of reinvention of capital with a view to safeguarding commercial interests.

Positioned in the Latin American scenario, we seek to understand how global processes, national trajectories and regional dynamics are articulated through this business action in order to unveil the direction REDUCA intends to give to education in Latin America, spelling out its economic and political determinations in defining the direction of the intended reforms.

With the Inter-American Development Bank (IDB) support, REDUCA was launched in 2011, bringing together business organizations, coalitions between business groups, their institutes and foundations, governments, third sector and think tanks. It includes 15 organizations spread throughout the countries of Latin America and the Caribbean: Argentina – Proyecto EducAR 2050; Brazil – Todos pela Educação; Chile – Fundación Educación 2020; Colombia – Fundación Empresarios por la

Educación; El Salvador – Fundación Empresarial para el Desarrollo Educativo (Fepade); Ecuador – FARO Group; Guatemala – Empresarios por la Educación; Honduras – Fundación Educativa Maduro Andreu (Ferema); Mexico – Mexicanos Primero; Nicaragua – Eduquemos/Empresarios por la Educación; Panama – Unidos por la Educación/FUDESPA; Paraguay – Juntos por la Educación; Peru – Asociación Empresarios por la Educación; Dominican Republic – EDUCA; and Uruguay – ReachingU.

The Launch of REDUCA and Governance Strategy

REDUCA was created in 2011, in Brasília / Brazil. Its launch represented an effort to promote a ‘network of networks’² by strengthening a ‘governance structure’ between market and hierarchy, reinforcing the role of the private sector in education in Latin America and defending the diminishing potential of the State to propose reforms in relation to other actors such as international organizations and entrepreneurs. REDUCA’s organizers know their potential for reaching Latin America as a catalyst for organized business action in local and regional policy advocacy. Thus, a fraction of the business class has updated their forms of intervention in education, consolidating a project of human formation, which gradually becomes consensus in society. In such a context, we ask ourselves: What, after all, is the ruling class’s project for public education in Latin America?

Businessmen’s interest in education lies in the recognition that a ‘strategy of accumulation’³ is not restricted to an economic theme but extends to political and ideological issues where education represents a decisive strategic dimension. In other words, beyond the immediate interests of production and as a necessary condition for this to be fulfilled, education represents for the business community a crucial element that shapes a project of ‘moral, intellectual’ (Gramsci, 1982) and also ideological of social formations.

Increasing Business Interest in Public Education in Latin America

Faced with the need for continuous accumulation and due to the crisis that Latin America experienced in the 1990s, the business community reorganized itself, and thus inaugurated a new cycle of corporate mobilization (Coggiola, 2008; Burron, 2014; Martins, 2011), in which public education is understood as an important part of the ‘accumulation strategy’. From the perspective of businessmen, the state and teachers have failed to provide public education. By promoting a ‘catastrophic’ discourse on the results of the countries of the region in the standardized tests, REDUCA and its members try to redefine the meaning of public education because, in their view, student performance would have consequences for development and social cohesion, especially in peripheral countries⁴. This was the gap for these groups to appropriate flag ‘quality of education’ as a tactic in the process of building a consensus around their project. However, unlike the sense of quality advocated by pro-

gressive groups, for businesspersons, the right to quality education overlaps with the right to public and democratic school, as Ball (2012) and Brenner & Theodore (2002) argue, these actors have exponentially expanded their presence in decision-making spaces, altering the culture of debate and encouraging the privatization of public policy production spaces.

REDUCA's Regional Agenda and Work Dynamics

REDUCA assumes that educational problems are common to all countries in the Latin American region. And while its ‘regional agenda’ is linked to the guidelines of international organizations, REDUCA prioritizes focusing on ‘early childhood’, ‘teaching career’ and ‘school dropout’ (mainly in secondary education). Its focus is on teacher selection based on merit, assessment and remuneration aligned with learning outcomes; learning standards for students; own evaluation systems or participation in international evaluations; and accountability regarding the achievement of goals and indicators.

In its work dynamics, REDUCA seeks to participate in the formulation of educational policies, working to structure problems and, at the same time, to offer political solutions, presenting a platform for business education reform. Aware that regional guidelines based on global reform agendas do not automatically translate into substantive changes in countries, local members are essential for strengthening REDUCA in the regional-local dynamic as they foster interaction with governments, facilitate the activities of and create opportunities for the involvement of other entrepreneurs in collective action. These groups, understood as local networks, act as collaborating intermediaries and try to advance the principles that they bring together in different contexts, pointing to the collaborative dimension promoted by REDUCA as a meta-network. Translating and recontextualizing policies⁵, members of REDUCA or ‘local networks’ make education reforms ‘happen’. Due to the recent democratic tradition in Latin America, there is a deep interlacing between the organizations that have captained these education reforms and the governments that implement them, triggering major changes in policy-making spaces in favor of private interests.

The Unique Project of Unequal Education for Latin America

While recognizing basic education as a universal right, the REDUCA project suggests that the schooling offered to working-class children should be qualitatively distinct from the same schooling offered to the ruling classes, adapting the public school to the new requirements of the status quo without, however, generate ‘undue’ demands that could put pressure on the State economically or politically.

This project is also not unrelated to the global configuration, nor does it symbolize the submission of the allied business to

the shifting governments in the countries where the network is present. This project meets security measures, social and ideological control, materializing itself as part of a strategy that seeks to neutralize contesting movements of the capitalist order. At the same time, such a project ensures the formation of the 'new skills and abilities' required for this new phase of capitalism. Its proposals are not only intended to change the management, content or financing of education, but also aim at social control, spreading an educational model based on the business perspective that privileges private interests in the educational, social, political and economic dynamics. Equally, it is about coordinating all elements of the education system – teachers, students, methods, content etc. – towards common goals, standardizing and increasing control over the educational process to ensure its 'efficiency'.

Understood as a synthesis of organized business action, REDUCA is part of a hegemonic project that affirms a general interest in accumulation but also leverages the particular interests of subordinate social forces (Jessop, 1983). In fact, the emergence of REDUCA (and part of its members) meets both corporate aspirations and US interests in the face of new geopolitical contours on the American continent and the globe. The strengthening and deepening of the links between business and education has reached an unprecedented level in Latin American history: a situation that, in turn, forced the refinement of the discursive matrix on the participation of 'civil society' and the 'right to quality education'. For the fractions of the Latin American ruling class this would be an attempt to realign social forces around accumulation strategies and State projects, boosting the accumulation of capital on a national or international scale. In turn, imperialism, through international organizations, maintains its domination and dependence on the region, ensuring penetration by efficient networked organizations. Dependency relationships remain in force, but they are reinvigorated and dynamized.

References

- Ball, S. J. (2012). *Global Education Policy: Austerity and profit*. Universidad de La Laguna.
- Brenner, N., & Theodore, N. (2002). Cities and the Geographies of "Actually Existing Neoliberalism". *Antipode*, 34(3), 349–379. <https://doi.org/10.1111/1467-8330.00246>
- Burron, N. A. (2014). Counter-Hegemony in Latin America? Understanding emerging Multipolarity through a Gramscian Lens. *Revue Québécoise de Droit International*, 33–68.
- Coggiola, O. (2008). América Latina no olho da tormenta mundial. *Temas & Matizes*, 7(14), 33–57.
- Cowen, R. (2009). The transfer, translation and transformation of educational processes: And their shape-shifting? *Comparative Education*, 45(3), 315–327. <https://doi.org/10.1080/03050060903184916>
- Gilbert, D. U. (2010). The Global Compact as a Network of Networks, in A. Rasche & G. Kell (Orgs.) *The United Nations Global Compact: Achievements, Trends and Challenges* (p. 1–23). Cambridge.
- Gramsci, A. (1982). *Os intelectuais e a organização da cultura*. Civilização brasileira.
- Jessop, B. (1983). Accumulation Strategies, State Forms and Hegemonic Projects. *Kapitalstate*, 10, 89–111. https://doi.org/10.1007/978-1-349-21464-8_5
- Martins, C. E. (2011). *Globalização, dependência e neoliberalismo na América Latina*. Boitempo Editorial.
- Todos pela educação. (2011). *Educação: Uma Agenda Urgente. Reflexões do Congresso Internacional realizado pelo Todos pela Educação*, (1st ed). Moderna.
- Verger, A., Lubienski, C., & Steiner-Khamisi, G. (Orgs.). (2016). *World Yearbook of Education 2016: The Global Education Industry*. Routledge.

Endnotes

1. Text based on the doctoral thesis "Empresariamento da educação básica na América Latina: redes empresariais prol educação" defended at University of Campinas (Unicamp), in 2019.
2. See: Gilbert (2010).
3. For Jessop (1983), an 'accumulation strategy' defines a specific economic 'growth model' with 'its various extra-economic preconditions' and outlines the 'general strategy appropriate for its realization' (p. 91).
4. See: Todos pela educação (2011).
5. See: Cowen (2009) and Verger, Lubienski, & Steiner-Khamisi (2016).

Brazilian Elites, Interests and Power: Family Philanthropy in Education

 **Vanessa Pipinis¹**, PhD Researcher, Faculty of Education – University of São Paulo, Brazil
 vanessapipinis@gmail.com

Summary

Forging connections between family philanthropy, new philanthropy, economic elites, inequalities and education, Pipinis addresses the performance of family philanthropy in education within the Brazilian context. She argues analysing the philanthropy done by wealthy families is a means to understanding elite's behaviour, especially in education, and identifies three implications: a shift on what is citizenship, a proliferation of private services in education, and an unbalancing of the political arena.

Keywords

Family Philanthropy
New Philanthropy
Education
Economic elites
Inequalities

There is an internal tension in philanthropy, especially when it is done by the elites. The same people who maintain and benefit from unequal social structures are the ones who fund initiatives to tackle the social problems that are connected to such inequities. Whilst some studies have aimed to map the upper strata of societies, as well as their strategies of social reproduction and symbolic domination, this has been under investigated in the context of philanthropy. It is urgent to better understand the social segments that concentrate wealth and power and analyse how they make philanthropy – their motivations, purposes, agendas and so on.

Brazil is a relevant case in this regard, as a very unequal country and with a growing philanthropy, where family foundations have an important role. According to recent IBGE² data, 13.5 million Brazilians live below the extreme poverty line, which means living on less than US\$ 1.90 per day. The number is equivalent to the entire population of countries such as Belgium and Portugal. Social inequality has also grown in recent years, concentrating higher income among the wealthiest. Currently, the 10% richest earn, on average, 13 times more compared to the yields of the 40% poorest. While the Brazilian reality is challenging, the regional scenario also does not lag behind: social inequality deeply marks Latin America, imposing similar adversities to all countries of the continent and ensuring the region the title of "most unequal of the world". Informal employment, unemployment, tax inequality and economic stagnation are some of the elements that give us clues to understand the poverty growth, a phenomenon that comes hand in hand with the increase of inequality, further favouring the concentration of resources and wealth. At the same time, philanthropy has been growing, with a considerable representation of family foundations.

Family Foundations as a Means to Understand Elites

Whilst denaturalizing the inequality that structures Latin American relations is urgent, investigating the elites that perpetuate themselves in power – and how this is done – is not easy. These segments are difficult to access, tending to remain discreet about inheritance, habits and routine, for example, which demands many methodological resources by researchers to ac-

cess information. Although the study of individual trajectories is more common in the studies of elites, mapping families has become an important research strategy to identify the extent of the patrimonial reach of certain groups, as well as the relationships that individuals maintain with each other. Thus, studying family foundations provides us with an analytical entry into the realities of elites.

In Brazil, Forbes magazine publishes annually the ranking of Brazilian billionaires. In 2019, a year of deep economic and social crisis, the magazine celebrated the fact that the country had gotten new billionaires. People such as Jorge Paulo Lemann (beverage and investment sector), Joseph Safra (banking sector) and Marcel Herrmann Telles (beverage and investment sector), Eduardo Saverin (internet) and Carlos Alberto Sicupira (beverage and investment sector) occupy, respectively, the top five positions in the ranking with 206 positions. However, the total number of “positions” is much smaller when we identify the families that make up the select group of those who concentrate wealth and power, revealing a more accurate map of groups that make up the country's economic elite.

The Brazilian family philanthropy adopts strategies that are within what has been coined as “new philanthropy or philanthropy 3.0”. In other words, there is a shift in the field that points to a new way of donating or investment by results, having as its axis the direct involvement of donors in philanthropic and political actions (Ball, 2014, p. 121). This new philanthropy is characterized by the predominance of the business perspective on several complex social issues, transforming a potential benefactor into a social investment consumer. They often work with the aim of combining social and financial returns, or at least creating a better public image to the companies and families that fund the philanthropic work. In this context, individual or family philanthropy and business organizations are embracing services and duties that would be, until recently, exclusive to civil society organizations, agencies and state and government entities (Ball, 2014, p. 124). However, their interests, agendas and forms of work are contrastingly different from these “traditional” social/policy actors.

Family Foundations as a Means to Understand Elites in Education

In these groups, education is the area that receives the most attention from family foundations. It is important to remember that public education is in the crosshairs of the private sector throughout the Latin American continent. In a context in which neoliberal logic gains new strength, it is important to understand how this complex relationship between economic elites, philanthropy and education is drawn with increasing intensity on our horizon. Thus, these families that compose the Brazilian elite maintain a strong interest in the agenda of Brazilian education. To act in this sector, they often create institutes and foundations. The central ideas behind such actions is the cre-

ation of a “legacy”, inspired by the desire for contribution to the improvement of society, as well as the motivation of upholding “family values” (Lafer, 2015).

According to the Philanthropy Report in Brazil³, the scenario for family philanthropy in Brazil is auspicious: this is the segment, according to the Group of Institutes, Foundations and Enterprises (GIFE) Census, which grows the most, especially because of the actions headed by the Lemann family. Currently, 17% of GIFE members are characterized as family foundations and institutes, and 84% of them choose Education as a priority for their investment. 57% invest in their own projects, such as the production of teaching materials, teacher training, political lobbying and also the offer of out-of-school activities. Mistrust of other NGOs, the desire to exercise direct control over resources, the rebate and tax exemption are pointed out as reasons for performing direct actions. With the growing inequality and emergence of new billionaires in the country, the Philanthropy Report in Brazil indicates that there is still room for family philanthropy to develop.

At first, the idea of an uninterested engagement by the elite sectors finds support in common sense. However, with a closer look, it is necessary to understand the internationalities that are at stake.

First, there is a shift in what we understand as citizenship. The origins of this movement date back to the 1990s, when Latin America went through a set of neoliberal economic and social reforms, which made Education more vulnerable to business logic, ideas and practices. One of the consequences of that movement is the formation of a form of citizenship, forged in the idea of “social responsibility” (Neves, 2004). In other words, the idea of mutual collaboration, in which several actors would work together for a certain “social well-being” started to gain space. Whether by pressuring the government or establishing partnerships in the implementation of social policies itself, it began what could be understood as a sharing of responsibilities in the formulation and implementation of public policies between the State, private sectors and non-governmental organizations, making the border between each of them increasingly tenuous. Citizenship lost some currency as the participation in public matters or social movement.

Second, and as a result, in the field of education it is possible to identify, since then, a proliferation of private intervention strategies in the public education sector. These include consulting, agreements, public-private partnerships, conducting research, evaluations. The new philanthropy has been a crucial actor, guiding debates and public policies thanks to their influence networks (Martins, 2016). Such management strategies, which include outsourcing, decentralization and privatization measures, reducing the role of the State in the face of social policies and public education, are aligned with the landmarks

of multilateral organizations, especially from the World Bank (Haddad, 2008). However, in the guise of philanthropy, there is little questioning if elites should play this role in public matters, especially in highly unequal contexts.

In Brazil, for example, when public hearings on high school reform took place, the Inspirare Institute, Lemann Foundation and Unibanco Institute, all NGOs maintained by families members of the economic elite, actively participated in the political debate, sometimes behaving "as political parties".⁴ Other studies have revealed the articulations and engagement of philanthropy in the construction of the National Learnings Standards (Avelar and Ball, 2017). In addition to acting in the public sphere, private foundations and institutes also produce teaching materials, research, develop formative methodologies and produce lesson plans, which are available to teachers. Strategic investment in communication has also been mapped, which brings its teaching materials and kits directly to schools. This direct communication guarantees the creation of bonds and audience with individuals and groups of individuals, thus ensuring a certain legitimacy to the discourse. The Lemann Foundation, for example, after acquiring The New School and School Management Magazine, well-known magazines among teachers, has partnered with the Google.org. With the action, the Lemann Foundation took a step beyond the reach of journals and aims to reach more than one million teachers through the provision of lesson plans, including in regions with reduced internet access. From the mapping of family philanthropy performance in public policies formulation, the teachers training and teaching materials production, one can conclude that what is at stake is precisely the role of the State. The debate around these complex relations needs to be expanded and carried out in a transparent and democratic way. Only in this way it will be possible to overcome historical inequalities that perpetuate the social, educational, cultural and economic exclusion of millions of people.

Finally, what is ultimately happening with the participation of elites in the governance of public education is a change of forces in the public arena: traditional actors, such as teachers, students, school community, researchers, universities, the government, have lost space and power, while private entities have been gaining prominence and relevance. Thus, the relations established by and between such groups guarantee them participation in the public sphere, whether by focusing on the formulation and direction of public policies, or in direct access to public funds. All of which is done from the point of view of the socially and economically privileged, which one has to wonder whether that matches the interests of the population in general.



References

- Hartnell, C., & Milner, A. (2018). Philanthropy in Brazil. Available at: <http://www.psjp.org/wp-content/uploads/2018/05/PHILANTHROPY-IN-BRAZIL-MAY-2018.pdf>
- Avelar, M. & Ball, S. J. (2017). Mapping new philanthropy and the heterarchical state: the mobilization for the National Learnings Standards in Brazil. *International Journal of Educational Development*. <http://dx.doi.org/10.1016/j.ijedudev.2017.09.007>
- Ball, S. J. (2014). Global Education S/A: new political networks and the neoliberal imaginary. Ponta Grossa: UEPG.
- Borges, H. (2016, November 4). Meet the billionaires invited to 'reform' Brazilian education according to their ideology, *The Intercept Brazil*, retrieved from <https://theintercept.com>
- Eclac. (2018). *The inefficiency of inequality*. CEPAL.
- Haddad, S. (org). (2008). *World Bank, WTO and IMF: the impact on educational policies*. Cortez.
- Lafer, M. A. (2015). *Family philanthropy in Brazil*. In *International Journal on Human Rights*, 21(21). <https://sur.conectas.org/en/family-philanthropy-brazil/>
- Martins, E. M. (2016). *Everyone for Education? How entrepreneurs are determining Brazilian educational policy*. Editora Lamparina.
- Neves, L. M. W. (2004). *The Reforms of Brazilian School Education and the Formation of a New Urban Intellectual I* [Presentation]. 27th Annual Meeting of ANPEd, Caxambu, Brazil.

Endnotes

1. ORCID 0000-0002-7506-3546
2. Brazilian Institute for Geography and Statistics.
3. Produced by the Alliance, Wings and Philanthropy Network for Social Justice, in 2018
4. The Intercept Brasil (2020). Conheça os bilionários convidados para "reformular" a educação brasileira de acordo com sua ideologia. <https://theintercept.com/2016/11/04/conheca-os-bilionarios-convidados-para-reformar-a-educacao-brasileira-de-acordo-com-sua-ideologia/>

Philanthropy in Italian Education: Networks, Hierarchies and Markets in PPP

 **Monica E. Mincu**, Associate Professor of Comparative Education, University of Torino, Italy
 monica.mincu@unito.it

Summary

Mincu analyses the work a large philanthropic actor in Italy, a key player in education policy making and one of the richest in Europe, as an exemplary case of networked governments and the promotion of these arrangements in education. Mincu argues, however, that an exclusive focus on networks tends to abstract from the ways in which these networks interact with pressures from hierarchies and market forces.

Keywords

Italian education policy
Network governance
Philanthropy
PPP
Markets and hierarchies

The Italian system of education combines centralisation at the national level with weak school autonomy. At the school level, teacher autonomy is not balanced by school policies as cohesion mechanisms, leadership or teacher's collaboration. One of the major reasons is that teachers' working contract refers just to the effective time of teaching in school, so that the margins to coordinate and collaborate are essentially very low. Moreover, the presence of strong unions associated to political disagreement about how to reform the system are endemic obstacles to improvement. In this context, the role of one major non-governmental organisation (NGO) is indicative of a changing scenario and of the possible inputs offered to the government about the direction to follow. The hierarchical top-down logic linked to the lack of coherence inside the schools as organisations are approached by network governance mixed with market mechanisms promoted by philanthropies, with potential benefits and dangers. It has to be noted that the parents are the major (hidden) private investors in public education and that the school world is strongly unfavourable to any interference from the private area.

From a theoretical perspective, policy making in education has increasingly become a matter of network governance, and this can be seen as "a shift in the fundamental structures of the real world" (Jessop, 1998 in Avelar & Ball, 2017). In other words, individuals, communities of social actors and organisations can create networks and thus engage in "policy conversations, policy influence and service delivery in the public sector" (Ball & Junemann, 2012). On one hand, the public space for such conversations has enlarged to include new actors, in particular philanthropic organisations, that have become centre stage in policy making. In addition, new arrangements of hierarchies, networks and markets offer a fruitful approach to investigate the alliances between public and private in education. On the other hand, an advocacy of networks (e.g. Hill 2011) in education has been on the raise, particularly as school networks in England, based on the claim that these will be motivated by a 'moral imperative' in the public interest. Such networks are asked to work with the government in partnership or in a contracting model. And this presents various paradoxes, such as that PPP (Verger & Mos-

chetti, 2017; Robertson & Verger, 2012) and the contracting model have opened the provision of schooling to individuals, organisations and networks whose experience, beliefs and practices are rooted in fields beyond education (Ball and Junemann, 2012), with unintended consequences.

It is a matter of fact that philanthropy prefers networking arrangements. However, as Mincu and Davies (2019) have argued, an exclusive focus on networks tends to abstract from ways in which these networks interact with pressures from hierarchies and markets. This article addresses two projects designed and financed by this Italian NGO, in order to suggest that a peculiar mix is always at work. At the same time, the larger NGO is “service provision” and its *modus operandi* follows a PPP model, its education agency is traditionally connected, through key actors, to the central hierarchies and thus influencing the policy making process. At the territorial level, there is full partnership with the State to deliver better services, to propose ways ahead for local policy making, to promote cultural and scientific enterprises as innovative models for the State.

This case study presents one of the largest philanthropy in Italy, which is a key player also in education and one of the richest in Europe. The Foundation aims to support social cohesion and regional development in a large geographical area of Italy, in partnership with various local institutions. However, it can also choose to provide finance outside this area, such as to a large university in another part of Italy, or more recently to development projects in Africa. The areas of activity are arts and culture, research and health, social politics and cultural innovation. At the same time, knowledge, education, school, university and research are major priorities.

