

CORPORATE SOCIAL INVESTMENTS IN EDUCATION IN LATIN AMERICA & THE CARIBBEAN

MAPPING THE MAGNITUDE OF MULTILATINAS'
PRIVATE DOLLARS FOR PUBLIC GOOD

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OVERVIEW

Multilatinas and Education

Latin America has seen sustained, robust growth over the past decade, even as most of the developed world struggled through financial crisis and recession.¹ Many factors have driven this success story: high commodity prices, a growing middle class, solid macroeconomic management and increasingly sophisticated financial markets. One particular force behind the region's growth has been the rise of multilatinas—multinational corporations based in Latin America with operations throughout the region and often around the world. Multilatinas are now responsible for 2.1 million employees in the region and approximately \$780 billion in annual revenue.² The multilatinas themselves, however, opt to invest most of their money elsewhere in the world. While there has been an increase in foreign direct investment inflows in the region, totaling \$113 billion in 2010, Latin American foreign direct investment outflows have been on the rise. The total outflow quadrupled between 2009 and 2010, reaching an all-time high of \$43.1 billion.³

One of several hypotheses for a lack of regional investment is that the state of education and learning in the region constrains the ability of multilatinas to expand