Its profile is that of a corporate social responsibility (CSR), a philanthropy operating private donations to public institutions and schools (Ball & Youdell, 2007). Its internal organisation is based on a variety of specialized bodies that act more or less autonomously in relation to the major superposed steering body. In fact, the main NGO operates directly through programmes defined at the central level or through its instrumentalities or internal bodies dedicated to school, to social support for families, art and culture, social and economic research as university attached centre and other more recent bodies related to innovation and health and that are expected to become financially more independent. The relationship with its traditional “arms”, such as the one dedicated to education can vary depending upon the politics of the moment decided at the administrative level of this philanthropy. For instance, the educational foundation used to be quite autonomous in its decisions about which activities to be prioritised or financed; its own administrative council was granted decisional autonomy. More recently, the vision put forward by the larger NGO has been to focus on one larger project in

education that was granted substantial finance from the top. This went hand in hand with less autonomy for its specialised body. Subsequently, the central level decided to manage this flagship initiative directly, with possible implications in terms of more autonomy but less finance overall to its specialised educational agency. The relationship between its arms and the main NGO headquarters fluctuates between more or less integration, as well as that with various initiatives jointly developed with other local partners: some external autonomous cultural enterprises may become “incorporated” into the NGO or vice-versa.

The material, the relational and the discursive logic of power that characterise the *modus operandi* of German NGOs (Kolleck in Verger, 2019) can be suitable to describe this major Italian NGO, too. Even if founded by a major bank, it is not attached to the market logic *per se*, or to a specific political agenda. Its steering committee is nevertheless the expression of both local and larger politics. However, its way of functioning is rather by-partisan in its orientation and guided by a constant drive towards modernisation and innovation. For example, these declared aims can be related to new ways to promote inclusion through education, school architecture modernisation initiatives or the introduction of internet connection in a network of some hundreds of schools. Other examples can be related to some of its new special agencies, oriented to develop innovative research in the medical field, or to hard-core traditional activities such as cultural innovation and digital modernisation.

Typically, this NGO supports a consolidated network of external smaller civil society organisations, charities and foundations and lead the way ahead of a social, cultural and educational agenda. The universe of myriads of local charities and volunteer associations are kept alive by recurrent mechanisms of finance from the major donor. For instance, when the budget is decided, requests from the local charities can be accepted if their activities are aligned to the priorities of the foundation. Such requests are examined at the headquarters’ level but also at the lower level of its specialized autonomous bodies. Many of such small initiatives are kept alive thanks to traditionally consolidated links with this major NGO that comply with the numerous requests of finance sometimes quite modest. The annual budget of the specialised agency in education can include the finance of internally designed projects, as well as countless grants to local charities that are variously active in education, out of school activities etc. The main criteria to decide how to allow grants is an already consolidated relationship with other charitable organisations from the “territory”, rather than the quality of new proposals from new institutional partners, and charities are priorities over institutional actors, e.g. research oriented.

Some of these small associations may merge with the larger foundation on certain circumstances and with different benefits: a more stable environment for the small association, and a symbolic operation for the main donor. At the same time, the internal logic of prestige and power of some of its members and as well as their personal views about the way ahead are equally important elements. Therefore, this NGO appears as an exemplary case of network governance operating through partnerships to open up schooling to public-private collaboration.

First, there is a landmark project – “Digital Innovation” that has been running for several years, which combines technological development – high speed internet connection – with building requalification to this purpose and subsequent innovation of the learning environments. It concentrates most of the financial resources granted by the larger NGO to its special agency in education, with the explicit ambition to represent a unifying major initiative across the board. It aims to limit what is perceived to be as past *modus operandi* that produced dispersion of resources in smaller initiatives. The project has the ambition to pilot such requalification in one metropolitan area of the country, on behalf the Ministry of Education. The schools volunteer in this project and they represent the public. The private NGO’s explicit aim is to indicate the government the way forward. It has the role to open a way forward to much needed national actions of digital modernisation of the public schools. In order to pilot this complex Digital Innovation initiative, a network of volunteer schools has been created, as well as a network of other external economic partners that are commissioned to help with the structural requalification process. An external network of partners made of multinational or local businesses related to providing internet connection facilities act as commissioned third parties. This follows a market logic, in spite of some defensive discourses about the preferential prices made to this NGO. Global philanthropies, such as NESTA, are involved with the desire to acquire prestige and visibility and some of these have also opened local offices over the past couple of years. At the same time, the effective use of the internet facilities inside the classrooms implies a complex relationship to private publishing houses and other providers of on line learning tools, whose services are bought by the NGO and thus entering a private-private relationship. Selected teachers from these schools are offered on a cascade model pedagogical laboratories on the use of the ICT in the classrooms. The educational implications of the “Digital Innovation” initiative looks rather marginal in financial terms and the engineering nature of the project is prevailing. This goes beyond the typical activities of the small agency dedicated to the improvement of education. It should be added that in the network of partners collaborating to the Digital Innovation, the local public Engineering School is involved in various ways, also a commissioned partner on technical aspects.

Key actors inside the NGO have close relations to this public institution. The logic of the network of institutions, both local and international, economic and philanthropic, relates to an internal hierarchical logic. In fact, in this case and momentum the operational way is seen by its internal actors to be rather characterised by a centralising logic, compared to the past way of support to a plurality of smaller projects.



A second example is about a school improvement initiative. In this case, the project design draws upon the idea of networks of schools not just as a methodological element to trial the initiative, but as a proposed new idea in education, of institutional collaboration between schools. In fact, a deliberate school-to school support element on the English model is at the heart of this initiative, whose aim is to promote the benefits of networks in education in a traditionally centralised and bureaucratic education system. This stays for an emblematic case in point of the possibility to promote improvement and organizational changes at the school level in a reform averse context (Verger, 2019) through softer forms of power, such as networks and discursive capacities.



In the case of the current arrangements that are typical of the Italian system of education, persuasive strategies of a discursive, material and relational type may be seen by some as the only tools to promote innovation. In spite of twenty years of school reform promoting institutional autonomy, the Italian schools are rather characterised by strong teacher autonomy and weak levels of school leadership. Some important innovations at the school level, such as the introduction of school self-evaluation reports and improvement plans, are not fully effective to reach the pedagogical culture of those working inside the classrooms: *hic sunt leones*, as a high official recently expressed on a public occasion about the strong teachers’ autonomy. What was traditionally considered to be a “non-reformable system” at least at its secondary school level is now pushed to reconsider its direction through networks as a preferred tool. But one should not idealise the morality or effectiveness of such alliances to opening up hierarchical long standing modes of operation or corporative power, when new market logics related to finance and institutional competition are in place.

References

- Avelar, M. & Ball, S. J. (2019). Mapping New Philanthropy and the Heterarchical State: The Mobilization for the National Learning Standards in Brazil. *International Journal of Educational Development*, 64(1), 65-73.
- Ball, S. J., & Junemann, C. (2012). *Networks, New Governance and Education*. Policy Press.
- Ball, S.J. & Youdell, D. (2007). *Hidden Privatisation in Public Education. Education International 5th World Congress Preliminary Report*. University of London, Institute of Education.
- Hill, R. (2011). *The Importance of Teaching and the Role of System Leadership*. National College for School Leadership.
- Hood, C., & Peters, G. (2004). The Middle Aging of New Public Management: Into the Age of Paradox? *Journal of Public Administration Research and Theory*, 14(3), 267-282.
- Mincu, M. & Davies, P. (2019). The governance of a school network and implications for initial teacher education. *Journal of Education Policy*. DOI: 10.1080/02680939.2019.1645360
- Robertson, S. L. and Verger, A. (2012). *Governing education through public private partnerships. Public private partnerships in education: New actors and modes of governance in a globalizing world*. Edward Elgar.
- Verger, A. & Moschetti, M. (2017). *Public-Private Partnerships as an Education Policy Approach: Multiple Meanings, Risks and Challenges*. UNESCO Education Research and Foresight Working Papers.
- Verger, A. (2019). Partnering with non-governmental organizations in public education: contributions to an ongoing debate, *Journal of Educational Administration*, 57(4), 426-430

Examining the Role of Corporate Social Responsibility Funding in Indian Education

 **Nishant Chadha**, Fellow, India Development Foundation, India
 nchadha@idfresearch.org

 **Bharti Nandwani**, Assistant Professor, Indira Gandhi Institute of Development Research, India
 bharti@igidr.ac.in

Summary

This article analyses data from the first four years of a mandated corporate social responsibility (CSR) act in India. The act of 2013 marked an important turn in corporate philanthropy by formalising the concept of CSR in India. Presenting data on the scale and scope of CSR activity in education as well as analysing equity concerns related to the problematic requirement of the act that CSR spending must be local in nature, the authors raise the critical questions of ‘what is the best way to deploy these funds?’ and ‘how do we define the best use of CSR funds?’.

Keywords

Corporate Social Responsibility
Corporate philanthropy
Equity
India

This article analyses data from the first four years (2014-15 to 2017-18) of mandated corporate social responsibility (CSR) in India. The aim is to critically examine the role that CSR has played in meeting the objectives of the right to education act.

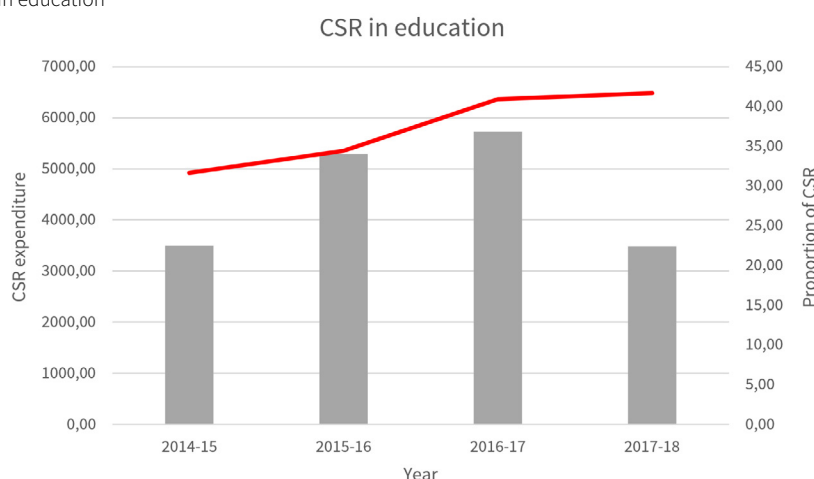
Philanthropic expenditure by Indian companies has an old history. Several Indian corporate groups and companies were involved by way of a voluntary measure in activities that benefited society.¹ The purposes of a company as understood in the Indian company law have seen many changes. A historically shareholder-centric company law, the seeds of the broader nature and purpose of a company were sown in the 1970s and 1980s to the then prevailing Companies Act, 1956. But the liberalization of 1991, turned the focus back on investor protection (Varottil, 2018). It was only in the deliberations in the run up to the 2013 Companies Act that stakeholder interests came to the forefront.

The Companies Act of 2013 marked an important turn in corporate philanthropy in India by formalising the idea of CSR. Implemented on 1st April 2014, the act requires all the eligible companies² to spend, in every financial year, at least two percent of the average net profits made during the three immediately preceding financial years.

Under the act, CSR expenditure can be done under any of the approved 12 areas³; Education, differently abled, livelihood (subdivided into education, livelihood enhancement projects, special education and vocational skills) being one of them.

Over these four years, education has been one of the key areas of CSR activity receiving 37% of the total CSR expenditure made till now. In fact, as the figure below shows, the share of CSR spending has increased consistently over time. The line chart in Figure 1 below shows the proportion of CSR expenditure in education while the bar graph shows the absolute levels of CSR expenditure on education.⁴

Figure 1: CSR expenditure in education



The absolute levels of CSR spending in education are substantial. The average expenditure in education and allied areas over the four years is INR 45 billion (USD 626 million⁵). The bar chart in Figure 1 gives the CSR expenditure in education over the four years.

The scale of such funding however is dwarfed by the education spending by the state and central governments. For example, in 2015-16, the total CSR spending in education was INR 50 billion (USD 700 million). In the same year the central government spent INR 317 billion (USD 4.4 billion) on education while all the state governments taken together spent INR 3.2 trillion (USD 45 billion) on education. Thus, the CSR spending on education was about

16% of the central budget on education and 1.5% of the total states expenditure on education.

As the above figures show the scale of CSR expenditure is substantial with a potential for significant impact⁶ but perhaps not big enough to be thought of as a substitute for public expenditure. The analysis must therefore proceed to look at where and how the money is being spent.

Scale and Scope of CSR Activity

We have already discussed above the scale of the overall spending with reference to government budgets. It is also useful to compare this to out-of-pocket spending by households on education.

Table 1: CSR activity in education in states of India

| State | CSR (INR crore) | State budget (INR crore) | Private spending (INR crore) | CSR as % of state spending | CSR as %. of private spending |
|--------------|-----------------|--------------------------|------------------------------|----------------------------|-------------------------------|
| | (2) | (3) | (4) | (5) | (6) |
| Andhra P. | 257.07 | 17896.4 | 6081.55 | 1.44 | 4.23 |
| Bihar | 26.37 | | 9925.94 | | 0.27 |
| Chhattisgarh | 165.24 | 12021.03 | 1570.24 | 1.37 | 10.52 |
| Gujarat | 237.76 | 18334.86 | 7452.95 | 1.30 | 3.19 |
| Haryana | 240.48 | 12197.47 | 6546.87 | 1.97 | 3.67 |
| Himachal P. | 29.15 | 5075.74 | 1046.88 | 0.57 | 2.78 |
| Jharkhand | 14.89 | 8590.88 | 3401.20 | 0.17 | 0.44 |
| Karnataka | 317.17 | 19596.48 | 7818.79 | 1.62 | 4.06 |
| Kerala | 56.12 | 16126.35 | 5460.44 | 0.35 | 1.03 |
| Madhya P. | 47.01 | 20840.75 | 7470.45 | 0.23 | 0.63 |
| Maharashtra | 873.36 | 45495.27 | 16117.21 | 1.92 | 5.42 |
| Odisha | 148.68 | 12031.66 | 3628.33 | 1.24 | 4.10 |
| Punjab | 13.71 | 9094.9 | 6096.64 | 0.15 | 0.22 |
| Rajasthan | 141.42 | 23707.67 | 10011.08 | 0.60 | 1.41 |
| Tamil Nadu | 228.4 | 25593.48 | 11224.44 | 0.89 | 2.03 |
| Uttar P. | 159.54 | 46700.52 | 21883.57 | 0.34 | 0.73 |
| Uttarakhand | 44.84 | 5445.2 | 1080.79 | 0.82 | 4.15 |
| West Bengal | 89.66 | 24692.46 | 10933.49 | 0.36 | 0.82 |

Note: The first three columns above expenditure on education by CSR, state governments and out-of-pocket by households respectively. The last two columns report CSR spending as a percentage of state government spending and out-of-pocket expenditure respectively. INR one crore is INR 10 billion.

In order to compare the size of CSR funds in education with the amount spent by the government and households (out-of-pocket expenditure)⁷, columns 2 and 3 of Table 1 report the state government and private expenditure, respectively. States with low expenditure by state governments and households also see lower levels CSR activity (for example Bihar, Jharkhand and Uttar Pradesh) (see Graphs 1 and 2 for more details).

This correlation is strong and statistically significant⁸. Thus, there is high levels of CSR spending and higher levels of private out-of-pocket expenditure in states with higher levels of government spending per capita.

Column 5 indicates that CSR funds are just 2.2% of the out-of-pocket expenditure on education, again a very small amount (as previously shown they are 1.5% of the total state government expenditure).

Equity Concerns With CSR Activity

The law requires a part of the CSR spending to be local in nature⁹, i.e., in the vicinity of the location of the economic activity of the company. Local spending is also of strategic importance to companies themselves, as it gives them more social capital in their areas of operation. The location of industries and economic activity is itself concentrated and not distributed

uniformly across the country. This implies that CSR spending will be concentrated in better off regions since it takes place in the areas where there is existing economic activity, introducing wide geographical variations.

The data confirm this. Firstly, as shown above all forms of spending on education are positively correlated. Secondly, a wide variation across states in the extent of CSR activity in education is observed in the data (see Column 2 of Table 1).

While richer states like Tamil Nadu, Haryana and Maharashtra have exhibited high amounts of CSR activity in education, almost twice the size of national average (INR 15 or USD 0.21 per person), other (poorer) states such as Bihar, Uttar Pradesh and Jharkhand have seen very low deployment of CSR funds. This should be a matter of concern as rather than closing the gap in education across regions this will lead to more inequitable distribution.

To elucidate this, figures 2 and 3 report the overall CSR spending in Tamil Nadu and Bihar (light yellow colour indicates no CSR activity and darker regions indicate higher CSR activity). As can be seen from the figures¹⁰, almost every district of Tamil Nadu has some CSR activity and education is a very big component of it in the state. On the other hand, Bihar has only 12 districts out of the total 38 with some CSR. Additionally, education constitutes only 20% of its CSR activity. Even within states, richer districts with more economic activity get more CSR funds than poorer districts with less economic activity.

Figure 2: CSR spending in Tamil Nadu

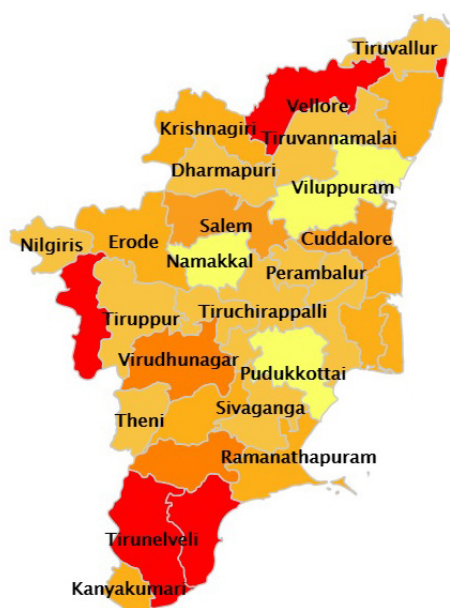
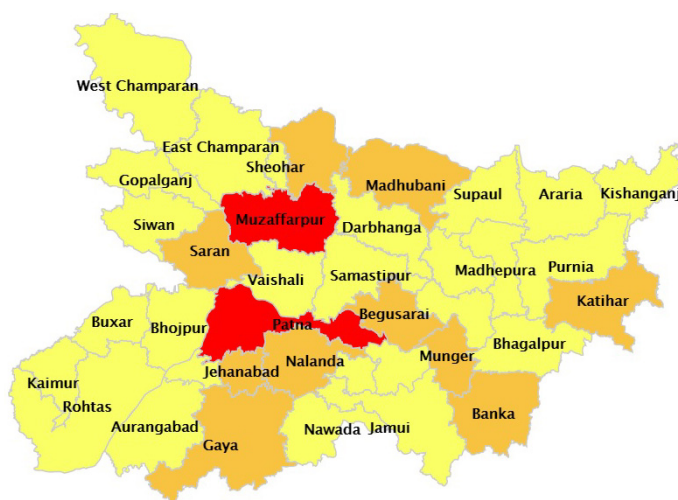


Figure 2: CSR spending in Bihar



Size of CSR Spending by Individual Companies

Spending decisions for CSR activity are made by individual companies and hence we should look at the distribution of the spending across companies. In 2015 – 16, for example, 7212 companies made positive CSR spends, out of which the top ten spent 22% of the overall amount! 54 companies made 50% of the total expenditure and 319 companies made 75% of the total expenditure. The distribution is thus skewed leaving a lot of companies very little in terms of CSR spending.

The data for education spending reveal a similar story. The size of CSR expenditure falls sharply after the top 10 or so companies. In Table 2 below, for 2015-16, we show the CSR spending on education by the top 10 companies. Even within this set the fall in spending is evident. And these ten companies account for 20% of the overall spending in education. Thus, we need to ask whether individual companies spending small amounts is an effective way of achieving the CSR mandate.

Table 2: Top companies in education CSR spending

| S.No. | Company Name(s) | Amount spent (in cr) |
|-------|---|----------------------|
| 1 | Reliance Industries Limited | 216.74 |
| 2 | South Eastern Coalfields Limited | 127.68 |
| 3 | Wipro Limited | 109.8 |
| 4 | Mahindra And Mahindra Limited | 85.9 |
| 5 | Oil India Limited | 82.78 |
| 6 | Dr.ReddyS Laboratories Ltd | 74.78 |
| 7 | Tata Consultancy Services Limited | 71.16 |
| 8 | Infosys Limited | 66.04 |
| 9 | Power Grid Corporation Of India Limited | 65.17 |
| 10 | Oil And Natural Gas Corporation Limited | 63.33 |
| Total | | 963.38 |

Concluding Comments

This article used data on the implementation of the first four years of the mandatory CSR law in India to understand the role of CSR expenditure in achieving the goals of the right to education act.

What we find is that CSR funds are (understandably) a small proportion of expenditure made by both public and private expenditure on education. Not only this, CSR spending is geographically inequitable and is higher in regions with already higher government and private expenditure on education. In addition to this CSR expenditure is highly fragmented with most of the expenditure being incurred by a few big companies. This raises the important question of how effectively the smaller companies are able to spend their CSR funds.

So what is the best way to deploy these funds? This all-important question is beyond the scope of this article but definitely deserves more attention and research. How do we define the “best” use of CSR funds? The current use of CSR spending on education in terms of what is the nature of projects being supported is thus worth investigating. Are these funds best used to experiment and innovate or provide actual supply of education or both?

References

- Shah, S. (2014). Corporate social responsibility: A way of life at the Tata Group. *Journal of Human Values*, 20(1), 59-74.
- Varottil, U. (2018). Analysing the CSR spending requirements under Indian company law, in *Globalisation of Corporate Social Responsibility and its Impact on Corporate Governance* (pp. 231-253). Springer, Cham.

Endnotes

- For example, see Shah, S. (2014). Corporate social responsibility: A way of life at the Tata Group. *Journal of Human Values*, 20(1), 59-74.
- Companies having a net worth of INR 5 trillion or more or turnover of Rs 10 trillion or more or net profit of INR 50 billion or more.
- The areas are: 1. Clean Ganga Fund, 2. Education, Differently Abled, Livelihood, 3. Encouraging Sports, 4. Environment, Animal Welfare, Conservation Of Resources, 5. Gender Equality, Women Empowerment, Old Age Homes, Reducing Inequalities, 6. Health, Eradicating Hunger, Poverty And Malnutrition, Safe Drinking Water, Sanitation, 7. Heritage Art And Culture, 8. Other Sectors (Technology Incubator And Benefits To Armed Forces And Admin Overheads), 9. Prime Minister's National Relief Fund, 10. Rural Development, 11. Slum Area Development, 12. Swachh Bharat Kosh (Clean India Fund)
- All expenditure numbers presented in the article are in 2018 rupees.
- At the current exchange rate.
- A caveat here is that for a lot of companies had been voluntarily carrying out CSR activities even before the passage of the law. So not all of this substantial expenditure is new and may just reflect a reporting requirement.
- Out-of-pocket expenditure is constructed using data from the National Sample Survey Organisations' 73rd round which canvassed information on expenditure on education. We only include households who have school going children.
- The correlation between CSR spending and state spending on education is 0.63 and it is statistically significant at the 1% level. The correlation between CSR spending and out-of-pocket expenditure is 0.46 and this is significant at the 5% level.
- “Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.”
- Government of India. (n.d.). National Data Portal. www.csr.gov.in

Is Philanthropy Really Changing Anything? Skepticism Around Philanthropy and What Philanthropists Can Do for Alignment With Society's Wants¹

 **Vidya Shah**, CEO, EdelGive Foundation, India
 vidya.shah@edelweissfin.com

Summary

This article addresses the question of whether philanthropy promotes social change or not, exploring the scepticism around its potential, and what philanthropists could do to make sure their work is aligned with society's wants. While there is a perception that philanthropy prioritises profit, the government's expenditure has been falling in India in the past years, and inequality has been rising – creating a need for philanthropy to work empowering local communities and promoting equitable growth. Part of the solution involves humility and observing the complexity of social issues.

Keywords

Philanthropy
Social change
Inequality
Sustainable growth

What does philanthropy in India look like today, and what has it managed to do? Is it really changing the world and people's lives? Or is it simply an extension of capitalism and an opportunity for the super-rich to strengthen their stranglehold on economic activity as well as development and social progress?

In India, the corporate social responsibility (CSR) guidelines as outlined in the Companies Act 2013, was first met with great distress and protest about an additional, disguised tax being levied on corporations to do what governments needed to do. In the five years since, any corporation worth its salt is producing detailed sustainability reports to attest to its good corporate citizenship.

However, scepticism around philanthropy is growing. Critics like Anand Giridharadas (2018) worry that asking philanthropy to solve society's problems means the return of 'unfettered paternalism'. Elizabeth Kolbert (2018) asks: "Are today's donor classes solving problems—or creating new ones?" and possibly answers her own question when she says that "We live, it is often said, in a new Gilded Age—an era of extravagant wealth and almost as extravagant displays of generosity".

Or perhaps as David Remnick (2019) comments "Philanthropy isn't only fascinating in itself; it's also a window into the structure of the contemporary world". There is little trust in 'the man of wealth considering himself the mere trustee and agent for his poor brethren, bringing to their service his superior wisdom, experience and ability to administer'. This criticism of philanthropy covering for the excesses of business is rather more widespread today than before. In a sense, the pursuit of profit alone, or the doctrine of shareholder primacy at the expense of other stakeholders is under attack; and has been for some time now.

Profit Above All Else

There is widespread belief that corporations pursue profit and market capitalisation to the exclusion of broader citizenship, whether for their employees or the environment. Personal profit, wealth, and renown seem to take precedence over equitable distribution of wealth.

Large tobacco companies continue to make money off a deadly habit. The pharmaceutical industry has built its fortune on super drugs, which are inaccessible and expensive to those who need them the most. Big banks have paid considerable fines as they acknowledged bad practices and mis-selling. The fast-moving consumer goods (FMCG) industry has been criticised for creating a consumer society, setting aspirations driven by materialistic objects rather than values. And the food industry has been accused of exacerbating the obesity epidemic.

The belief that capitalism is amoral is being deeply questioned. And companies have traditionally countered these increasing questions on perception through sustainability initiatives, marketing campaigns, brand-building, and CSR.

The Push and Pull of Governments

Along with this deep mistrust of corporations and their motives, we also know that public trust in government has been steadily declining.

In India, central government expenditure has been falling continuously as a percent of GDP (Merwin, 2019), from 13.34 percent in 2014-15 to 12.77 percent in 2017-18. This has put pressure on public spending and on schemes for the poor.

Government departments are also playing an increasing role in directing the behaviour of both civil society and philanthropy by openly pushing and calling for both consultations and financial support for efforts they deem critical. So, while we continue to believe that working with government is important to achieve long-term systems change, the space in which that dialogue can be had is getting smaller.

A Deepening of Inequalities

The Credit Suisse Global Wealth Handbook shows that the top one percent of India's population share of national wealth grew from 36.8 percent in 2000 to 58.4 percent in 2016. Over the same period, the bottom 10 percent of Indians' wealth fell from 0.1 percent to -0.7 percent.

In the midst of this, the sense of a shrinking civil society is all too pervasive. While funding for social causes has increased steadily, we also have civil society tell us that funder-directed efforts have increased. Operating foundations by philanthropists have also grown.

Because, finally, it is the elite that controls the resources when it comes to philanthropy. As Edgar Villanueva, author of the book *Decolonizing Wealth*, puts it: "Philanthropy is top-down, closed-door and expert-driven".

Villanueva says that funders need to ask three questions: Where did this money come from? Who gets to allocate, manage, and spend it? And, how can we rise above the processes we've created to reach folks who may have different solutions?

These are important questions because, as I was told at a recent gathering, the issues that plagued the sector three decades ago still persist: severe restrictions on unrestricted funding or organisation costs, unrealistic measurement, a short-term orientation, and a band-aid approach to solutions.

Most importantly, though, there is a lack of dialogue between stakeholders on solutions. What can philanthropists do to ensure that there is more alignment with what society wants?

Former RBI governor, Raghuram Rajan has called for economists across the country to re-think, strengthen and empower local communities and civil society as a means to more equitable growth. We need to have a similar conversation on new approaches for the philanthropic sector. So, what can we as philanthropists do to seem more aligned to the needs of society and be able to contribute more towards the same? Here are some steps:

Cultivate humility in programme deliverables

We—particularly funders and donors—are doing a large disservice to society by claiming that we are 'transforming lives' and then quantifying that transformation through numbers. This language that we use has led to numerification of an extreme kind—first of the 'beneficiary' and then multiplied by five for family size. Needless to say, there is a huge ring of arrogance attached to this line of thinking. Who are we to transform lives? Do we seriously believe that this is something we are doing? Using this language suggests that the communities we work for are helpless victims, with no aspirations of their own, instead of the fighters that we know they really are. It is time we understood that transformation is a process that comes from within and is enabled by nudges and triggers. We are not transforming lives, we are merely enabling transformation.

While we at EdelGive too have been guilty of claiming to have transformed lives, I hope to now give this term a quiet burial.

Go beyond a one-way assessment of programme delivery

We need to hear a lot more from the communities we serve, and we need to ask to hear from them. In her piece titled 'Time for a Three-legged Measurement Stool', Fay Twerksy (2019) argues that funders need to go beyond traditional

monitoring and evaluation to focus on feedback. She talks about this feedback as a process, which involves systematically soliciting, listening to, and responding to the experiences of non-profit participants and customers about their perceptions of a service or product. Twersky reiterates that by listening to customers' experiences, preferences and ideas, we can gain insights that will help improve the quality and effectiveness of social programmes.

It is this moving away from quantifiable evaluation practices to those, which include a two-way dialogue that can help the funder community raise the bar for their programmes. It is no longer enough to have a one-way assessment of programme delivery. M&E can no longer just be a tool to judge the accountability of a programme. It has to go beyond that.

Observe systems thinking towards systems change

Finally, we need to understand that all the problems we confront are interconnected and that we therefore need to find interconnected solutions to them. We also need to look beyond the outcome of programmes to strengthen the processes that help bring about these outcomes.

At EdelGive Foundation, we have tried to implement this line of systems thinking across our portfolios, but particularly in education. And it looks as follows: instead of looking at school enrolment numbers (which is what state governments were working on, and what data was being collected around), we looked at a factor that influences enrollment – learning levels in schools. For this, we worked directly with the service provider – the government – towards addressing the issue. We worked with district and block level government administrators, head masters, teachers, and parents in building a systemic programme for education.

While we, as philanthropists, have a long way to go, I am confident that dialogue and deliberation will pave the way for a much better structure of philanthropy, one that is inclusive and committed to genuine social progress.



References



- Government of India. (2013). *Companies Act, 2013*. <http://www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf>
- Giridharadas, A. (2018). *Winners Take All: The Elite Charade of Changing the World*. Vintage Books.
- Kramer, M. (2018). Are the elite hijacking social change? In *Winners Take All*, writer Anand Giridharadas calls out the hypocrisies of philanthropists. *Idr*. <https://idronline.org/are-the-elite-hijacking-social-change/>
- Kolbert, E. (2018, August 27). Gospels of Giving for the New Gilded Age: Are today's donor classes solving problems-or creating new ones? *The New Yorker*. <https://www.newyorker.com/magazine/2018/08/27/gospels-of-giving-for-the-new-gilded-age>
- Carnegie, A. (1889). *The Gospel of Wealth*. <https://www.thompsonschoools.org/cms/lib/CO01900772/Centricity/Domain/3627/Gospel%20of%20Wealth.pdf>
- Remnick, D. (2019, April 7). Sunday Reading: Modern Philanthropy. *The New Yorker*. <https://www.newyorker.com/books/double-take/sunday-reading-modern-philanthropy>
- Merwin, R. (2019, February 01). Quality of fiscal spending has taken a beating. *The Hindu Business Line*. <https://www.thehindubusinessline.com/economy/budget/quality-of-fiscal-spending-has-taken-a-beating/article26153788.ece#>
- Shorrocks, A., Lluberas, R., and Davies, J. (2019). *Credit Suisse Global Wealth Handbook*. <https://www.credit-suisse.com/about-us/en/reports-research/global-wealth-report.html>
- Villanueva, E. (2018). *Decolonizing Wealth: Indigenous wisdom to heal divides and restore balance*. Berrett-Koehler Publishers.
- Rajan, R. (2019). *The Third Pillar: How Markets and State leave the Community behind*. Penguin Random House
- Twersky, F. (2019, Winter). Time for a Three-Legged Measurement Stool. *Stanford Social Innovation Review*. https://ssir.org/articles/entry/time_for_a_three_legged_measurement_stool#
- Roy, R. (2019, February 05). Government's shrinking Fiscal Space. *Business Standard*. https://www.business-standard.com/article/opinion/govt-s-shrinking-fiscal-space-119020500022_1.html

Endnotes

1. This article was originally published September 5, 2019 on India Development Review (IDR) online. IDR. Is philanthropy really changing anything? <https://idronline.org/is-philanthropy-really-changing-anything/>.

The Changing Relationship Between Government and Philanthropy: Reflections From a South African Education Donor

 **Gail Campbell**, CEO, Zenex Foundation, South Africa
 gail@zenexfoundation.org.za

 **Marion Stewart**, Director, Zenex Foundation, South Africa
 marion@zenexfoundation.org.za

 **Fatima Adam**, Director: Research and Evaluation, Zenex Foundation, South Africa
 fatima@zenexfoundation.org.za

Summary

The authors reflect on the changing relationship between government and philanthropy within the South African context, from the perspective of a foundation from the global south. Embracing the challenge of “reimagining” the role of foundations, they lay out three key aspects that have been addressed in reworking philanthropy's role in education: building relationships across public and private organisations; managing accountabilities and supporting capacity-building in governments; and the instrumental role of research, monitoring and evaluation in these processes.

Keywords

PPP
Governance
New philanthropy
Accountability
Monitoring and evaluation

Introduction

This article reflects on the changing relationship between government and philanthropy in South Africa over the years. It argues that these relationships are driven by the different socio-economic and political imperatives at different stages of South Africa's journey. Currently the country's education challenges and fiscally constraint environment requires increased collaboration amongst all stakeholders. This paper provides some insights on partnering with government from a donor perspective (Zenex Foundation)¹.

The South African Education Context: Unequal and Underperforming

South Africa is one of the most unequal countries in the world, with glaring economic and social disparities that cut along racial lines (World Bank, 2018). The roots of these disparities are inextricably linked to the country's history of colonialism and apartheid. Even though the democratic government made some progress to improve education outcomes in South Africa since 1994, many challenges persist. As a result, the majority of Black and poor children still don't have access to quality basic education (Spaull, 2013).

Since 1994 the education system underwent significant changes and made some inroads toward transforming the public education system. Some notable improvements include:

- Merging 19 racially and ethnically different education departments into one national department;
- Introduction of a single national examination system with common standards across all provinces;
- Equity driven school financing policies. This includes pro

poor policies such as the school nutrition program, no-fee schools and significant infrastructure developments;

- Declaring nine years of schooling compulsory and achieving near universal access to schooling, and
- New curriculum policies to foster non-racism, critical thinking and problem solving (Department of Education, 2001).

However, despite these improvements, the system continues to face challenges of quality as evidenced in poor learner performance, after more than two decades of efforts to transform. International and national benchmark in mathematics and language indicate that learners in South Africa are underperforming. Most distressing is the Progress in International Reading and Literacy Study (PIRLS) 2016 results, which indicate that 78% of South African Grade 4 learners (9-10 year olds) cannot read for meaning in any language (Howie et.al, 2016). This corresponds closely with national assessment results². These results paint a depressing picture and is arguably a binding constraint on educational outcomes for the majority of Black South African children.

The imperative to address education disparities and outcomes is underscored in the government's National Development Plan (NDP) 2030³. Improving the education system is closely tied to the government's agenda of achieving equity and economic growth⁴. The NDP 2030 acknowledges that solving the education crisis is urgent and critical and requires the combined efforts of all stakeholders. This set the tone for the reconfiguration of relationships between corporate social investors/philanthropists and government.

Re-imagining the Role of a Development Funder

"Wealth is not new. Neither is charity. But the idea of using private wealth imaginatively, constructively and systematically to attack the fundamental problems of mankind is new." (Gardner, 2017)

The Zenex Foundation has been working in the South African education sector since 1995, focusing on improving outcomes of language and mathematics education. Zenex tests and incubates innovative ideas with the intention that government adopt and scale-up successful ideas. Recently Zenex has also been working on large-scale systemic initiatives with government.

Zenex's journey reflects an incremental shift from working more independently to working more integrally with government. These shifts were informed by systemic and contextual issues as well as Zenex's interests and identity as a donor.

There are at least three discernable periods that reflect changing relationships between philanthropy and government in South Africa. The first period, before 1994, most philanthropy/donor agencies worked independently of government. Usually partnerships were structured with non-

governmental organizations, and directly with beneficiary communities. Many philanthropy/donors distanced themselves from the apartheid government and supported non-government organizations that promoted human rights and democracy (Volmink & Van-der-Elst, 2019).

The second period, in the mid-90s, many philanthropy agencies slowly started to support the new democratic government. Many supported infrastructure development, teacher capacity building projects and bilateral agencies began to transfer funds directly to government. Even though this period was characterized by increasing support for the new government, there was still some mistrust between funders and government. This period was typified by governments arm's length approach to philanthropy/CSI. Philanthropy was viewed as merely funders and not partners (strategic or technical) (White et.al, 2000).

During this period, Zenex initially supported infrastructure projects and also helped set up one of the public/private Trusts to pool donor funds in support of government efforts. Even though Zenex tried to work more closely with government, this did not materialize as expected. Zenex continued to work independently of government, but aligned to its priorities.

The third and present period is characterized by government's increased interest in collaborating with a wide range of stakeholders to effect change. Government acknowledged that the education system was not transforming at the expected rate; that this matter was becoming increasingly urgent and that strategic partnerships with all stakeholders was necessary to effect change (South African Government, 2012).

As a result, many philanthropy/donor agencies started working more integrally with government to transform the education system. This ensured the alignment of the array of initiatives and didn't overwhelm and confuse the education system with an avalanche of competing efforts. At the same time, some philanthropy/donor agencies focused their efforts on holding government to account for the delivery of better education to the poor. This led to the growth of rights-based organizations that used legal and constitutional routes to hold the government to account to their constitutional obligation of providing quality basic education.

During this period, Zenex began working more integrally with government. Zenex mission of improving language and mathematics education was better achieved through stronger partnerships with government. On its own Zenex could only test new ideas, but these ideas had little chance of informing policy or systemic changes. In order for Zenex to maximize opportunities to influence and contribute to large scale systemic change, it had to work in a more integrated way with government. For Zenex, the partnership approach harnessed

different strengths, leveraged additional funding, provided opportunities to influence and be influenced and resulted in greater impact than individual organizations can achieve on their own. Zenex has since played the role of funder, strategic/technical advisor, 'critical friend' and project manager of large-scale government initiatives.

Whilst stronger government/philanthropy partnerships can play a key role in yielding better education outcomes, such partnerships are complex and require ongoing reflection and review to improve them. These relationships involve power dynamics that are very difficult to manage, they require expanded resources from funders/government and can result in a much slower pace of project implementation due to bureaucratic demands.

The following are some of the key issues that need to be considered in government/philanthropy partnerships:

Building quality relationships takes time and resources.

The Zenex Foundation recognizes the need to work with all levels of government, but most importantly to spend time building the quality of its relationships. This is necessary to ensure buy-in in the short-term and the sustainability of the programs in the long-term. It is acknowledged that it takes time and resources to develop relationships and learn about the different practices, strategies and values that different partners contribute to maximize the skills and resources of all partners. It is important that the time and resources are considered in the planning and budgeting of such initiatives.

Relationships must be based on trust and honesty. Relationships must be honest and open so that disagreement and debate are not stymied, but that all viewpoints are respected. It is important to become the 'critical friend'. The funding relationship is inherently a power relationship. Depending on the context, power can either lie with government or with funders and can be abused by either party. If not carefully managed such power relations can result in the breakdown of the relationship between government and funders. Over time, Zenex has learnt to manage the power dynamic through creating an environment of trust and mutual respect which are important enablers of successful government-donor partnerships. Moreover, these relationships must be built on a set of values and ethics to guide the on-going engagement.

Philanthropy agencies need to be comfortable with less control of decisions. Working in partnership at a systemic level reduces the freedom and flexibility and thus control of funders. Zenex is often not the lead agency in projects it undertakes with government; nor does it always provide the sole or major share of the project funding. In such projects, Zenex has less control (and arguably less direct accountability) over the projects than is typically the case in its traditional grant-making.

It is critical that accountabilities are managed. Upfront agreements on institutionalizing projects within government systems are ideal but very difficult to achieve. Government control and lengthy processes of approval can result in delays and project implementation challenges. It is difficult to navigate the partnership when the accountability for delivery is embedded within government. It is best to create a governance structure between government and funders to oversee the project. Moreover, a legal framework should set out expectations as well as roles and responsibilities of all parties.

Strengthening government capacity foster stronger partnerships.

One of the greatest challenges to the initiation and maintenance of successful partnerships is government capacity, particularly at a local level. Many local/district offices are understaffed, overstretched and don't always have the appropriate skills set. This can seriously undermine the potential for productive and highly functional working relationships. The funding community needs to routinely invest in government capacity building as part of sustainability. Strengthening capacity to develop systems and skills beyond the partnership at hand is critical to effective and efficient partnership arrangements.

There is an ongoing need for research, monitoring and evaluation. Monitoring, evaluation and research should be invested in to provide lessons on implementation and inform the scaling and institutionalization of initiatives by government. At the Zenex Foundation, M&E is part of the project lifecycle that allows for an assessment of what has worked, in which context and for whom. Zenex has not only funded the M&E of multi-sectorial projects, it also deliberately seeks to develop the capacity of government in this regard. Interventions need to be more evidence-driven, drawing on existing research particularly as it pertains to working at scale.

Conclusion

Zenex recognizes that South African education is faced with many challenges which require the collective effort of all stakeholders led by government. Through the years, Zenex has gained valuable insights on partnering with government and is becoming increasingly involved in large scale and systemic efforts to transform education. As Zenex works more integrally with government to effect changes in policies and practices, it recognizes the benefits of this approach but also the challenges that it brings.

References

Department of Education. (2001). *Education in South Africa: Achievements since 1994*. <http://www.dhet.gov.za/Reports%20Doc%20Library/Education%20in%20South%20Africa%20Achievements%20since%201994.pdf>

Howie, S.J., Combrinck, C., Roux, K., Tshele, M., Mokoena, G.M., and McLeod Palane, N. (2018). *PIRLS Literacy 2016: South African Highlights Report*. Centre for Evaluation and Assessment, Faculty of Education, University of Pretoria.

South African Government. (n.d.). *National Development Plan*. <https://www.gov.za/issues/national-development-plan-2030>

Spaull, N. (2013). *South Africa's Education Crisis: The quality of education in South Africa 1994 – 2011*. <https://www.section27.org.za/wp-content/uploads/2013/10/Spaull-2013-CDE-report-South-Africas-Education-Crisis.pdf>

Van der Berg, S. (2015). *What the Annual National Assessments can tell us about learning deficits over the education system and the school career year*. Stellenbosch Economic Working Papers.

Volmink, J. and Van de Elst, L. (2019). *The Evolving Role of 21st Century Education NGOs in South Africa: Challenges and Opportunities*. <https://nascee.org.za/resources/volmink-van-der-elst-web.pdf>



White, Heyman, Favis, Hargovan. (2000). Development Co-operation Report: Democracy And Good Governance. Evaluation of ODA to democracy and good governance. http://www.treasury.gov.za/publications/other/devco-op/section_2/02.pdf

World Bank. (2018). *Overcoming Poverty and Inequality in South Africa: An Assessment of Drivers, Constraints and Opportunities*. <http://documents.worldbank.org/curated/en/530481521735906534/pdf/124521-REV-OUO-South-Africa-Poverty-and-Inequality-Assessment-Report-2018-FINAL-WEB.pdf>

Endnotes

1. A South African donor working in the education sector since 1995. Zenex Foundation (2020). The Zenex Foundation is an independent grant-maker investing in mathematics and language education in South Africa since 1995. <https://www.zenexfoundation.org.za/>
2. Stellenbosch University (2020). Department of Economics – About. www.ekon.sun.ac.za
3. South African Government. National Development Plan 2013. <https://www.gov.za/issues/national-development-plan-2030>
4. South African Government (n.d). Speeches. <https://www.gov.za/speeches/2SONA2019>; <https://www.gov.za/speeches/basic-education-budget-vote-speech-17-jul-2019-0000>
5. Carnegie Corporation president John Gardner, quoted by Kathleen Kelly Janus, 2017

Self-Organised, Emergent Collaboration for Sustained Impact and Improving Education in South Africa

 **Rooksana Rajab**, Managing Director, Resonance Consulting Services and Associate, JET Education Services, South Africa
 rrajab@resonance.net.za

Summary

From a practitioner perspective, Rajab explores the South African context, highlighting the need for change and the impact of investments and government spending to date, as well as the promise and challenges of existing partnerships and other collaborative efforts. Rajab proposes that emergent collaboration for sustained impact and improving education in South Africa is only possible through a new institutional ecosystem.

Keywords

Corporate Social Investment
Philanthropy
Collaboration
Improvement in Education
Emergent Structures

Introduction

Private philanthropy and corporate social investment in education are very nuanced in post-apartheid South Africa. These investments are made with different motivations – ranging from advancing a specific corporate agenda to an authentic commitment to transformation (Amaeshi et al., 2016). Corporate social investment (CSI) often seems to be a response to an environmental trigger such as the threat of disinvestment in the 1980s, and to support legislative reform post-1994 (Clayton et al., 2015).

For non-profit organisations (NPOs) in South Africa, private donors and CSI funds are commonly the primary lifeline, offset only in some exceptions by direct government support, with the education sector receiving the most funding (Matthews, 2019). Increasingly, however, investors choose to invest only in projects that demonstrate a people-centred impact (Next Generation Consultants, 2018).

Addressing the education problem in South Africa remains a complex one that demands collaboration and partnerships between many actors within an ecosystem such as government, self-organized social change entities, corporate social investors and private philanthropists on an equal footing and substantial engagement so that it can affect change and improve education with a sustained impact.

Have We Failed our Youth?

In 1990, we bought a dream of a rainbow nation without understanding what needed to be done to build a country where a decent future for all its people was within reach (Bornman, 2013). As South Africans, we have had to learn that the ideals expressed in the preamble to our constitution were just that – more of an ideal to strive towards rather than the way we currently live.

At the launch of the National Association of Social Change Entities in Education (NASCEE), a self-organised representa-

tive body for non-profit organisations in education held in May 2019, it became apparent that there is broad consensus that the South African education system is failing our communities. Indications that our education system is in crisis are multiple:

- Despite high enrolment rates in Grade R and Grade 1 (aged between 5 and 6 years) only around 60% complete Grade 12, with less than 30% of these achieving a pass that enables them to study further,
- Literacy and Numeracy rates remain dismal with 78% of children in Grade 3 (8 years old) failing to understand what they are reading and 65% of grade 5 (10 years old) pupils in the country could not add and subtract whole numbers.

(Modisaotsile, 2012; Hall, 2018; Metcalfe, 2019)

Rising to the Challenge – The Tapestry of Change

Role players in the education system are expressing an urgency and desire to see initiatives make a real difference, feeling compelled to stop waiting and take a more active role to create the South Africa they want. Stakeholders universally recognise that education and educational attainment still has the biggest impact on improving someone's opportunity for a decent life, in that:

- Higher levels of education correspond to higher levels of upward mobility,
- Increasing educational attainment implies a lower probability of moving downward,
- Higher skilled occupations also show higher upward mobility.

(World Bank (2018). *Doing business in South Africa 2018*. Washington, DC: World Bank)

To really make a difference, we will need to find better solutions to what Green describes as the “*wicked problems – complex, eco-systemic challenges, whose solutions need multi-dimensional, transdisciplinary thinking and trans-sectoral responses*” of education (NASCEE, 2019). To do this, we need to find allies and partners on the journey “*to build a high-quality equitable education system for all South Africans*” (NASCEE, 2019). We would need to find a way of coordinating the efforts of various role players in the educational landscape, and create the connections necessary for a thriving ecosystem since many with good intent operate in silos and impact becomes hardly discerned.

The practicality of working with government is more like working with a diffuse network spread across many departments, nationally and provincially (NASCEE, 2019). Perhaps, if we view government more as a network, NPOs can play a key role in bridging the social change needs of communities and government (departments and implementing agencies) (Banks, et al, 2015). However, for this sort of bridging function to work effectively, NPOs need channels through which they can lobby, coordinate and engage with government at

all levels. The lack of clarity and consistency in engagement points, protocols and processes leaves government isolated – functioning on its own with an impoverished reach, and offering, leaving communities and NPOs vulnerable.

The tapestry is further coloured by corporates and other businesses supporting education initiatives in South Africa through long-standing relationships – in many cases trying to fill the gaps left by the inefficiencies in the government architecture. Although the initial investments could be characterised as being paternalistic in nature (Solomon, 2013), we have to acknowledge that the business sector is a large investor in education projects, especially through NPOs. According to the Trialogue Business in Society Handbook (Trialogue, 2019), South African companies invested R4.3 billion (over \$300 million) in education in 2018.

Corporate support comes in three guises: through investment, by adopting responsible practices and through corporate citizenship – where they build a long-term mutually beneficial relationship with the communities they serve and rely on (Amaeshi, et al, 2016). However, corporates are beholden to their shareholders and need to report on any investments made. This means they become focussed on investments that show a favourable risk-return ratio and limit their investments based on their own economic prospects.

These relationships are, therefore, difficult to forge. For businesses, it is key that there is a strategic fit between themselves and a partner NPO (Den Hond, et al, 2015). In a realm where it is often difficult to see the fit between a corporate investor and a social change entity, these connections are more frequently based on the persistence with which an NPO looks for funding and these are frequently ad hoc encounters. In recent years we have seen the emergence of grantmaking services from entities such as Inyathelo or Trialogue helping these partnerships form. But would we not see a better impact if there was a shared vision of what a high-quality education system looks like or a brokering platform through which corporates and NPOs could get to know one another?

Philanthropy

Whilst philanthropy in South Africa is not a new phenomenon, what is of particular interest is the growth in private sector and individual giving. According to Annual Survey of Philanthropy in Higher Education (ASPIHE) report (2018), the largest proportion of philanthropic funding came from trusts and foundations, which contributed 42%. This decreased from 61% in 2013 indicating a declining dependence on trusts and foundations. This was matched by increased levels of giving by the private sector and individuals. Private sector entities contributed 25% of philanthropic income in 2017 compared with 14% in 2013, while individual donors' contributions increased from 4% in 2013 to 20% in 2017. The number of

donations also increased dramatically over the five years, from 5659 in 2013 to 28 668 in 2017. The number of donations between R1 million and R4,9 million more than doubled and those exceeding R5 million more than tripled (Jones, 2019).

However, philanthropy itself is also changing, in that philanthropists are pursuing larger more global goals. Mitchell and Sparke (2016) identify that in order to achieve these larger goals philanthropists are creating a “*patchwork quilt of complex alliances*” and they also employ a strict evaluation of the risk-return characteristics of their investments. The need to build “*sympiotic relationships*” for funders, non-profit organisations, communities and government to experience the benefit a rich collaboration could offer became apparent at the launch of NASCEE, 2019. This starts by closing the distance between non-profit organisations and funders building trust, respect and sharing the power and responsibility for the desired outcome (Campbell in NASCEE, 2019; IPASA, 2015).

In South Africa, we are seeing the development of more open philanthropy networks and it will be important to explore how NASCEE and its philanthropic equivalent, the Independent Philanthropic Association of South Africa (IPASA), can work together to close the information, communication and power gap between social change entities and private philanthropists.

Implementers – Non-Profit Organisations and Social Change Entities

The South African civil society is vast and diverse adding an interesting perspective to our tapestry of change and transformation within our education morphology. Although there is some uncertainty with regard to the actual number of non-profit organisations that exist, at the time of writing the Department of Social Development reports that it has registered 219 820 non-profit organisations and about 6% of these are involved in education and research (National Lotteries Commission, 2020).

A major advantage of the not-for-profit landscape is that organisations are often created organically in response to an observed crisis or need (Burger, et al, 2017). This means that non-profit organisations are much closer to communities than most players in the education value chain (Banks, et al, 2015). But it also means that these agents for social transformation are fragmented and vulnerable, leaving many organisations overlooked before they can even make a difference.

Non-profit organisations themselves are recognising that things need to change, that they need to: (i) challenge the competitive landscape in which they operate through working together (Volmink & van der Elst, 2019); (ii) become more accountable to all stakeholders, including the communities they serve and not just their boards (Burger, et al, 2017); and (iii) reconnect to their values, and remember why they started this work (NASCEE, 2019).

As such, the non-profit community has begun to organise themselves and the role they play in education, wanting to make the significant difference they envisaged when they started. Working together, looking for more sustainable and impactful solutions and moving closer towards collaborative efforts as a collective, confirm Burger, et al (2017) suggestions that: “*Non-profit community should now ... be given the opportunity to lead a process of change.*”

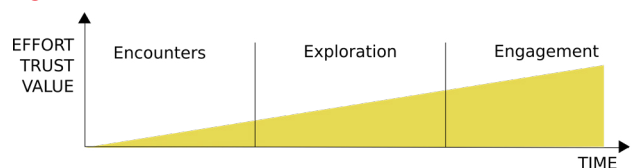
Building a Community to Lead

From the early 1990s the business community felt they needed to initiate a multi-stakeholder collaborative forum to support government in the transformation and improvement of education in South Africa. This led to the eventual formation of the Joint Education Trust (JET, n.d.; Robbins, 2001) which brought large corporates, the government, trade unions and other political players together. In 2013 the initiatives morphed, once again, into a government funded collaborative mechanism, the National Education Collaboration Trust (NECT). The NECT programmes found themselves more closely aligned to government initiatives and priorities (NECT, 2014) and little attention was given to an ecosystem of collaborators. It seemed clear that something more was necessary, Subsequently, JET and NECT, together with several others, have been part of driving a process of building a network of social change entities and initiating conversations that bring non-profit organisations, philanthropists, corporate business and government together which led to the establishment of the National Association for Social Change Entities in Education (NASCEE) in May 2019.

NASCEE, as an emergent structure, is becoming a hub through which non-profit organisations working in education can really begin to collaborate on equal footing with other stakeholders within the education ecosystem.

Given the need to build on the collaborative efforts that have happened in the past, the author’s efforts are guided by understanding that partnership and collaboration exist along a continuum and that high value collaborative efforts are built over time.

Figure 1: A continuum for collaboration



A key observation is that encounters occur frequently, and often rely on a happenstance connection between stakeholders and actors. As we meet with people and gain some inspiration or insight on matters and challenges in education, themes, ideas and connections are sparked around a shared interest,

and an in-the-moment intention to work together. Encounters offer those who participate authentically, the opportunity to develop a moment-of-clarity, and sometimes deeper insight on key issues, that need to be solved together or urgently. However, their success of any new interventions that may be planned depends on individuals being able to suspend their own positions and self-interest long enough to develop the trust required to develop a mutual understanding and shared worldview. The value of encounters lies in their frequency and power to generate new perspectives.

A fraction of encounters develops further, or in other cases, a particular actor is able to draw on their own influence and network to pull together an explorative initiative. By building and expanding on the insight developed during an initial set of encounters, new possibilities are co-imagined and serve as the inspiration to develop a particular initiative. This stage is really about exploring a problem-solution context together and developing what Austin and Setanidi (2014) call a transactional relationship, where a more dominant and experienced role player takes the lead and finds a way for all stakeholders with complementary skills to cooperate in delivering a particular outcome. Parties involved in the initiative maintain their own identity and purpose, relate on an equal footing but see the value in helping the community or lead partner.

These collaborative efforts have their own challenges. In many cases the initial project is more about establishing whether the parties can work together constructively. Building trust and value in the relationship requires an investment of effort and time and a commitment to delivering on the envisaged outcome. Success in the relationship is enhanced through a structured engagement to iron out the specific roles and responsibilities of the partnership. It is only then that cooperation is secured towards achieving the desired deliverable.

The most complex and difficult collaboration is that of engagement around an uncertain and complex challenge. In this open problem space, it is critical to build a shared purpose. Individual actors' contributions become less important in the context of solving a complex (normally changing and uncertain) problem, than the sustained commitment and involvement. These challenges are too big for any one lead, they require shifting roles and evolving responsibilities as members develop models, approaches and learn through trial and experimentation. The relationship becomes more integrative between organisations (with each one adjusting to the new collaboration) and the outcomes tend to leave a transformational impact (Austin & Setanidi, 2014). The process of engagement over time requires an ecosystem of stakeholders involved in the collaborative endeavour to reach consensus with a common purpose and shared responsibilities.



Conclusion

In South Africa, we have made several efforts towards building partnerships between social change entities and funders (both corporate social investors and philanthropists). However, these remain ad hoc relationships with little impact nationally and no shared common purpose within a broader ecosystem of collaborators. Corporate social investors and/or philanthropists usually take the lead from their own perspectives while non-profit organisations are viewed as implementers and not partners with real commitment over a period of time that builds trust and adds value to the initiative. What is evident for high value collaborative efforts and meaningful impact to occur is that there is a need for all stakeholders within an education ecosystem to share a common purpose on an equal footing, closing the power gap that exists. Stakeholders will have to find a way of creating a portfolio of collaborative initiatives that span the continuum from encounters to substantial engagements. Self-organised, emergent collaboration for sustained impact and improving education in South Africa will only be possible through realising an ecosystem that perhaps South Africa has never had before. Government is key, so is also a range of specialist associations across the education and training landscape to complete the supply and demand value chain. Technology now makes such collaboration more efficient, but at the heart of this ecosystem lies trust, accountability and deep engagement over time.

References

- Amaeshe, K., Adegbite, E., & Rajwani, T. (2016). Corporate social responsibility in challenging and non-enabling institutional contexts: Do institutional voids matter? *Journal of Business Ethics*, 134(1), 135-153.
- Austin, J. E., & Seitanidi, M. M. (2014). *Creating value in nonprofit-business collaborations: New thinking and practice*. John Wiley & Sons.
- Badat, S. (2015). Institutional combinations and the creation of a new higher education institutional landscape in post-1994 South Africa, in Curaj, A., Georghiou, L., Cassingena Harper, J., Egron-Polak, E., *Mergers and alliances in higher education* (pp. 175-201). Springer, Cham.
- Banks, N., Hulme, D., & Edwards, M. (2015). NGOs, states, and donors revisited: Still too close for comfort? *World Development*, 66, 707-718.
- Bornman, E. (2013). The Rainbow nation versus the colors of the rainbow: Nation-building and group identification in post-apartheid South Africa, in n C. C. Wolhuter (ed.) *South Africa in focus: Economic, political and social issues* (pp. 55-84). Nova.
- Burger, S. et al. (2017). *NPO Accountability in a disconnected and divided South Africa*. <http://resep.sun.ac.za/wp-content/uploads/2017/02/NPO-reportV3.pdf>
- Clayton, A. F., Rogerson, J. M., & Ramped, I. (2015). Integrated reporting vs. sustainability reporting for corporate responsibility in South Africa. *Bulletin of Geography. Socio-economic series*, 29(29), 7-17
- den Hond, F., de Bakker, F. G., & Doh, J. (2015). What prompts companies to collaborate with NGOs? Recent evidence from the Netherlands. *Business & Society*, 54(2), 187-228.
- Hall, K. (2018). Children's access to education, in Hall K, Richter L, Mokomane Z & Lake L (eds.) *Children's Institute*. University of Cape Town
- IPASA. (2015). *Summary report of the Risk, Responsibility and Relationships Philanthropy Symposium*. http://ipa-sa.org.za/download/ipasa_2015_symposium_report-pdf/
- Jones, S. (2019). *Annual Survey of Philanthropy in Higher Education: Main report of the 2018 Annual Survey of Philanthropy in Higher Education*. Inyathelo. <http://www.inyathelo.org.za/images/researchreports/aspihe2019.pdf>
- JET, (n.d.). *About JET – History*. <https://www.jet.org.za/about-jet/history>
- Matthews, S. (2019). *Giving Trends in South Africa*. Inyathelo. <https://www.inyathelo.org.za/media-centre/in-yathelo-s-blogspot/item/giving-trends-in-south-africa.html>
- Metcalf, M. (2019). "South Africa's School Crisis" Lecture at the University of Cape Town's (UCT) 2019 Summer School. <https://www.news.uct.ac.za/article/-2019-01-11-solving-sas-literacy-crisis>
- Mitchell, K., & Sparke, M. (2016). The new Washington consensus: Millennial philanthropy and the making of global market subjects. *Antipode*, 48(3), 724-749.
- Modisaotsile, B. M. (2012). The failing standard of basic education in South Africa [Policy brief, 72], <http://www.ai.org.za/wp-content/uploads/downloads/2012/03/No.-72.The-Failing-Standard-of-Basic-Education-in-South-Africa1.pdf>
- NASCEE. (2019). *Transcript of the conference proceedings of the 2019 NASCEE Conference: NPOs Working in Education: From Promise to Practice*. <https://nascee.org.za/resources/conferencereportfinal.pdf>
- NASCEE. (2019). *NASCEE Constitution, Adopted in May 2019*. <https://nascee.org.za/about-nascee/constitution/nascee-constitution.pdf>
- National Lotteries Commission. (2010). [Website] <https://www.englishclub.com/writing/punctuation-brackets.htm>
- National Treasury, (2019). *The Budget Review 2019*. The National Treasury. <http://www.treasury.gov.za/documents/national%20budget/2019/review/FullBR.pdf>
- NECT. (2014). The NECT 2014 Interim Integrated Report. http://nect.org.za/publications/annual-reports/nect-2014-interim-integrated-report/@@download/file/NECT%20Interim%20Annual_Web.pdf
- Next Generation Consultants. (2018). Research Report 2018: Innovation and Impact – Hindsight, foresight and insight. https://nextgeneration.co.za/wp-content/uploads/2018/04/2018_Innovation_Impact_Research_Report.pdf
- Robbins, D. (2001). Education Pathfinders: A short history of the Joint Education Trust. https://www.jet.org.za/resources/education_pathfinders_robbins_01.pdf
- Solomon, N. M. (2013). The role of corporate social investment initiatives in South African education [Unpublished doctoral dissertation]. North-West University.
- Dialogue. (2019). Business in Society Handbook 2018. <https://dialogue.co.za/publications/csi-handbook-2018-free-download/>
- Volmink, J. & Van der Elst, L. (2019). The evolving role of 21st century education NGOs in South Africa: Challenges and opportunities. National Association of Social Change Entities in Education (NASCEE). <https://nascee.org.za/resources/volmink-van-der-elst-web.pdf>

Philanthropy in Education: Apprehensions and Reality

 **V Santhakumar**, Professor, Azil Premji University, India
 santhakumar@apu.edu.in

Summary

This article challenges simplistic understandings of public and private, as well as the idea that philanthropy necessarily promotes a privatising agenda and use of business logics in education and development. Instead, he argues one should examine the challenges philanthropy faces to effectively improve education, such as the issues around building stable and lasting relationships with government representatives and differences between the cultures of foundations and governments.

Keywords

Philanthropy
PPP
Privatisation
Efficacy and efficiency

The role of philanthropic foundations is deepening in social services like education and health-care all over the world including developing and poorer countries. This has led to certain apprehensions among social scientists and other observers. A key concern stems from a perception that these foundations attempt to bring in profit-seeking motives or measurable results-based approaches in education. However, I would argue this is not a realistic perception, and it can steer the debate away from the matter of how foundations can be effective in promoting quality schooling for all.

On the side of the proponents of school vouchers or financial incentive-based or measurable output-based reforms in education, there are many different stakeholders. These include not only a few philanthropic foundations but also small non-governmental organisations that depend on funding from different organisations, academics, activists, government officials, politicians and others. On the other hand, there are foundations at the international level, which take a “centre-left” position, or one against a ‘free-market’ approach. Azim Premji Foundation, the major philanthropic foundation that works in the domain of education in India, is an example of a foundation that is against such measurement- or incentive-based reforms and stands for strengthening the government schools in the country. Despite this, one can see smaller NGOs, sections of academics, government officials (and even some politicians) arguing for more competition and privatisation in school education. Hence, the use of these approaches (and their prevalence or dominance in public debates at certain times) should be seen more as a reflection of times, or the diversity of ideas of education, or influence over policies and actions. In essence, it may not be that realistic to argue that the philanthropic foundations want to bring in profit-motives or measurable results-based approaches to education.

As a result, we can miss certain factors that affect the effectiveness of philanthropic foundations in these public debates. The resources that even the wealthiest foundation could mobilise can only be miniscule compared to the total resources required to provide quality schooling in most social contexts. Hence, the crucial issue is the process and its effectiveness

through which foundations influence governments' policies and actions in the domain of education. There are multiple strategies that are followed by foundations.

A first possible strategy revolves around supporting the collection and dissemination of information or ideas into public debates, and expect the people at large to influence public policies. However, the effectiveness of this strategy depends on how capable people are in influencing policies or how sensitive governments are towards public debates. This in turn depends on the political transition including the deepening of democracy in a given context.

Another possibility is based on funding non-governmental organisations to work towards the objective of quality education. The outcome of such an effort depends on whether these NGOs are aligned with the purpose of foundations and whether NGOs are in a position to make a desirable change in the public education system as a whole. There are challenges on both these fronts. We have seen foundations trying out this route of funding NGOs and then starting operating organisations of their own due to the difficulty in ensuring that funded NGOs are effective regarding their purpose. NGOs also face a number of challenges in influencing the public education system, which are also faced by the operating arms of the foundation, and some of these are discussed in the following section.

The Challenges in Working with Governments¹

To truly offer “quality schooling for all”, there is a need to transform the public education system, which in turn is likely to require working with governments. It may be possible for a concerned citizen or a NGO to start a good (alternative) school catering to a set of children. However, that cannot make a significant impact on the public education system, and systemic changes are needed if quality schooling reaches the poor and the marginalised sections in most developing countries. Thus, working with governments is unavoidable if a foundation is interested in desirable changes at scale. However, many aspects of the public-private collaboration affect the effectiveness of the work of foundations.

First, there is the challenge of establishing stable relationships with government representatives. Despite it being relatively easy for a known philanthropic foundation (with sizable endowments) to get access to politicians and senior officials, this might not always be stable or adequate in some situations. Still, the easy access could be an advantage that foundations have, for instance, compared to a typical non-governmental organisation or a concerned activist or academic. Hence, in most cases, foundations work closely with government officials. However, public servants can be transferred from one position to the other (especially in countries like India), which makes the continuation of collaborations uncertain. As each government official usually have their own

ideas on what should be done to improve public education, programs get interrupted, unless there is a strong will to continue the work of predecessors.

Second, the promotion of innovative pilots is an attractive solution, but not without its own issues. Though the resources of foundations are somewhat small compared to the resources (to be) used by governments in education, pilots of innovative solutions are to create a possibly fruitful situation. In these cases, innovative approaches can be promoted or practiced on a pilot format by a foundation. After a comprehensive assessment, if they are found to be useful, they can be scaled up by the government within the public education system. However, this requires governments that are willing to learn and adapt such good practices. One might question, then, are governments capable to learn and adapt? Our experience in India shows that such capabilities are more common among specific officials, not so much the government as a system. However, this learning on the part of an official may become irrelevant, especially while considering the possible shift of persons within the government (which can happen arbitrarily). Even when a government adopts a new practice, its adaptation to suit the constraints of the government may be very different from the initial proposition by the foundation.

Third, foundations may or may not be interested in working in the most needed places and causes. On the one hand, foundations may not be interested in working in the areas where governments are reasonably functional in meeting social needs. This may be true in places where the media and civil society (or the internal stakeholders like teachers' unions) are excessively concerned about the potential role of external organizations such as foundations. On the other hand, foundations may be keen to work in locations where there is a need for their intervention, but may not be able to work in locations where their services are most needed. For example, their engagement in areas influenced by extremist forces (like Maoists) is minimal or non-existent in India. Local governance issues may discourage foundations from working in certain areas even if these require their services. This may be similar to the situation faced by international development organizations wherein these may not be able to work in under-developed countries due to the problems of ill-governance, despite the fact these areas badly require the support of such organizations.

Fourth, there are important differences between the cultures of foundations and governments. This could be partly due to the fundamental differences in the working of private companies (which contribute resources and the top management of foundations), and governments, especially those in developing countries, like India. There are also differences in the way different tiers of employees interact among themselves and how these are viewed or perceived by others

within the government and foundations. Respect and compliance in governmental organizations are not organic, but are somewhat imposed, mechanistic and forced upon. The job seniority and the position of an official may determine the “validity” of his/her opinion, not its merit. There may also not be any free communication of ideas between different tiers of government officials. The situation in a foundation could be somewhat different. These cultural differences may have implications for promoting cross-sector partnerships.

Finally, influencing the government and its culture is a process that requires patient interaction over a long time. It would be incorrect for any organization, such as a foundation, to claim that a possible positive change is solely or mainly due to their involvement. There is a public system on the ground, with its own character, with thousands of people, even within a district of India, and they belong to different cadres. They make indelible progress shaped through the socio-political processes. These may seem inadequate to outside observers. What these outsiders may achieve through their interaction with the system could be certain promising efforts, and catching the attention of the system. Through a consistent interaction, there could be small improvements, some tangible, but others not so much so. However, without the system or the willingness of a sizable section of the people who are part of it, no improvements are possible.

In essence, the effectiveness of philanthropic foundations also depends on the governance in a given context, and the socio-political factors that makes governments responsive to the real needs of people. This awareness should make the enthusiasts/critiques of philanthropic foundations to nuance their expectations/apprehensions.

Endnotes

1. Some of these challenges are discussed in detail here: V Santhakumar (2020). Philanthropic Foundations and the Government: Challenges in the Relationship. <https://practiceconnect.azimpremjiuniversity.edu.in/philanthropic-foundations-and-the-government-challenges-in-the-relationship/>

Part 4

New Philanthropy and Innovations in Education Development Financing

A Reflection on the Models, Partnerships and Conversations Necessary to Achieve SDG4¹

 Aleesha Taylor, Principal, Herald Advisors, USA
 aleesha@heraldadvisors.com

Summary

Taylor provides a narrative of how weaknesses in the traditional aid infrastructure and mechanisms resulted in an inability to respond to Liberia, one of the most high-profile and vulnerable countries at the time. The nuanced retelling and discussion of how events unfolded, the challenges faced, the innovative solutions designed, and the ongoing need for partnerships are a strong practitioner contribution to understanding new philanthropy and innovative financing.

Keywords

Traditional aid infrastructure
Innovation
Innovative financing
Partnerships

The adoption of the Sustainable Development Goals and the comprehensive education targets contained in Sustainable Development Goal 4 present² daunting challenges. United Nations Educational, Scientific and Cultural Organization's (UNESCO)'s Institute of Statistics provides us with some alarming realities: 133 million primary and lower secondary-aged students are either not in school or are likely to drop out. 142 million upper secondary-aged youth are out of school. 484 million students are in school and not receiving a quality education. This does not include the 750 million adults unable to read or write. They also estimate that 85 percent of children in Sub Saharan Africa are in school but not learning the minimum, and 88 percent will not be able to read proficiently by the time they complete lower secondary school (which is the equivalent of 9th or 10th grade) (UIS, 2017). The annual funding gap to ensure that countries are able to provide SDG 4.1 – free quality primary and secondary education – is estimated at \$39 billion³ USD per year (UNESCO, 2018).

Despite these figures, aid to education has stagnated and the challenges to the sector are increasing. When I joined Open Society Foundations (OSF), the central component of my initial portfolio was the management of OSF's education initiatives in Liberia. This was 2007, following international commitments to millennium development goals and declarations that “no countries seriously committed to education for all will be thwarted in their achievement of this goal by a lack of resources”(UNESCO, 2000). Shortly after President Ellen Johnson Sirleaf's election, the Government of Liberia (GoL) requested \$40 million to reinvigorate its system after years of conflict and was promptly denied by the Education For All – Fast Track Initiative (EFA-FTI).

The rejection of Liberia's request exposed the traditional aid mechanism's weakness and inability to respond to one of the most high profile and vulnerable countries at the time simply because the Government of Liberia could not meet the rigid application requirements. Instead, an innovative arrangement was established between the Government of the Netherlands, UNICEF and OSF, which created the Liberia Education Pooled Fund (EPF). The EPF has been highlighted as an

innovative public-private partnership in which a foundation pooled its funding and efforts with those of a multilateral and bilateral organization in support of a national education program. The funding modality eventually disbursed over \$20 million through government structures (thereby strengthening governance mechanisms) and OSF partnered with the Ministry of Education (MOE) to provide technical assistance, as well as establish and support a Sector Coordination Unit within the MOE's Department of Planning.

*Partnership Paradox*⁴ documents the success, challenges, conflicts and divergent perspectives that emerged during this endeavor. I think the most interesting thing about this book, which was truly a labor of love, is that it does not attempt to present a sanitary or unified story. Instead, it allows the voices of those who lived and worked through it to be heard, with all of its realistic messiness. The contributors include Liberian planning and technical experts, consultants who were placed in the Ministry, and staff from UNICEF's global headquarters and the Liberia country office. While we weren't really talking about "innovative financing for education" at the time, the EPF is a salient example of *why* it's needed in the field and what is necessary to ensure its success: timely access to financing, partnerships, capacity building, as well as local ownership of plans and narratives (Talbot & Taylor, 2015).

Since 2010, the definition of "innovative financing for education" has shifted a bit depending on who is defining it, and generally refers to the application of a non-traditional financing mechanism to the education sector. However, the consistent aspects include three features outlined by the Leading Group on Innovative Financing: innovative financing should 1) be linked to global public goods (such as health and education); 2) be complementary and additional to traditional aid; and 3) be more stable and predictable than traditional aid to allow governments to make long-term plans.

The EFA-FTI has since become the Global Partnership for Education, with an expanded and constituency-based governance structure that incorporates philanthropies and the private sector, gives more voice and leverage to civil society and developing countries, and a commitment to ensure fragile and conflict-affected states can access funding. Towards this end, they created a board seat for the private sector and private foundations. The process of figuring out how to manage this diversity of perspectives is an interesting compilation of contested stories and interests.

Innovative financing for education, or any attempt to disrupt traditional structures and processes to catalyze or accelerate improvements in the education sector, requires us to break out of our traditional siloes and foster collaboration across sectors. While at OSF, one specific endeavor has led to lasting results. In 2012, I created a seminar at Central European

University, "Innovative Financing for Education: Arguments, Options and Opportunities." This course ran for five years and brought together over 150 education and finance specialists, civil society activists, government officials and private sector actors. There was a heavy emphasis on "the arguments" portion of the title. Faculty were drawn from academia, philanthropy, civil society and the private sector. They were given the opportunity to workshop ideas and models under development and to sharpen their own critiques. The participants have gone on to either lead or engage in innovative financing initiatives and partnerships at NORRAG, the GPE, World Bank, African Development Bank and in ministries of education and planning in several countries across Africa and Asia.

This course emphasized that the sector needs more education specialists who are committed to social equity, as well as conversant and at the table with the development and finance specialists who, some argue, have an outsized influence on the sector. Additionally, education specialists and civil society activists need to develop more nuanced approaches when dealing with other sectors that do not speak the same language. Furthermore, we cannot underestimate the significant shifts that have and are taking place in philanthropy and the diversity of actors in the philanthropic space as we forge new partnerships and arrangements to increase funding and improve quality in the sector.

We also cannot assume that the philanthropic space is uncontested, with foundations having a broad range of motivations and priorities. This diversity is a great thing. However, coordinating priorities and funding has been somewhat of a challenge for the GPE, especially when some members may be more amenable to funding private providers and initiatives even though the GPE's mandate is to strengthen public systems and delivery mechanisms.

We saw these tensions arise among philanthropies (especially the newer ones) and some traditional donors and organizations more recently in Liberia, with the launch of the Partnership Schools for Liberia (PSL) initiative in 2015, which was a public-private partnership the GoL used to outsource the delivery of education to eight private providers. Because of the presumed availability of flexible philanthropic capital and private sector partnerships, PSL took shape very quickly – in a matter of months. The government was actually masterful in its ability to play the "traditional funders" (including the GPE and UNICEF, which were responsible for the lion's share of quality inputs into the system each year) and the "disruptors," or new funders, against each other.

A tepid consensus was reached after some time, but this led to significant fragmentation within the donor and philanthropic community, as well as within the MOE itself. The promise of additional funding and improved outcomes actu-

ally stalled existing initiatives and decreased the potential for the program's success. It's still functioning but struggling. This public-private partnership also highlighted the critical role that civil society plays in monitoring both learning outcomes and equity outcomes that result from investments in the sector. For example, when PSL's early results of significantly improved learning outcomes in some schools were communicated, civil society highlighted that this outcome was the result of the most vulnerable children being excluded. To cut costs in some schools, PSL simply decided to not provide meals (Mukpo, 2017). The lack of school feeding decreased attendance of the most vulnerable children, who were also presumed to have relatively fewer resources and support in their homes and therefore lower learning outcomes.

While an emphasis on improved learning outcomes is critical, we cannot underestimate its costs to increased equity outcomes. We also cannot underestimate the costs to governments. It is estimated that collecting the necessary data to track progress towards SDG 4, including developing new assessments to measure learning and skills outcomes, will cost \$280 million⁵ globally (and this entails \$128 million in new funding). This is also an area that philanthropies should pay attention to and provide funding for in the quest to enable governments and the education sector to attract and disburse the level of funding necessary to close the gaps and achieve the goals we promote.

The urgency and momentum for progress towards the global goals has led to promising partnerships and shifts in practice in the philanthropic sector. Success will hinge on our ability to work across siloes and with non-traditional partners who may have different approaches yet similar goals.



References



- UNESCO Institute for Statistics (UIS). (2017). *More Than One-Half of Children and Adolescents Are Not Learning Worldwide*. [Fact Sheet no. 26]. UNESCO Institute for Statistics. <http://uis.unesco.org/sites/default/files/documents/fs46-more-than-half-children-not-learning-en-2017.pdf>
- UNESCO. (2018). *Aid to Education: A Return to Growth. Global Education Monitoring Report*. [Policy Paper 36]. UNESCO. <https://unesdoc.unesco.org/ark:/48223/pf0000263616>
- UNESCO. (2000). *The Dakar Framework for Action. Education for All: Meeting Our Collective Commitments*. UNESCO.
- Talbot, P. & Taylor, A. (eds). (2015). *Partnership Paradox: The Post Conflict Reconstruction of Liberia's Education System*. Open Society Foundations.
- Mukpo, A. (2017, May 18). As Liberia Privatizes its Schools, An Unforeseen Result: Hungry Students. *NORRAG*. <https://www.norrag.org/liberia-privatizes-schools-unforeseen-result-hungry-students/>

Endnotes

1. This article is adapted from Aleesha, T. (2019, April 9). *Keynote Address: Innovative Financing for Education in Africa: Exploring Models, Connecting Actors and Fostering Conversations for Impact*. Presentation at the Philanthropy in Education Series Symposium "Investing in Education in Africa: Diverse Perspectives on Innovative Financing", New York, NY.
2. United Nations. (2020). Sustainable Development Goal 4. <https://sustainabledevelopment.un.org/sdg4>
3. Global Partnership for Education. (2020). [Website]. <https://www.globalpartnership.org/results/education-data-highlights>
4. Open Society Foundations. (2015). *Partnership Paradox: The Post-Conflict Reconstruction of Liberia's Education System*. <https://www.opensocietyfoundations.org/uploads/0e982f78-3238-4aea-b50e-070098e8714f/partnership-paradox-20151210.pdf>
5. UNESCO. (2018). The Investment Case for SDG4 Data. <http://uis.unesco.org/sites/default/files/documents/investment-case-sdg4-data.pdf>

Towards a Philanthropic Model for Francophone Africa's Public Universities? The Case of Fondation Université Cheikh Anta Diop in Dakar

 **Fabrice Jaumont**, Research Fellow, Fondation Maison des Sciences de l'Homme, France
 fabrice.jaumont@nyu.edu

 **Teboho Moja**, Professor, New York University, USA, Research Fellow, University of Pretoria and Extraordinary Professor, University of the Western Cape, South Africa
 teboho.moja@nyu.edu

Summary

This article draws attention to the formation of public university foundations as a means of meeting regional demands for higher education with insufficient budget resources. While strengthening African fundraising and alumni relations can help universities in this sense, the authors argue that African institutions need to take ownership of projects and establish practices that can function within their culture, as well as analyze new opportunities and challenges associated with this new form of fundraising.

Keywords

Higher education
Development
Financing
Africa

« Il y a trois priorités, l'éducation, l'éducation et l'éducation ; et même une super priorité... l'éducation ».

Léopold Sédar Senghor

Introduction

It is now generally accepted that higher education is a major catalyst for development. The idea is pushed by international organizations, major U.S. foundations (Jaumont, 2016a; 2018b), the World Bank, and the African Union. In his book on Africa's development, Manuel Castells referred to university systems as drivers of development and compared knowledge produced by those systems as the functional equivalent of electricity in the industrial era (Muller, Cloete, & Van Schalkwyk, 2017). African nations have, at the insistence of the World Bank, long relied on primary education to steer development agendas, but they are now turning their attention to higher education. Francophone universities are emerging spectacularly, for example, in Abidjan, Ifrane and Nouakchott universities have been totally reconstructed, both physically and intellectually. In Lomé, Ouargla, and Rabat university performances and ratings are improving, while others in Yaoundé, Sfax, and Sousse are not far behind, according to UniRank's 2018 Top 200 African Universities rankings. (Diouf, 2018).

Ranked in 48th position, Cheikh Anta Diop University of Dakar (UCAD) faces a dual challenge: as a public university it must contribute to the success of students from all social strata – and also guarantee quality teaching and research by creating a positive living environment for the entire academic community. However, budgetary resources allocated by the State do not allow the university to meet these growing demands. In this article, we argue that such a challenge can be addressed through the diversification of financial income streams while federating multiple public and private actors. Under the sponsorship of Macky Sall, President of the Republic of Senegal

and UCAD graduate, Fondation Université Cheikh Anta Diop University (FUCAD) was created in 2009 to support UCAD activities related to research, teaching, improving infrastructure and student living conditions, and other objectives discussed in this article. President Sall's commitment to enhancing higher education to support development agendas in Africa is signaled by his role in hosting the African Higher Education Summit in 2015 and being nominated Coordinator of the Committee of Ten African Heads of State and Government championing higher education to strengthen science and technology's role in development.

This article makes a contribution to the debate on the globalization of philanthropy and how regional characteristics echo or contradict global trends. The challenges experienced and opportunities created through the formation of a public university foundation such as FUCAD is an understudied area of research. In the Francophone African context, university foundations are still in their infancy, while fundraising strategies in Anglophone African universities have echoed global philanthropic trends for a longer period, due partially to capacity building initiatives undertaken by major U.S. foundations, particularly those in the Partnership for Higher Education in Africa (Jaumont, 2016a). Since the 1970s, endowments and university foundations have played a significant role in the development of U.S. universities (Donner & Huang, 2017). In France, there have been efforts to create them for over 10 years (De Bissy et. al., 2008, Rieunier, S. 2019), and French authorities have released extensive frameworks to encourage their development (CGE, 2017; DGESIP, 2019).

Critics of university foundations in the USA argue that they often lack transparency and call for governing agencies to ensure that university foundations utilize endowments conscientiously (Contarino, 2017). Some critics argue that they enable fraud and abuse (Robinson & Warta, 2018) or are influenced by ill-intentioned donors (Schaeffer, 2015). Initiatives and research projects aimed at encouraging good practice and information exchange have multiplied in recent years (Cady, 2005; Gibbs & Kennedy Byrne, 2017). In France, university foundations struggle to raise funds from their alumni, partly because this practice is not normalized in French culture (Joannides de Lautour, 2019; Loiseau, 2019).

In Africa, university foundations are not yet part of the culture among administrators, but many more institutions are implementing them. For Damtew Teferra, founding director of the International Network for Higher Education in Africa, these fundraising tools have a future in Africa: "It is true that Africa does not pursue economic and financial incentives that nurture such a culture, but the practice of establishing endowments and foundations could be effectively developed in light of increasing economic growth and business opportunities." (2013. pp. 359-360). A university foundation is a fundraising

vehicle that can benefit a university by encouraging self-sustainability, reducing dependency on international giving, and encouraging the growth of African philanthropy.

Strengthening African fundraising and alumni relations can help universities break out of their historical reliance on government funding and international donors. While several major U.S. foundations addressed this issue through the Partnership for Higher Education in Africa, some progress was made but a lot still needs to be done. The challenge is that African institutions need to take and spearhead ownership of projects for success. For example, some of the partnership's major accomplishments, like the Bandwidth Consortium, were achieved because it responded to African university leaders' articulated priorities. (Jaumont, 2014, 2016a, 2018a). These complex power dynamics between international donors, particularly U.S.-based foundations, and African universities re-defined some of the recipient universities' key priorities. (Jaumont, 2016b; Jaumont & Moja, 2019). There are indications that American foundations and universities must listen more, be more responsive to the needs of scholars in Africa and build on what African institutions are already doing rather than imposing perceived priorities shaped by funding agencies' own agendas. Drezner (2019) also argues that universities should develop cultures of giving among alumni and supporters, "not simply borrow from the U.S.," and establish practices that can function within their culture. Could this approach help Francophone African universities support their own transformation and encourage the growth of African philanthropy? It is not only universities that are exploring other income sources for support. Governments in Africa such as Ghana have realized that they could tap resources from their diaspora living in the Northern countries and have established mechanisms to encourage them to contribute skills and finances to support development agendas (IOM Ghana, n.d.)

A key initiative undertaken by the Partnership for Higher Education in Africa (PHEA), which included Carnegie Corporation, Ford, Rockefeller, MacArthur, Hewlett, Mellon, and Kresge (Jaumont, 2016) focused on helping African institutions develop services and skills such as administrative capabilities, financial management, and development offices to assist in fundraising and building alumni relations. Although limited to English-speaking institutions on the continent (Jaumont & Klempay, 2015), it was a valuable attempt at increasing capacity building among selected universities. According to Kole Shettima, director of the MacArthur Foundation's office in Abuja, Nigeria: "Ordinarily, universities are more concerned about academic exchanges and programs. It would be helpful to extend this to other aspects of university life." (Wilhelm, 2011). As part of PHEA, MacArthur worked closely with four institutions in Nigeria and one in Madagascar to help improve management and raise money.

University foundations in developing nations can be alternatives for generating more funding to research and training, encouraging innovation, improving student life, increasing access to higher education, and enhancing the host university's international influence through students and teacher-researcher mobility, the reception and support of foreign students or researchers, and the granting of scholarships. Other state funded institutions in countries such as India are realizing the potential of alumni-sourced funding streams. For example, the Indian Institute of Technology has initiated programs to raise funds from alumni and received large donations in response. (Niazi, 2019). Through these activities, university foundations can contribute to the development and influence of their host universities while improving the living and studying conditions of the academic community. As such, they act against social inequalities by increasing the collective chances of success. This approach would also meet the African Union's targets of creating leaders in development management and enhancing effective governance. (ACBF, 2019).

Several interesting cases of university foundations exist in Africa, such as Ashesi University Foundation in Ghana, University of Witwatersrand Foundation in South Africa, University of Cape Town's US & UK funds, the African Academy of Science Fund in Kenya, and Makerere University Endowment Fund in Uganda. Other examples, like Africa Science and Technology Endowment Fund, established by African-based multilateral agencies in 2010, offer compelling insight. Francophone universities are also experimenting with these fundraising platforms as is the case with Fondation de l'Université d'Abomey-Calavi in Benin (FUAC, 2015) or Fondation Université Cheikh Anta Diop in Senegal. Borrowing from Drezner (2019), their emergence can be justified by either a functional need for philanthropic support of higher education, as a form of isomorphism with institutions striving for prestige, or as a function of borrowing and lending perceived best practices.

Benefits and Challenges Encountered by Fondation UCAD

Fondation UCAD was created to cultivate a spirit of solidarity within the university community and foster good relationships with the rest of society. It strives to raise the influence of UCAD internationally while encouraging a peaceful environment on campus, particularly in light of recent protests against electricity price hikes and unpaid student stipends and the violent clashes that ensued between students and police (Sarr, 2019). Fondation UCAD has also established objectives to encourage excellence in research, contribute to student success, and reduce inequalities. Additionally, the foundation endeavors to nurture feelings of belonging to UCAD and organizes alumni and homecoming events reminiscent of those practiced on American campuses. (FUCAD, 2015). It raises and invests donations, legacies, and other resources to achieve university objectives in the educational,

scientific, and cultural fields, as well as public services. As Fondation UCAD lies at the heart of the university's new funding strategy, it is responsible for finding additional resources that UCAD requires to become a university of excellence. With the value of solidarity being well anchored in Senegalese culture, Fondation UCAD can lean on this cultural base and involve the university's greater community in fundraising.

Over the years, Fondation UCAD has proven to be an effective method for strengthening the university's public service mission and increasing its influence by including faculty in funding strategy designs. However, the foundation needs to be self-sustainable to take on greater challenges. For this purpose, a paradigm change is necessary to obtain contributions from a larger pool of institutional and individual donors, particularly by encouraging graduates to develop a feeling of belonging to an institution, form strong networks, and express concrete solidarity with their alma mater. Furthermore, the community (teachers, researchers, staff, students) must support the foundation's efforts to become a development tool at the service of the university. Finally, friends of the university must contribute alongside the foundation to the financing of its activities. Through their civic engagement, expertise, and generosity, graduates and friends of the university will contribute to the foundation's endeavors focused on the well-being and success of all stakeholders.

When one looks at the globalization of philanthropy and the recent discourses and practices of higher education institutions and networks in developing countries it is clear that there is a need to examine the creation and development of university foundations in Francophone African universities, as well as analyze new opportunities and challenges associated with this new philanthropic model. The model's Western origin, the context of its implementation in Francophone African countries, and the limits of its transferability in environments where giving to one's university is understood differently, are topics for which more research is required. Recommendations must also be issued for Francophone universities in Africa and various roadmaps presented for implementing foundations and fundraising strategies based on African models and traditions. Finally, it is important to evaluate whether this fundraising vehicle can generate increased funding from individuals, government, business, diaspora, and international donors.

References

ACBF. (2019, February). Capacités en Afrique 2019 : encourager le leadership transformateur pour le développement de l'Afrique. Fondation pour le Renforcement des Capacités en Afrique. <https://elibrary.acbfpact.org/acbf/collect/acbf/index/assoc/HASHc14f/82f81819/f6a171a2/53.dir/ACR%202019%20fr%20final.pdf>

Cady, R. (2005). Public University and Affiliated Foundation Relationships: Balancing Control and Autonomy. Education Law and Policy Forum, Volume 1, The University of Georgia Institute of Higher Education.

Donner, B. & Huang, C.C. (2017, September). University Foundations in the United States: Development, Current Status, and Challenges [Research Report #35]. *Human Research Center*. https://socialwork.rutgers.edu/sites/default/files/report_35.pdf

CGE. (2017, September 27). Le fundraising : une pratique émergente dans le financement des grandes écoles françaises. *Etude CGE 201*, Conférence des Grandes Ecoles – Communiqué de presse.

Contarino, A. (2017, April 17). "How to make university foundations more transparent?" *Martin Center*. <https://www.jamesgmartin.center/2017/04/make-university-foundations-transparent/>

De Bissy, A., Macorig-Venier, F. & Monsèrié-Bon, M.H. (2008). *Les fondations créées par les Universités*. Presses de l'Université Toulouse 1 Capitole.

Direction générale de l'enseignement supérieur et de l'insertion professionnelle (DGESIP). (2019, March). *Guide des fondations partenariales (outil d'aide à la création, à l'autorisation, au fonctionnement et au contrôle des fondations)*. DGESIP, Ministère de l'enseignement supérieur, de la recherche et de l'innovation.

Ndiaye, S. (2018). Invitation à la rencontre du réseau des alumni du Sénégal. Fondation UCAD. <https://fondation.ucad.sn>

Diouf, A. (2018, February 25). "Classement des meilleures universités africaines 2018: l'UCAD occupe la 48e position." *Senego*. https://senego.com/classement-meilleures-universites-africaines-2018-lucad-occupe-48e-position_647101.html

Donner, B., & Huang, C. C. (2017). Social Impact Bonds: A Potential Innovative and Effective Solution for Social Problems. Research Report #34. https://socialwork.rutgers.edu/sites/default/files/report_34.pdf

Drezner, N. (2019). "The global growth of higher education philanthropy and fundraising" in Natasha Ridge and Arushi Terway (eds.) *Philanthropy in Education: Diverse Perspectives*

and Global Trends. Edward Elgar Publishing.

Durquety, E. & Louradour, S. (2010). *Le guide des bonnes pratiques en matière de fondations partenariales et universitaires*. KPMG et le Crédit Coopératif.

FUAC. (2015). *Statuts de la Fondation de l'université d'Abomey-Calavi* (FUAC). République du Bénin

FUCAD. (2017). Dépliant. Fondation Université Cheikh Anta Diop. Accessed on December 23, 2019. <https://fondation.ucad.sn>

Gibbs, P. and Kennedy Byrne, E. (2017). *Foundations. fundamentals and strategic management*. KPMG Presentation. <https://www.sacubo.org/-/media/sacubo/events/CBMI/2017/Handouts/FIN-2239-Fundamentals-and-Strategic-Management.ashx?la=en&hash=0AE1F39469BA853023813B7AB9601BD533ECA13>.

IOM Ghana Diaspora Engagement Project. (n.d.). [Website]. Accessed on January 12, 2020. <https://www.iom.int/sites/default/files/country/docs/ghana/IOM-Ghana-Diaspora-Engagement-Project.pdf>

Jaumont, F. & Moja, T. (2019). "Collaboration in development between U.S. foundations and African universities" in Natasha Ridge and Arushi Terway (eds.) *Philanthropy in Education: Diverse Perspectives and Global Trends*. Edward Elgar Publishing.

Jaumont, F. (2016a). *Unequal Partners: American Foundations and Higher Education Development in Africa*, Palgrave MacMillan.

Jaumont, F. (2016b). "The Dynamics of Collaboration between U.S. Philanthropic Foundations and African Universities" in Alphin, Lavin, Stark, Hoker, *Facilitating Higher Education Growth through Fundraising and Philanthropy*, IGI Global.

Jaumont, F. (2018a, February). "What is the influence of American foundations on universities in Africa?" *The Conversation*. <https://theconversation.com/what-is-the-influence-of-american-foundations-on-universities-in-africa-92964>

Jaumont, F. (2018b). *Partenaires inégaux : fondations américaines et universités en Afrique*. Éditions de la Maison des sciences de l'homme.

Jaumont, F., and Klempay, J. (2015). "Measuring the Influence of Language on Grant-Making by US Foundations in Africa". *Reconsidering Development* 4, 1(4).

Jaumont, F. (2014). *Strategic Philanthropy, Organizational Legitimacy, and the Development of Higher Education in Africa: The Partnership for Higher Education in Africa* (2000-2010). ProQuest.

Joannides de Lautour, V. (2019, June 18). "Débat : pourquoi les fondations d'universités peinent à lever des fonds." *The Conversation France*. <https://theconversation.com/debat-pourquoi-les-fondations-duniversites-peinent-a-lever-des-fonds-118732>

Loiseau, J. (2019, July 1). "Les fondations universitaires capitalisent davantage sur les entreprises que sur leurs Alumni." *L'Etudiant*. <https://www.letudiant.fr/educpros/actualite/panorama-du-fundraising-dans-les-fondations-a-l-universite-capital-immateriel-des-universites-francaises.html>

McCluskey, M. (2017, February). "Following the money in public higher education foundations. academic austerity in the midst of academic wealth." *AAUP Report*. <https://www.aaup.org/article/following-money-public-higher-education-foundations>

Muller, J., Cloete N., & Van Schalkwyk F. (2017). *Castells in Africa: Universities & Development*. African Minds.

Niazi, S. (2019, November 7). IIT taps its start-up billionaires for endowment fund. *University World News*. <https://www.universityworldnews.com/post.php?story=2019110714185253>.

Ridge, N. & Terway, A. (2019). *Diverse Perspectives and Global Trends*. Edward Elgar.

Rieunier, S. (2019, June). *Panorama du fundraising dans les fondations à l'université*. Présentation. CPU et réseau des fondations des universités ». <http://www.cpu.fr/wp-content/uploads/2019/06/Etude-fondations.pdf>

Robinson, J. Warta, J. (2018, March 26). "University foundations enable waste, fraud, and abuse." *Martin Center*. <https://www.jamesgmartin.center/2018/03/university-foundations-host-plenty-scandals-avoid-transparency/>

Sarr, A (2019, December 16). UCAD: Les étudiants affrontent les policiers pour la libération de Dr Diop. *Senego*. https://senego.com/ucad-les-etudiants-affrontent-les-policiers-pour-la-liberation-de-dr-diop_1016917.html



Schaeffer, K. (2015, September 29). *Shaking the foundation: Fighting for access to university foundations*. <http://www.splc.org/article/2015/09/shaking-the-foundation>


Teferra, D. (2005). Establishing Endowments for African Universities- Strategies for Implementation. *International Higher Education*.

Teferra, D. (2013). *Funding Higher Education in Sub-Saharan Africa*. Palgrave-MacMillan.

Wilhelm, I. (2011, May 6). Big Foundations' Africa Partnership Offers Lessons for U.S. Universities. *Chronicle of Higher Education*. <https://www.chronicle.com/article/Big-Foundations-Africa/127320>

Financing for Impact: Why Pay for Outcomes in Education?¹

 **Emily Gustafsson-Wright**, Fellow, Center for Universal Education at the Brookings Institution, USA
 egustafssonwright@brookings.edu

 **Izzy Boggild-Jones**, Former Research Analyst, Center for Universal Education at the Brookings Institution, USA

Summary

This article outlines some challenges in international education that results-based financing (RBF) can potentially address. The paper outlines some of the key types of RBF in education, including results-based aid, social and development impact bonds and teacher performance pay, and then looks in more depth at the potential and limitations of impact bonds. Special attention is paid to the role of data and issues around scale and equity.

Keywords

Results-based financing
Social impact bonds
Data
Monitoring and evaluation

Recent estimates suggest that 53% of children in low- and middle-income countries are in “learning poverty”, or unable to read and understand a simple text by age 10 (World Bank, 2019). However, a quarter of countries are not meeting either of two key education financing goals – to spend at least 4% of GDP and 15% of their budget on education (UNESCO, 2019). The amount of donor finance allocated to education has largely remained constant in recent years, while education shrank from 10% of total development assistance in 2010 to 7% in 2017 (UNESCO, 2019).

With an urgent need to improve both access and quality, and limited resources to do so, the global education sector is looking towards both new sources of financing and new mechanisms through which to fund education. New sources of funding include philanthropic actors, whose role in tackling intractable global social challenges has changed dramatically in the last decade. In a recent study of global philanthropy examining 30,000 foundations, 35 percent reported dedicating at least some resources to the education sector (Johnson, 2018).

A growing trend in the mechanisms through which education is funded is results-based financing (RBF). RBF has the potential to direct funding towards interventions and providers who are able to demonstrate measurable impact. In addition to focusing attention on results, RBF has the potential to improve collaboration – bringing actors together around the agreed metrics, and to build better systems of data collection and use, driving performance management through feedback loops of real-time data.

Table 1: Types of Results-Based Financing

| RBF instrument category | Who is incentivized? |
|-------------------------------|----------------------------|
| Results/Performance-based aid | National government |
| Performance-based transfer | Local government |
| Performance-based contract | Service providers |
| Impact bonds | Investors |
| Conditional cash transfers | Households and individuals |

Source: Instiglio, 2018 with authors’ adaptations

However, while all types of RBF share the characteristic that payments are contingent on the achievement of results, there is considerable variation between models – depending on which actor is incentivized or holding the financial risk (Table 1). Within education, one of the most well-known types of RBF is performance-based pay for teachers, but contingency can also rest on service providers, as with performance-based contracts.

Social and development impact bonds (SIBs and DIBs), have attracted considerable interest within recent years. Unlike more traditional RBF, where service providers or governments bear the financial risk, impact bonds transfer this risk to impact investors (usually with strong philanthropic ethos). This opportunity to achieve both a financial and a social return while bearing the delivery risk that philanthropic funders are more willing to take, could represent a significant shift in the education financing landscape. Furthermore, the risk and return potential faced by impact investors often leads to an investment in performance management activities giving rise to significant capacity building of service providers in data collection and adaptive management.

Impact Bonds for Education: What Do We Know?

Since the first impact bond launched in the UK in 2010, the market has grown steadily, with 185 impact bonds contracted across 6 sectors and 32 countries as of February 2020. In education just 22 impact bonds have been contracted thus far – mostly in high-income countries. Of the three impact bonds contracted in developing countries, there have been two in India, and one in South Africa (Table 2). While the average number of beneficiaries targeted in education impact bonds is under 20,000, and the median is just 2000, some impact bonds have operated at much larger scale – for example the Quality Education India (QEI) DIB. Relative to the Educate Girls DIB – India’s first – in which just one service provider targeted 7,300 students in 166 treatment schools in Rajasthan, in the QEI DIB four service providers are delivering five² interventions, and targeting 200,000 students in grades 1-8 in Gujarat, Maharashtra, North Delhi and Uttar Pradesh (Gustafsson-Wright & Boggild-Jones, 2019a).³ In South Africa, the only education impact bond for early childhood development (ECD) in a developing country targets home visiting services to 2,000 children aged 3-5 who are likely to attend schools in the poorest communities.

Table 2: Education impact bonds in developing countries *Bonds Database*

| Name | Country | Targeted population | Outcome metric(s) | Intervention(s) |
|-----------------------------|--------------|--|--|---|
| Educate Girls DIB | India | Students in Grades 3-5 in 166 treatment schools (7,318 students in Grades 1-5 at baseline) | Student enrollment and improvement in learning outcomes in Hindi, math and English | Engagement with households, delivery of child-centric curriculum |
| Quality Education India DIB | India | 200,000 students in Grades 1-8 | Improvement in literacy and numeracy outcomes | Operation of learning centers, remedial education, school leadership development, adaptive learning software. |
| Education Bond SIB | South Africa | 2000 children aged 3-5 | Recruitment and retention; attendance; Early Learning Outcomes Measure (ELOM) | Home visiting program |

Source: Brookings Institution Global Impact

With only 10 years of experience, and many of the impact-bond funded interventions still ongoing, evidence on the success of impact bonds is still limited. Of 48 impact bonds where service delivery has ended, the majority (25) have repaid investors their principal plus a positive return, and just two have made no repayment⁴. In our recent paper on paying for education outcomes at scale in India (Gustafsson-Wright & Boggild-Jones, 2019a), we explore how the 10 common claims about impact bonds stand up to the emerging evidence base, finding evidence for five out of the 10. Of these five, there are two that stand out in particular – these have been highlighted repeatedly in our consultations with multiple impact bond stakeholders around the globe – the potential for impact bonds to drive performance management and to build a culture of monitoring and evaluation.

Given the need to achieve pre-determined metrics, the mechanism encourages service providers, often with the assistance of a performance manager, to collect data on their performance, analyze progress, and use this information to feed back into program adaptations and improvements. Real-time performance data allows service providers to track progress and adjust accordingly, but this is just one of the four types of data needed to pay for outcomes: data on the cost of delivery, the cost of inaction, as well as on the achievement of results, are also crucial (Gustafsson-Wright & Boggild-Jones, 2019b). From our perspective, the elevated role of data, and the opportunities for wider data ecosystem change, are the most promising effects of the impact bond mechanism.

In terms of evidence specific to education impact bonds, the existing knowledge base is even more limited – just 4 education impact bonds are complete, and only one of these is in a low- or middle-income country, the Educate Girls DIB in India, which closed in 2018. The Educate Girls intervention delivered successful results in both school enrollment and learning outcomes, with 92% of eligible out-of-school girls enrolled and learning gains equivalent to 160% of the target (IDinsight, 2018).

One of the key concerns with the engagement of investors (even if they have a philanthropic ethos) and with outcome-based financing more broadly is the potential for perverse incentives; for example, setting pre-determined metrics could encourage undesirable behavior, such as targeting the easiest to reach beneficiaries, or those who are most likely to achieve a particular outcome, while excluding those most in need. Avoiding this means ensuring that impact bond interventions are targeted and delivered equitably, without excluding children and young people who may be more challenging to reach or need more intensive interventions. Thinking carefully about the design of the impact bond can mediate some of this challenge: first, this means carefully considering the target population for the intervention, and the criteria used to identify beneficiaries, to focus service provision on the beneficiary group most in need. Across the 22 education impact bonds globally, targeted beneficiary populations have included children from low-income families, children attending schools in disadvantaged areas, and children from migrant families. Despite the potential for impact bonds in ECD (Gustafsson-Wright & Gardiner, 2016), just three education projects target young children, although an additional 13 impact bonds in other sectors – predominantly child and family welfare – include beneficiaries in early childhood.

A further consideration relates to the framing of the payment metrics, and the behavior that these design choices incentivize. With a fixed threshold, providers may decide to work with those already close to the outcome, who likely require less intensive interventions. However, if providers are rewarded for distance travelled, then all progress is valuable – not just progress for those already near the target. In education, a threshold approach could tie payment to students' achievement of a particular learning outcome, while distance travelled would reward improvements in learning outcomes. Both the Educate Girls and QEI DIBs fit into the latter category, with metrics tied to learning improvements.

Conclusion

Despite high levels of interest in the application of impact bonds and outcome-based financing to international development, the evidence base on the effectiveness of these tools is still limited, and even less is known about their application to particular sectors. As further learnings emerge from the SIB for early childhood development (ECD) in South Africa, and the QEI DIB, stakeholders will have more information to inform decisions about where this instrument has the most value-add. Additional projects in the pipeline, such as a SIB for preschool in Uzbekistan, and the Education Outcomes Fund for Africa and the Middle East, will also add to this knowledge base. Key questions that will need to be answered by future research include whether the design and implementation of these mechanisms are as efficient as they could be and what role philanthropy could play in improving their efficiency and effectiveness as well as the sustainability of outcomes.

Endnotes

1. We would like to thank the research assistance of Onyeka Nwabunnia, Project Coordinator at the Center for Universal Education at Brookings.
2. An additional intervention was discontinued after year 1 of implementation.
3. The Center for Universal Education (CUE) at Brookings receives research support from the UBS Optimus Foundation which is an investor in both education impact bonds in India. CUE is a knowledge partner for the QEI DIB with support from the British Asian Trust. All research is strictly independent, and views expressed are of the researchers alone.
4. In 1 case the principal was repaid, a further 6 have made some repayment, there are 9 impact bonds for which the returns are not yet public, and 5 where the evaluation is ongoing.

References

- Gustafsson-Wright, E. & Boggild-Jones, I. (2019a). *Paying for education outcomes at scale in India*. The Brookings Institution. <https://www.brookings.edu/research/paying-for-education-outcomes-at-scale-in-india/>
- Gustafsson-Wright, I. & Boggild-Jones, I. (2019b, September 20). *4 types of data necessary for outcome-based financing*. The Brookings Institution. <https://www.brookings.edu/blog/education-plus-development/2019/09/20/4-types-of-data-necessary-for-outcome-based-financing/>
- Gustafsson-Wright, E. & Gardiner, S. (2016). *Using impact bonds to achieve early childhood development outcomes in low- and middle-income countries*. The Brookings Institution. <https://www.brookings.edu/research/using-impact-bonds-to-achieve-early-childhood-development-outcomes-in-low-and-middle-income-countries/>
- IDinsight. (2018). *Educate Girls development impact bond: Final evaluation report*. https://static1.squarespace.com/static/5b7cc54eec4eb7d25f7af2be/t/5dce708f3c7fd22c0bb30f1a/1573810490043/EG_Final_reduced.pdf
- Instiglio. (2018). *A guide for effective results-based financing strategies*. https://www.gprba.org/sites/gpoba/files/publication/downloads/2019-04/Guide_for_Effective_RBF_Strategies1.pdf
- Johnson, P. (2018). *Global Philanthropy Report: Perspectives on the global foundation sector*. Hauser Institute for Civil Society at Harvard University. https://cpl.hks.harvard.edu/files/cpl/files/global_philanthropy_report_final_april_2018.pdf
- UNESCO. (2019). *Meeting commitments: Are countries on track to achieve SDG 4?* UNESCO. <http://uis.unesco.org/sites/default/files/documents/meeting-commitments-are-countries-on-track-achieve-sdg4.pdf>
- World Bank. (2019). *Ending learning poverty: What will it take?* World Bank. <https://openknowledge.worldbank.org/handle/10986/32553>

Mainstreaming Equity in Results-Based Financing Mechanisms: An Exploratory Analysis

 **Wajeeha Bajwa**, Advisor, NORRAG
 bajwa.wajeeha@gmail.com

Summary

With the growing interest and use of results-based financing mechanisms (RBFs) for development and education, Bajwa analyses if, and how, equity is addressed in the design of such mechanisms. She examines two types of RBFs: social impact bonds (SIBs) and the World Bank's Performance for Results (PforR) tool. While the latter addresses this issue, the former depends on the group of stakeholders in each specific case. Thus, Bajwa also discusses some inherent adverse effects of RBFs and possible ways forward.

Keywords

Education
Results-based financing mechanisms
Development impact bonds
Impact bonds
Equity

Introduction

Results-Based Financing Mechanisms (RBFs) are an iteration of the New Public Management transformation that put performance at the centre of social development sector programming. RBFs in essence, focus on resolving the mismatch in priorities of the principal-agent dynamic; here, principals (funders) ensure the alignment of interests with agents (implementing agencies) in the achievement of results by withholding project payments, in case results the principals seek are not attained (Pearson, 2011; Mitnick, 2006). RBFs have special relevance to the educational sector, as by minimizing risks to investors, they promise to incentivize the achievement of programme results while spurring non-traditional funding resources. The latter is being increasingly touted as one of the means to overcome the financing challenges affecting the educational sector of the Global South (Schäferhoff & Burnett, 2016).

Impact Bonds and the World Bank's Performance for Results (PforR) tool are two of the most recent iterations of Results-based Financing Mechanisms (RBFs). DIBs are especially relevant, as they have further integrated the role of the philanthropic sector in the role of investors (see Section 2). Together, these two models highlight new frontiers between the public and the private. The DIB model specifically demonstrates how conflicting aims – public goods vs profit-making – are being negotiated and addressed in practice (Case Consortium @ Columbia, (n.d); Liner, 2016).

This paper seeks to address a key question related to the prioritization of efficiency in RBF operations. Can equity, understood as the inclusion of marginalized populations – as defined by their gender, ethnicity and/or poverty status – be adequately mainstreamed in impact bonds and PforR tool by design, and in practice? (UNICEF, n.d.). To assess this, I discuss the extent of equity integration in the structure of the two analysed models, before delving into the adverse effects directly caused by these approaches to discuss the inherent implications of RBFs on equity. The focus of the analysis is on PforR tool and DIB application in developing countries.

Equity in the Structure of Impact Bonds

While Social Impact Bonds (SIBs) originated in developed countries, in the context of educational development, the first effort in the form of an educational development impact bond was only initiated in 2015 (Boggild-Jones & Gustafsson-Wright, 2018; Floyd, 2017). As of 2017, there were only four educational DIBs, two of which were implemented in India and Colombia (Boggild-Jones, Gustafsson-Wright, Segell & Durland, 2017; UBS Optimus Foundation, (n.d). In the high- and middle-income country context in comparison, as of 2016 there were five impact bonds for education. Twenty-one impact bonds across the UK and Europe additionally had a cross-sectoral focus that included education (Gustafsson-Wright & Gardiner, 2016). These figures indicate that amongst other reasons, the contextual complexities of operationalizing impact bonds in developing countries, may be slowing their uptake.

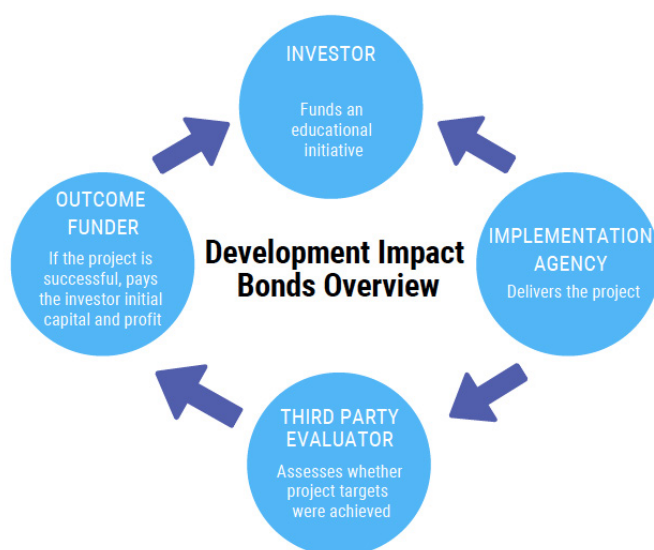


Figure 1: Development Impact Bonds - Overview
Source - Educate Girls (n.d.); Mulgan, Reeder, Mhairi & Bo'sher, 2011

As a rather new field, there is no one static impact bond model (See Figure 1). A simplistic version contains a tri-nodal structure in which an investor funds an educational initiative, an outcome funder commits to repaying the original investor the total program amount and interest (if targets that were mutually agreed upon in the planning phase are achieved during implementation), an evaluation agency verifies program results and an implementing agency delivers an initiative (Mulgan et al., 2011). However, in developing country contexts, in order to navigate complex political environments and/or to ensure that parties to the impact bond meet their obligations, several layers of intermediaries (legal, advisory, evaluation and consulting firms) must be added to minimize risks to the bond's completion and earnings by investors (Boggild-Jones et al., 2017; Bloomgarden et al., 2014).

A review of selected DIBs indicates that there are no uniform guidelines to prioritize equity in the delivery of projects. Rath-

er, interventions must be moulded to meet the constraints imposed by the structure of these bonds. For example, vocational education, while successfully pursued in developed country contexts, is problematic as an avenue for DIB pursuit. This is because social welfare programs that are necessary as a benchmark to articulate public agency savings to justify the setup of the bond are largely missing in developing country contexts. Due to this, the monetary savings that could be provided in such a context are absent (Bloomgarden et al., 2014). Furthermore, due to the need to demonstrate results, it is generally educational initiatives that have the potential for tangible outcomes and outputs that may be funded, at the expense of projects that may be more responsive to equity concerns (The World Bank, 2017a; Bloomgarden et al., 2014). This could include for instance, radio programs developed to change community attitudes regarding girl's education in areas with low female enrolment rates. Furthermore, due to stringent Monitoring and Evaluation (M&E) requirements, costly evaluation techniques, generally Randomized Controlled Trials (RCTs) and quasi-experimental methods must be applied. These in turn raise ethical issues, for example, in the form of increasing overheads and control populations that do not receive support for the duration of the program (Boggild-Jones et al. 2017; Cássio et al., 2018).

Equity in the Structure of PforR Tools

I now discuss the PforR tool's structure and responsiveness to equity in comparison to DIBs. As a tool that has been operationalized by the World Bank, this case additionally serves to demonstrate how efficiency-oriented approaches are being integrated by multilateral organisations. According to the World Bank, the PforR tool is an outcome of a decade long effort to pilot models under its lending portfolios for the Global South (2011; 2015). It was introduced in response to increasing demand by national governments working with the World Bank for assistance in funding and implementing programs within pre-existing infrastructures (Saadah, 2015). There are only two actors involved in this model – the national government and the World Bank.

PforR Tool Overview

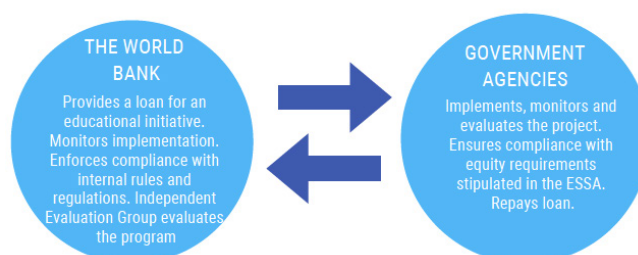


Figure 2 - The PforR Tool Overview
Source - The World Bank 2011, 2015, 2017b, 2019

While this overtly seems to have simplified delivery since implementation and funding flows are institutionalized, like

impact bonds, the operationalization of the PforR tool is quite complex and involves multiple layers of compliance with Bank procedures related to accountability, corruption and evaluation (See Figure 2). Due to this, the design stage of the PforR tool on average, requires between a year and a maximum of twenty-nine months. This is parallel to the average time required for the setup of impact bonds, indicating the complexities (and costs) of rolling out the PforR mechanism (and arguably impact bonds) despite its relatively uncomplicated structure (The World Bank, 2015; Boggild-Jones et al., 2017; Willits-King et al., 2019). These challenges may explain, why, in line with impact bonds, uptake in the educational sector remains low. In 2015, only 4% of PforR initiatives were directed towards the educational sector (Saadah, 2015; The World Bank, 2011, 2015). In 2019, out of one hundred and four ongoing projects, only ten were in the educational sector (The World Bank, n.d.).

The PforR model, in line with impact bonds, retains a strong focus on evaluation. Payments are dependent on the achievement of Disbursement Linked Indicators (DLIs) that are related to monitoring and evaluation, but can also include project implementation/administrative milestones (for instance, the establishment of a monitoring system). While this leads to the same challenges faced in the operationalization of impact bonds in terms of pursuing equity, the Bank explicitly integrates equity in PforR through the Environmental and Social Systems Assessment (ESSA). ESSAs analyse the status of the integration of equity in programs and institute measures to ensure and maintain equity during the funding cycle (The World Bank, 2019). In educational projects, this is not only limited to ensuring the needs of girls or disabled students are met in programming, but across projects, an environmental component is also instituted. This for example, can relate to assessing and mitigating the impact of the projects on generating pollution (The World Bank, 2016, 2017c).

As part of the ESSA, consultations are held with federal, international organizational and non-governmental organizational representatives as well as beneficiaries during the proposal design stage to rank the extent to which the government is able to promote equity in line with the World Bank standards, and to institute rules and procedures to maintain or fill gaps (The World Bank, 2016, 2017c). Governments are further bound to adhere to the mechanism/ recommendations instituted to maintain or enhance equity concerns of community members across various lines including gender and disability (The World Bank, 2017c, 2019). The analysis thus far indicates that while equity is explicitly incorporated procedures related to the implementation of the PforR tool, it is not formally integrated in DIBs. Yet there are inherent challenges related to the design of both models that limit equity in practice. These are the adverse effects of RBFs.

Adverse Effects of RBFs

RBF modalities by design are at the risk of adverse effects. This is due the inherent mismatch between the aims of educational initiatives that are delivered by the social sector (public good) and private sector goals (profit-making) which are amalgamated in impact bonds (Gustafsson-Wright et al., 2015; Case Consortium @ Columbia, (n.d); Liner, 2016). Key adverse effects of RBFs are driven by the monitoring and evaluation functions are related to gaming, the pushing out of programming that is responsive to the needs of marginalized populations or focuses on impactful but intangible programmatic effects and cream skinning. Additional adverse effects relate to high overheads and corruption as an outcome of an increasing focus on testing to justify program payments. It is important to note that the adverse effects discussed herein pertain to the direct adverse effects of RBFs that may manifest in the short to medium-term.

M&E Driven Adverse Effects: When payments are pinned on results, gaming can occur as implementers and investors have an incentive to influence monitoring and evaluation, for instance, by developing and tracking indicators that are likely to be achieved, at the expense of programming that as discussed earlier, may be more impactful, but difficult to track (Bloomgarden et al., 2014; Norwegian Center for Health Services, 2008). This was found in an early childhood education impact bond implemented in Utah, where an assumption made in the evaluation was that all beneficiaries, due to participation in the program, had been prevented from needing special education in their formal education to justify the bond's success (Sanchez, 2016). Ensuring equity, for instance through the targeting of marginalized children, may lead to the goals of an educational program not being achieved, or the time needed to complete a project, or cost to increase (Verger & Moschetti, 2016). Due to this, impact bonds may push development programming focus towards ventures for which outcomes can be aptly quantified, and push out needed projects that do not fit aptly in the impact bond model – because results will be intangible or problematic to track in the short or medium-run (Warner, 2013; Gustafsson-Wright, Putcha & Atinc, 2014). Additionally, reliance on test results as an indicator of program achievement, will in itself lead to cream-skinning, incentivizing the creation of programs that target students who promise to perform well. This will come at the expense of equity integration as the inclusion of marginalized populations such as girls and disabled children, may increase the cost and time required to complete the project (Verger & Moschetti, 2016).

High Overheads: As discussed, additional limitations inherent in both the PforR tool and DIBs is relatively high overheads, as these can be avoided through the use of traditional financing mechanisms. For instance, on average, “10% of total outcome payments” (Willits-King et al., 2019, p.19) in impact bonds are

directed towards overheads. A 2-year review of the PforR tool revealed that overheads stood at \$555,724 whereas average funding for projects stood at \$203 million (The World Bank, 2015). In the case of DIBs, this directly ties into the challenge of reaping profits from providing a service that can be considered a human right; each dollar directed in overheads or costly evaluations such as RCTs, is arguably funding that is not being directed towards the educational needs of marginalized students (Liner, 2016; Gustafsson-Wright, et al., 2014). Furthermore, there are concerns that impact bonds are merely another problematic initiative that seek to cut the costs of programming without resolving systemic issues that contribute to educational inequalities (Saltman, 2017).

Corruption: As discussed, the focus on efficiency in RBF modalities has already manifested itself in the form of increased testing. Stephen Ball (2003) further discusses the imposition of a culture of performativity being imposed on teachers. Under this culture, teachers are under increasing pressure to ensure children have excellent grades on standardized tests, negatively impacting educational delivery. An extreme adverse effect of this culture is corruption. The United States for example, in 2018, over 2000 teachers were found to have corrected wrong answers students listed on standardized tests before submitting them to the testing agency for final assessment. By inflating grades, they ensured bonus pays tied to student performance (Perraudin, 2018). It is not illogical to predict, or assume, such practices are equally likely to occur in developing country contexts in the implementation of RBF mechanisms, to ensure targets are met; here, the stakes are even higher due to the tying of results to large amounts of project financing.

Conclusion

Table 1: Equity Integration – Impact Bonds vs the PforR Tool

| Equity Integration – Impact Bonds vs PforR Tool | | |
|---|---|--|
| RBF Mechanism | Equity mainstreamed by design | Equity Mainstreamed in Practice |
| Impact Bonds | No | Only through target populations – dependent on investor and stakeholder priorities |
| PforR Tool | Yes, through the ESSA and formulated DLIs | Through the application of the ESSA |

The analysis indicates that by design, DIBs do not explicitly integrate equity in educational programs in the drive for results and returns on investments. The only avenue for integration then seems to be the targeting of diverse populations or the pursuit of sector specific projects. This is problematic as equity integration will depend on the priorities of outcome funders and investors. On the other hand, the PforR tool has an explicit

equity integration policy – the ESSA; if we take ESSA application as an indication of equity integration, then the PforR tool further indicates equity in practice (The World Bank, 2017c; The World Bank, 2016). Yet, as discussed, adverse effects are prevalent in both approaches. Both models further require lengthy set-up stages and significant overheads, although the PforR fares better with regards to the latter. Additionally, while DIBs are still in the early stages of implementation, as more models are piloted and standardized guidelines are developed and shared amongst stakeholders, cost-effectiveness may occur (Center for Global Development, 2013, p.7).

Furthermore, potential avenues for equity to be integrated in DIBs are emerging. As Boggild-Jones & Gustafsson-Wright (2018b) note, this includes the targeting of marginalized populations in the emerging field of refugee education in conflict zones. Currently, a \$21 million humanitarian impact bond is being considered for implementation by an American NGO, the Near East Foundation, which specializes in education and economic development in the Middle East. This initiative maintains a cross-sectoral focus that includes an educational component for refugees (Parker, 2019). If successfully operationalized, this may not only lead to an expansion of the DIB landscape, but through its beneficiary focus, will invariably promote equity (See Bloomgarden et al., 2014). While promising, a key challenge that continues is related to the ethics of reaping returns on an investment from providing a service that may be considered a basic human right (Gustafsson-Wright et al., 2014) or a public good (Liner, 2016).

References

- Ball, S. J. (2003). The teacher's soul and the terrors of performativity. *Journal of education policy*, 18(2), 215-228.
- Bloomgarden, D., Eddy, M., & Levey, Z. (2014). *Social Impact Bonds & Education in Latin America*. GEMS Education Solutions Ltd. http://www.instiglio.org/wp-content/uploads/2016/05/Eddy-et-al-SIBs-in-Educationin-LatAm-GEMS-White_Paper_FINAL.pdf.
- Boggild-Jones, I., & Gustafsson-Wright, E. (2018a, July 16). *World's first development impact bond for education shows successful achievement of outcomes in its final year*. Brookings Institution. <https://www.brookings.edu/blog/education-plus-development/2018/07/13/worlds-first-development-impact-bond-for-education-shows-successful-achievement-of-outcomes-in-its-final-year/>
- Cássio, F. L., Goulart, D. C., & Ximenes, S. B. (2018). Social Impact Bonds in São Paulo's state public school system: New modality of public-private partnership in Brazil. *Education Policy Analysis Archives*, 26(130).
- Center for Global Development. (2013). *Investing in Social Outcomes: Development Impact Bonds. Summary Report of the Development*. https://www.cgdev.org/sites/default/files/CGD-SF-DIBSummary_ONLINE.pdf?callout=3-6
- Floyd, D. (2017). *Social impact bonds: An overview of the global market for commissioners and policymakers*. Technical report, Centre for Public Impact. http://socialspider.com/wp-content/uploads/2017/04/SS_SocialImpactReport_4.0.pdf
- Pearson, M. (2011). *Results based aid and results based financing: What are they? Have they delivered results?* HLSP Institute.
- Case Consortium @ Columbia, Columbia University (n.d.). eDoctors: Primary Care Innovation in Brazil and India. *Case Study: School of International and Public Affairs*. SIPA-15-0008.01.
- Gustafsson-Wright, Emily; Gardiner, Sophie. (2015). "Policy Recommendations for the Applications of Impact Bonds." *Global Economy and Development at BROOKINGS*. Brookings Institution. <https://www.brookings.edu/wp-content/uploads/2016/07/SIB20Policy20Brief201web-1.pdf>
- Gustafsson-Wright, E., Boggild-Jones, I., Segell, D., & Durland, J. (2017). *Impact bonds in developing countries: Early learnings from the field*. Center for Universal Education at Brookings Institution, 81.
- Gustafsson-Wright, E., & Boggild-Jones, I. (2018, January 29). *Paying for social outcomes: A review of the global impact bond market in 2017*. Brookings Institution. <https://www.brookings.edu/blog/education-plus-development/2018/01/17/paying-for-social-outcomes-a-review-of-the-global-impact-bond-market-in-2017/>.
- Liner, E. (2016, September 8). *Social Impact Bonds: A New Model for Investing in Social Services – Third Way*. Third Way. <https://www.thirdway.org/report/social-impact-bonds-a-new-model-for-investing-in-social-services>.
- Mitnick, B. M. (2006). Origin of the Theory of Agency. In *An account by one of the Theory's Originators*. Rev. University of Pittsburgh. <https://pdfs.semanticscholar.org/940c/2863075210345f71fe26843d1b282959db79.pdf>
- Mulgan, G., Reeder, N., Aylott, M., & Bo'sher, L. (2011). *Social impact investment: the challenge and opportunity of social impact bonds*. Young Foundation. <https://youngfoundation.org/wp-content/uploads/2012/10/Social-Impact-Investment-The-opportunity-and-challenge-of-Social-Impact-Bonds-March-2011.pdf>
- Norwegian Knowledge Centre for the Health Services. (2008). *An overview of research on the effects of results-based financing*. https://fhi.brage.unit.no/fhi-xmlui/bitstream/handle/11250/2378441/NOKCrapport16_2008.pdf?sequence=1
- Perraudin, F. (2018, February 11). Thousands of teachers caught cheating to improve exam results. The Guardian. Retrieved from <https://www.theguardian.com/education/2018/feb/11/thousands-of-teachers-caught-cheating-to-boost-exam-results>
- Parker, B. (2019, August 26). *Saving lives and making money: Can humanitarian impact bonds marry the two?* <https://www.thenewhumanitarian.org/analysis/2019/08/15/humanitarian-impact-bonds>.
- Sanchez, M. (2016, August 15). *Investors earn max initial payment from Chicago's 'social impact bond'* <https://www.chicagoreporter.com/investors-earn-max-initial-payment-from-chicagos-social-impact-bond/>.
- Schäferhoff, M. & Burnett, N. (2016, April 29). *Rethinking the Financing and Architecture of Global Education*. SEEK Development (SEEK) and Results for Development (R4D).
- The World Bank. (n.d.). Program for Results Financing. The World Bank. <https://www.worldbank.org/en/programs/program-for-results-financing>
- The World Bank. (2011, December 29). *A New Instrument To Advance Development Effectiveness: Program-For-Results Financing*. The World Bank. <http://documents.worldbank.org/curated/en/687711468325286151/pdf/661930BR0R201100282.pdf>
- The World Bank. (2015, March 17). *World Bank Program-For-Results: Two-Year Review*. The World Bank. <http://documents.worldbank.org/curated/en/624411468140040506/pdf/951230BR0R2015020Box385454B00OU0090.pdf>

The World Bank. (2016). *Program Appraisal Document, Report No. 108014-LB*. . The World Bank. <http://documents.worldbank.org/curated/en/980641475200856910/pdf/Lebaon-RACE2-PforR-Board-Package-PAD-WB-9-5-16-09072016.pdf>

The World Bank. (2017a). *Can Impact Bonds Deliver Better Results, Faster and Cheaper?* . The World Bank. <http://pubdocs.worldbank.org/en/106471517242026475/QD-Note-No5-Impact-Bonds-Final-version.pdf>

The World Bank. (2017b, February). *Loan Handbook for World Bank Borrowers*. . The World Bank. <http://sitere-sources.worldbank.org/LOANS/Resources/Disbursement09.pdf>

The World Bank. (2017c). *Program Appraisal Document, Report No. 114568-BD*. . The World Bank. <http://documents.worldbank.org/curated/en/377151513825229495/pdf/Bangladesh-Transforming-114568-BD-PAD-11292017.pdf>

The World Bank. (2018). *Quality Learning for All Program (QLEAP)*. The World Bank. <http://documents.worldbank.org/curated/en/259401518376417553/pdf/123394-RE-VISED-ESSA-P162619-PUBLIC-Disclosed-3-12-2018.pdf>

The World Bank. (2019, June 20). *Bank Directive. Program-for-Results Financing*. The World Bank. <https://policies.worldbank.org/sites/ppf3/PPFDocuments/d3ce-95c66468412a81ca8466bdfa1c42.pdf>

Saadah, Fadia. (2015). *Beyond the Boundaries: Program-for- Results and the Role of Leverage in Scaling up Results*. The World Bank. <http://pubdocs.worldbank.org/en/583761534193720449/PforR-fact-sheet-SpringMeetings2015.pdf>

Saltman, K. J. (2017). The promise and realities of pay for success/social impact bonds. *education policy analysis archives*, 25, 59.



UBS Optimus Foundation. (n.d.). *Knowledge is Power*. http://instiglio.org/educategirlsdib/wp-content/uploads/2018/07/Educate-Girls-DIB_results_brochure_final-2.pdf

UNICEF. (n.d.). *Equity Index Outline Paper*. UNICEF. <https://www.unicef.org/sites/default/files/2018-08/Equity%20Index%20Nepal%20Outline%20Paper.pdf>

Warner, M. E. (2013). Private finance for public goods: social impact bonds. *Journal of economic policy reform*, 16(4), 303-319.

Verger, A. & Moschetti, Mauro. (2016). *Public-Private Partnerships In Education: Exploring Different Models And Policy Options*. Open Society Foundations.

The Importance of Measuring What Does Not Get Measured

 **Samuel E. Abrams**, Director, National Center for the Study of Privatization in Education, Teachers College, Columbia University, USA
 sa307@tc.columbia.edu

Summary

This article provides insight into the potentially perverse consequences of results-based financing for education development. He documents and analyzes the evolution of test scores over several years for students at schools operated in Philadelphia by the district as well as an external for-profit educational management organization. As case studies, these schools raise significant questions about the wisdom of outsourcing school management to external operators as well as the metrics themselves employed to judge their performance.

Keywords

Results-based financing
Monitoring and evaluation
Adverse effects

If you can measure what does not get measured, you can measure a great deal. This statement may strike some as a nonsensical riddle. But to analysts of social policy- from public and occupational safety to health care and education- this statement should bear little mystery: metrics chosen to determine job evaluations and contract renewals get far more attention than metrics that do not, yet the latter may for that very reason convey more telling information. The challenge is getting the data that policymakers ignore.

In the realm of education, the mushrooming role of public-private partnerships (PPPs) and social impact bonds (SIBs) in both the developing and developed world makes measuring what does not get measured imperative. These partnerships and financial instruments hinge on service providers achieving specific outcomes. The fixation of service providers on such outcomes thus, quite predictably, often comes at the expense of other outcomes, whose value may be considerable.

In theoretical terms, Donald Campbell in 1975 famously framed the problem of fixating on specific outcomes in what has come to be called Campbell's Law: "The more any quantitative social indicator is used for social decision-making, the more subject it will be to corruption pressures and the more apt it will be to distort and corrupt the social processes it is intended to monitor" (Campbell 1975, 35).

In empirical terms, Brian Jacob a generation later illustrated the impact of such pressure in the Chicago Public Schools (CPS). In 1997, CPS implemented a policy stipulating, one, that students in grades three, six, and eight failing to achieve basic proficiency in reading and math on the Iowa Test of Basic Skills (ITBS) would have to repeat the grade; two, that schools where under 15 percent of students scored at or above the national ITBS average in reading would be put on probation; and, three, that schools on probation failing to post satisfactory progress would be reconstituted, involving the dismissal of teachers and administrators. In analyzing the consequences of this policy from 1997 to 2000, Jacob found that scores in reading and math went up considerably and that achievement gains in these two subjects "were roughly

two to four times larger than gains in science and social studies.” Jacob moreover found that schools- particularly low-achieving schools- increased the proportion of students classified for special education, thereby exempting them from taking the high-stakes exams, and preemptively held back weaker students entering grades three, six, and eight, thereby giving them another year of schooling before they took the high-stakes exams (Jacob, 2005, 787).

With passage of the No Child Left Behind Act, signed into law by President George W. Bush in 2002, students in grades three through eight in public schools across the United States had to take annual high-stakes exams in reading and math. These exams had severe consequences: schools failing for two consecutive years to exhibit Adequate Yearly Progress (AYP), meaning annual improvement at each grade level and for each cohort of students (designated by race, ethnicity, income, disability, and degree of English proficiency), were marked for “school improvement,” allowing students to transfer to better schools in the district; schools failing for a third consecutive year to make AYP had to forfeit federal funds to external providers of supplementary educational services; schools failing for a fourth consecutive year to make AYP could be reconstituted according to the formula devised in Chicago; and schools failing for a fifth consecutive year to make AYP could be slated for “restructuring” and turned over to an external management organization or taken over by the state (NCLB, 2002).

The perverse consequences of such high-stakes testing were numerous. Given that states were allowed to administer their own exams in reading and math and given that schools would lose federal funds if they failed to make AYP, states lowered the bar for proficiency. Given that principals and teachers could lose their jobs if their students did not post satisfactory scores in reading and math, they focused instruction on reading and math, crowding out time for history, science, art, music, physical education, and recess. And given that external managers- as for-profit educational management organizations (EMOs) or nonprofit charter management organizations (CMOs)- could easily lose contracts from school districts for failing to post satisfactory reading and math scores, the pressure on EMOs and CMOs was especially heavy.

There were no EMOs or CMOs operating in Chicago during the period studied by Jacob. EMOs and CMOs grew slowly in a few cities in the 1990s and then rapidly spread across the country over the next two decades. As privately run but publicly funded organizations serving a public purpose, EMOs and CMOs constitute classic PPPs with profound lessons for educational contracting across the developing world.

In the largest educational privatization experiment in the United States, Philadelphia in 2002 outsourced the manage-

ment of 45 of its 264 public schools. Contracts for 20 schools went to an EMO based in New York called Edison Schools. In this regard, Philadelphia stands as a potentially revealing precedent for the path taken by Liberia. The Liberian Ministry of Education in 2016 outsourced the management of 93 public schools, with 23 going to Bridge International Academies, a for-profit network managed by Americans and based in Nairobi (Klees, 2018).

What happened with Edison in Philadelphia is not only a case study of the perverse consequences of high-stakes testing. It is also a lesson in what may be learned from measuring what does not get measured. What Gita Steiner-Khamsi has called “the façade of precision” must be challenged not only on account of how critical metrics are computed but also on account of what metrics in the process get obscured (Steiner-Khamsi, 2013). To retain its contract with the school district, Edison was under intense pressure to get its students’ scores in reading and math up. Such pressure was felt at all public schools in Philadelphia, much as Jacob documented was the case in Chicago a decade earlier. But the pressure on a company like Edison and any subcontractor acting at the pleasure of a school district is magnified. Under NCLB, school leaders, as explained, got a few years to get their students’ scores up before they faced dismissal. Edison and similar subcontractors typically operated on annual contracts.

Scholars from RAND, Johns Hopkins, Harvard, and Research for Action dueled for years in a series of reports about whether Edison did or did not boost reading and math scores for its students in Philadelphia. But what these scholars overlooked is how Edison’s students did on exams that did not count toward AYP- that is, the measures that did not get measured. Until 2006, Pennsylvania administered only exams in reading and math. But in 2006, the state started administering annual exams in writing to students in fifth and eighth grades. In 2008, the state added annual tests in science for students in fourth and eighth grades. While Edison had lost some of its contracts in Philadelphia by 2006, it did run sixteen schools through 2009 and four of those schools through 2011, when Edison’s time in Philadelphia ended. There are thus six years of writing scores and four years of science scores to factor into an analysis of the company’s effectiveness (Abrams, 2016).

A comparative examination of reading and writing as well as math and science scores in eighth grade for Edison’s schools and similar schools in Philadelphia does indicate that Edison succumbed to the pressure to concentrate on measures that got measured. Reading and writing scores for Philadelphia as a whole were tight in 2006 and 2007 and then diverged. Over the next three years, from 2008 through 2010, the divergence in proficiency in reading and writing for eighth-graders was pronounced, particularly for Edison (see Table 1). The results for math and science from 2008 through 2011 tell a similar

Table 1: Percentage of students graded proficient on the PSSA reading and writing exams; and differences in proficiency in these subjects. Students in all cohorts are classified as economically disadvantaged.

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Mean |
|------------------------|------|------|------|------|------|------|------|
| Edison Grade 8 Reading | 32.5 | 35.0 | 48.8 | 53.1 | 65.5 | 51.0 | 47.7 |
| Edison Grade 8 Writing | 28.5 | 34.4 | 26.1 | 30.2 | 36.6 | 32.1 | 31.3 |
| Reading – Writing | 4 | 0.6 | 22.7 | 22.9 | 28.9 | 18.9 | 16.4 |
| Philadelphia Grade 8 R | 41.8 | 47.4 | 54.1 | 60.0 | 64.2 | 59.2 | 54.5 |
| Philadelphia Grade 8 W | 39.1 | 44.2 | 39.4 | 44.6 | 50.1 | 46.9 | 44.1 |
| Reading – Writing | 2.7 | 3.2 | 14.4 | 15.4 | 14.1 | 12.3 | 10.4 |

Source: Pennsylvania Department of Education, 2005-2006 through 2010-2011 PSSA and AYP Results.

though less accentuated story (see Table 2). Scores in science start and end low for Edison’s schools as well as the district’s schools while math scores in both cases climb far less than reading scores. These low scores may be a consequence of insufficient resources to teach science properly and to recruit

and retain talented math teachers, who have far more earning potential at banks, accounting firms, and insurance companies. Insufficient resources, however, would not explain depressed scores in writing.

Table 2: Percentage of students graded proficient on the PSSA math and science exams; and differences in proficiency in these subjects. Students in all cohorts are classified as economically disadvantaged

| | 2008 | 2009 | 2010 | 2011 | Mean |
|------------------------------|------|------|------|------|------|
| Edison Grade 8 Math | 47.4 | 47.3 | 54.8 | 48.2 | 49.4 |
| Edison Grade 8 Science | 13.5 | 9.9 | 18.8 | 14.7 | 14.2 |
| Math – Science | 33.9 | 37.4 | 36.0 | 33.5 | 35.2 |
| Philadelphia Grade 8 Math | 46.2 | 47.6 | 57.6 | 53.5 | 51.2 |
| Philadelphia Grade 8 Science | 18.8 | 18.7 | 21.4 | 21.7 | 20.2 |
| Math – Science | 27.4 | 28.9 | 36.2 | 31.8 | 31.0 |

Source: Pennsylvania Department of Education, 2007-2008 through 2010-2011 PSSA and AYP Results.



The lesson of measuring what does not get measured nevertheless abides. Scores in writing and science, after all, played no role in determining AYP. The press, in fact, rarely, if ever, brought attention to results in any subject but reading and math. This was well understood by Edison’s leadership. When asked about Edison’s vow to provide a world-class holistic education and this incongruous divergence in results, the company’s regional supervisor said Edison’s curricula for writing and science as well as social studies had been shelved in the name of prepping students for the annual reading and math exams. “Reading and math scores had become the company’s currency,” he said (Abrams, 2016, 157).



With PPPs as well as SIBs winning greater favor from education policymakers around the world, scholars, journalists, and concerned citizens must accordingly be vigilant about the perils of outsourcing: subcontractors are indeed under immense pressure to focus on conspicuous metrics alone. And quite often, in the language of principal-agent theory, there is too much latitude for the agent as school operator to cut corners in defiance of the interests of the principal as parent, taxpayer, or policymaker.

References

- Abrams, S.E. (2016). *Education and the Commercial Mind-set*. Harvard University Press.
- Campbell, D.T. (1975). Assessing the Impact of Planned Social Change, in G.M. Lyons (ed.) *Social Research and Public Policies: The Dartmouth/OECD Conference*. Public Affairs Center, Dartmouth College.
- Jacob, B.A. (2005). Accountability, Incentives, and Behavior: The Impact of High-Stakes Testing in the Chicago Public Schools. *Journal of Public Economics*, 89(5-6), 761-796.
- Klees, S.J. (2018). Liberia’s Experiment with Privatising Education: A Critical Analysis of the RCT Study. *Compare* 48(3), 471-482.
- No Child Left Behind (NCLB). (2002). Act of 2001. Public Law No. 107-110, January 8, 2002. <https://files.eric.ed.gov/fulltext/ED556108.pdf>
- Steiner-Khamsi, G. (2013). What is Wrong with the ‘What-Went-Right’ Approach in Educational Policy? *European Educational Research Journal*, 12(1), 20-33.

The Advance of Social Impact Bonds in Brazil

 **Fernando Cássio**, Professor, Federal University of ABC, Brazil
 flcassio@gmail.com

 **Salomão Ximenes**, Professor, Federal University of ABC, Brazil
 salomaoximenes@gmail.com

Summary

This article analyses Social Impact Bonds with a focus on their adverse effects. They explore the context of Brazil and discuss how legal frameworks are being changed to allow for this kind of PPP/investment. However, such changes do not tackle the perverse incentives, adverse effects of SIBs and risks they pose to the right to education, but instead are focused on promoting an “ecosystem of impact investing” that is crafted to recruit investors and allow for profit.

Keywords

Social Impact bonds
Adverse effects
Profit
Equity
Right to education

The movement for experimentation and dissemination of Social Impact Bonds (SIB) in Brazil is recent and has been gaining increased support among some of the largest local public budgets, in addition to the Federal Government. To date, three SIBs have been attempted in Brazil: the first aimed at reducing public school dropout of vulnerable adolescents in the State of São Paulo (Cássio et al., 2018); the second focused on increasing the scale of a preventive medicine program to reduce hospitalization rates in the State of Ceará; and the third aimed at qualifying young people for the job market, the first of the type launched by the Federal Government. None of the case of local initiatives has been effectively implemented, and the federal proposal is in the process of public call for hiring the responsible company. Furthermore, there are other six proposals under development, which were selected by a public call announced by the organization SITAWI Finanças do Bem (or SITAWI Good Finances, responsible for the SIB in the State of Ceará), in partnership with the Rio de Janeiro Research Foundation (Faperj). Amongst the six selected proposals, the state governments of Rio de Janeiro and São Paulo propose SIBs in popular housing and socio-educational reintegration of young offenders. Municipalities in these states and in Pernambuco, in turn, propose projects focused on increasing employability and reducing alcoholism. The city of São Paulo, the largest in the country, is among the proponents.

Nonetheless, unlike other Latin American countries¹, there are still no structured and operating SIBs in Brazil. A group of advocates for SIBs describes three “challenges” that explain why this is the case in this country, which need to “be overcome”: (1) the lack of a legal figure, that is, of a regulatory framework for SIBs in Brazil, and of a legal authorization for the distribution of the profits obtained from such contracts; (2) the non-dissemination of SIBs among Brazilian public managers and authorities; (3) the low incentive for innovation in the public sector in Brazil (Adib et al., 2019). In this short article, we will analyze some actions that have been taken to promote SIBs in Brazil, specially concerning the creation of policies and a regulatory framework that is conducive to “impact investing”. We also discuss the issues that are not being – and that probably will not be – addressed if this type of public-private

partnership comes to expand in the country, namely, ethical concerns and issues related to the violation of the right to education. To illustrate that, we draw from one specific case: the SIB attempt in São Paulo's State public school system.

The Creation of A Brazilian Social Finance “Ecosystem”

The background for the advancement of SIBs in Brazil is the broader effort to create a social finance “ecosystem” in the country. The Social Finance Task Force (FTFS) was one of the most relevant movements in this regard, created in 2014 and directed by the Institute for Corporate Citizenship (ICE) and SITAWI. It is financed by the Inter-American Development Bank (IADB), Fomin (the Multilateral Investment Fund of the IADB Group), Banco Itaú, ICE, Telefonica Foundation and Lew’Lara. Like its British analogue (Social Finance Taskforce), created in 2000, the Brazilian Taskforce produced a manual that provides a kind of roadmap for the implementation of SIBs in the country. In 2018, FTFS changed its name to Alliance for Impact Investing & Business, expanding the scope of “social finance” to impact business. The initiative maps, connects and supports organizations and strategic agendas to strengthen investments and businesses that combine social or environmental impact with financial return. The repositioning of FTFS has to do with the greater appeal of “impact investing and business” to Brazilian investors, whose voracious appetite for high and short-term rates of return makes them less likely to accept the ethical and moral claims of “good finances”.

Moving from the private sector into policy, after the questionable impeachment that removed Dilma Rousseff from the presidency, in 2016, the Brazilian government has been carrying out a National Strategy for Business and Impact Investing (Enimpecto). Its main purpose is to create regulatory frameworks and a business environment that will allow the transformation of social policies – in the Brazilian case, the constitutional obligations of the State – into “impact businesses” that can be profitably exploited by private agents. In this context, President Michel Temer, Rousseff’s successor, published the Decree No. 9244, in December 2017, formalizing Enimpecto and establishing its central concepts and objectives. It designated a 10-year Business and Impact Investing Committee, responsible for the implementation of Enimpecto and composed by 16 public bodies, entities and banks, together with ten representatives from the private sector and civil society organizations². Enimpecto has been working on a number of fronts:

- 1) regulate SIBs within the legal framework of public-private partnerships in Brazil (Senate Bill No. 338/2018, not yet approved);
- 2) regulate the constitution of private equity funds (endowments) for actions of public interest (Bill No. 13800/2019);

- 3) institute a regulatory environment that allows philanthropic organizations to also make money from social finances.

Enimpecto was supported as much by the government of Temer as it is by the government of Jair Bolsonaro, initiated in 2019, which assigned the presidency of Enimpecto to the Ministry of Economy³. In 2020, Enimpecto intends to create a Parliamentary Front for Business and Impact Investing, with the priority of accelerating the process of Senate Bill No. 338 and other changes in Brazilian commercial and tax legislation.

The Senate Bill No. 338/2018 comes to attend to one of the biggest requests of the advocates for SIBs: to give legal certainty to this public-private contracting model, dispelling uncertainties about its legal security in the Brazilian legal context, which, according to its defenders, have discouraged potential investors. It addresses one of the greatest legal obstacles to SIBs: the restriction of the eligible civil society organizations to establish partnerships with the State to the non-profit field (Bill No. 13019/2014). This arrangement is considered as “if does not exclude SIB completely, certainly restricts its application substantially. The use of the capital market to finance SIBs, for example, could be read as a fraud against the prohibition of profitable purposes provided by law” (Brasil & Senado Federal, 2019, p. 5).

In this sense, the Senate Bill opens the possibility of creating a specific commercial company for the execution of SIBs, with the co-participation of investors and contractors; in addition to the express provision regarding the possibility of subcontracting services and issuing bonds to be traded on the capital market by the contracted entity. It also allows for a series of tax benefits related to the fundraising for SIBs and to the financial distribution of its results. Besides that, the text of the Senate Bill No. 338/2018 makes explicit that financial, labor and other risks are exclusive to the contracted entity and its eventual external financiers, exempting the public authority from any obligation other than payment for the results achieved, according to the contract.

The SIB in São Paulo's State Public School System: Problems Not Addressed

The attempt to implement a SIB in the São Paulo's State public school system, in 2017, was marked by a top-down implementation and a purpose of social experimentation without major ethical and democratic concerns. Isabel Opice, an economist who served in the São Paulo State Government Department until May 2017, confirms the project's intentions by stating that the “main innovation of a SIB is to create space for experimentation within the public sector, running on the opposite way of the model of implementing large scale standardized public policies”, and that, “aligned with the

experimental character of a SIB, this first experience in Brazil tries a new contracting mechanism by results” (Opice, 2017).

In this first Brazilian SIB experience, a pilot project, 122 schools in the Metropolitan Region of São Paulo would be selected in areas of social vulnerability. These would be divided in two groups: 61 schools would receive the contractor’s resources and interventions, the so-called “treatment group”; and 61 others would compose the “control group”. The existence of the latter, according to the technical guidelines of the project, was “an essential condition to verify the effect of the interventions, as it allows to know what would have happened without its implementation in the schools of the treatment group” (São Paulo & Department of Education, 2017, p. 107).

The schools were chosen in the selection contest of the partner responsible for the SIB, but, before the publication of the Contracting Notice, the experiment failed. The deliberative councils of the schools discovered that they had been deceived to approve their participation in the SIB, as they did so without knowledge of the nature and the ethical and political-pedagogical implications of this new form of contracting. Therefore, after a more informed round of debates, dozens of schools decided to withdraw from the proposal, making it unfeasible from the beginning. The ethical problems in that SIB revolved around, at least, two aspects: (1) the careless data collection and use of sensitive information related to children and adolescents; and (2) the perverse effects of the method imposed onto the control group, which deliberately prevented schools to receive other public interventions, in spite of these schools being equally underprivileged, thus contradicting the expectations of school communities that decided to join a “project” that promised to (desirably) reduce school dropout rates.

Thus, despite their needs and rights, the schools had to commit to not having any other interventions from other programs with similar aims to reduce dropout rates, even those that were already underway in schools. The rationale was to “isolate” the causal effect of the SIB interventions in treatment schools (Cássio et al., 2018). Indeed, in a Draft Notice prepared for the São Paulo SIB, we could identify that among the contractor’s (the State Government) responsibilities was to “ensure that no relevant initiatives are implemented during the SIB period that might differentially affect control groups and treatment groups or the efficacy of the interventions defined to the SIB” (São Paulo; Department of Education, 2017, pp. 252–253). There was, however, no guarantee that the proposed initiative would be capable to solve the problem of the “statistical strength” of the method. Additionally,

the private agent is not embarrassed to suggest that the State signs a contract and commits to not implement any relevant programs in the schools managed by it,

something that runs against [the Brazilian] constitutional obligation to ensure the social right to education with a quality standard. In fact, the strictest way of isolating the effects of interventions in the treatment group would be the cancellation of any other State program in control schools. Nonetheless, this would probably be the least ethical way of conceiving the design of public education policies. (Cássio et al., 2018, p. 12)

Despite the aggravating ethical implications of adopting SIBs to address social issues in areas of great need and vulnerability, the debates about the implications of adopting control groups are typically underestimated among SIB enthusiasts⁴. A gray paper published by the Organization for Economic Cooperation and Development (OECD), for example, states that the control group methodology is a “more challenging” measurement process (Galitopoulou; Noya, 2016, p. 17). Along the same lines, a UK investment fund points out that randomized controlled trials (RCT) are generally considered as the “gold standard”, although not always feasible, for reasons of cost and “practicality” (Bridges Ventures LLP; Bank of America, 2014, p. 17). The OECD also welcomes the use of control groups, but points out its disadvantages: (1) technical complexity; (2) identification of an appropriate control group; and (3) difficulty in knowing whether the control group is receiving other services (OECD, 2015, p. 11).

However, such problems are not mere “side effects” of SIBs, but inherent to any form of social vulnerability commodification. Despite this, under the primacy of efficacy in the provision of public services, a much larger number of authors have preferred to celebrate SIBs as unquestionably innovative mechanisms to finance social policies than to problematize its potentially perverse effects, especially from concrete cases.⁵

A Brief Conclusion

The failure of the controversial SIB in São Paulo’s State public school system does not prevent enthusiasts from using this experience as a successful case and omitting, in the legislative debate of Senate Bill No. 338/2018, the resistance the project faced during its implementation and other several unanswered questions. In the enchanted world of SIBs advocates, the model is an undoubted “win-win game”, that, in Brazil, advances by the hands of decision-makers without any critical voices being heard (Brasil; Senado Federal, 2019). The stakes are high. While they mobilize potential SIBs’ entrepreneurs across the country, disseminate the idea and diversify the social finance “ecosystem”, they expect legal barriers to be removed in order to ensure both the predictability of investments and the formal possibility of profiting from the commodification of social vulnerability.

In this context, influential senators of the Brazilian Social Democracy Party (PSDB) – whose most illustrious member is

the former Brazilian president Fernando Henrique Cardoso –, like the former governors of the states of Ceará and Minas Gerais, are, respectively, the proponent and the rapporteur of the Senate Bill No. 338/2018, and its greatest enthusiasts in the National Congress. There is, ergo, a dramatically favorable confluence for SIBs in Brazil. On the one hand, the interests of the financial market in expanding the modalities of privatization and commodification of public services, now coupled with venture philanthropy that sees in such services an opportunity to achieve high profit rates betting against State-funded public policies. On the other hand, supporting the advancement of this model, we have seen, since 2016, the progressive emptying of the Brazilian democratic space and, with the current government of Bolsonaro, a deliberate intention of institutional degradation of the State and of the public policies that it is obligated to implement.

Endnotes

1. There are currently three SIBs in development in Latin America: one in Argentina, focused on the employability of vulnerable young people; one in Colombia, also involving vulnerable unemployed populations; and one in Peru, aimed at supporting sustainable production and international trade of cocoa and coffee by the Asháninka indigenous people, from the Peruvian Amazon. Data from the Impact Bond Global Database. <https://sibdatabase.socialfinance.org.uk>.
2. The Committee comprised the following private institutions: Group of Institutes, Foundations and Enterprises (GIFE); Brazilian Association of Science Parks and Business Incubators (Anprotec); Brazilian Private Equity and Venture Capital Association (ABVCAP); United Nations Development Programme (UNDP); Inter-American Development Bank (IDB); Instituto Anjos do Brasil [Brazilian Angels' Institute]; National Confederation of Industry (CNI); Social Finance Task Force (FTFS); System B; and Pipe Social.
3. The Decree No. 9977/2019, signed by Jair Bolsonaro at the time of the ministerial reform carried out at the beginning of his government, kept the Business and Impact Investing Committee with the same structure.
4. Although Friedman (2011), in an online publication of the World Bank, already drew attention to the need to develop specific ethical guidelines for social impact assessments.
5. Some critical works: Roy et al. (2017), Maier and Meyer (2017), Saltman (2017), Cássio et al. (2018), and Morley (2019).

References

- Adib, L. A., Freitas, B. B., Letelier, L., Mitidieri, M., & Schiefler, G. (2019, 03 Sep.). Contratos de Impacto Social no Brasil: inovação na gestão pública. *Jota*. www.jota.info/coberturas-especiais/inova-e-acao/contratos-de-impacto-social-no-brasil-inovacao-na-gestao-publica-03092019.
- Brasil, & Senado Federal. (2019). *Report by the Constitution, Justice and Citizenship Commission, in final decision, on Senate Bill No. 338, 2018, by Senator Tasso Jereissati, which provides for the Social Impact Bond. Rapporteur Sen. Antonio Anastasia*. <https://legis.senado.leg.br/sdleg-getter/documento?dm=8032479&ts=1581530958219&disposition=inline>.
- Bridges Ventures LLP, & Bank of America. (2014). *Choosing Social Impact Bonds: A Practitioner's Guide*. Bridges Ventures. www.bridgesfundmanagement.com/wp-content/uploads/2017/08/Bridges-Choosing-Social-Impact-Bonds-A-Practitioner's-Guide.pdf.
- Cássio, F. L., Goulart, D. C., & Ximenes, S. B. (2018). Social Impact Bonds in São Paulo's state public school system: New modality of public-private partnership in Brazil. *Education Policy Analysis Archives*, 26(130). <https://doi.org/10.14507/epaa.26.3711>
- Friedman, J. (2011, 07 Jun.). The ethics of a control group in randomized impact evaluations: The start of an ongoing discussion. *Development Impact (The World Bank)*. <https://blogs.worldbank.org/impacitevaluations/the-ethics-of-a-control-group-in-randomized-impact-evaluations-the-start-of-an-ongoing-discussion>.
- Galitopoulou, S., & Noya, A. (2016). *Understanding Social Impact Bonds* [working paper]. OECD Publications. www.oecd.org/cfe/leed/UnderstandingSIBsLux-WorkingPaper.pdf.
- Maier, F., & Meyer, M. (2017). Social Impact Bonds and the Perils of Aligned Interests [Commentary]. *Administrative Sciences*, 7(3), 24. <https://doi.org/10.3390/admsci7030024>
- Morley, J. (2019). The ethical status of social impact bonds. *Journal of Economic Policy Reform*. <https://doi.org/10.1080/17487870.2019.1573681>
- Opice, I. (2017, 01 Dec.). Pagamentos por Desempenho no Governo: Contratos de Impacto Social. *Estadão [Blog do MLG]*. <https://politica.estadao.com.br/blogs/blog-do-mlg/pagamentos-por-desempenho-no-governo-contratos-de-impacto-social>.
- Organization for Economic Cooperation and Development [OECD]. (2015, Apr. 15). *Social Impact Bonds: Promises & Pitfalls* [Summary Report]. www.oecd.org/cfe/leed/SIBsExpertSeminar-SummaryReport-FINAL.pdf.
- Roy, M. J., McHugh, N., & Sinclair, S. (2017). Social Impact Bonds: Evidence-based policy or Ideology? in Greve, B. (ed.) *Handbook of Social Policy Evaluation* (pp. 263–276). Edward Elgar Publishing.
- Saltman, K. J. (2017). The Promise and Realities of Pay for Success/Social Impact Bonds. *Education Policy Analysis Archives*, 25(59). <http://dx.doi.org/10.14507/epaa.25.2640>
- São Paulo (State), & Department of Education. (2017). *Administrative procedure SE No. 1967/2017: "Social Impact Bond" Project* [obtained from São Paulo' State Department of Education through Bill No. 12527/2011, the Brazilian Law on the Right to Information].

NORRAG Special Issue 04, April 2020



Network for international policies and
cooperation in education and training

Réseau sur les politiques et la coopération
internationales en éducation et en formation

20, Rue Rothschild | P.O. Box 1672
1211 Geneva 1, Switzerland
+41 (0) 22 908 45 47
norrags@graduateinstitute.ch



@norrags



@norrags.network

www.norrags.org/insi

ISSN: 2571-8010



9 772571 801003

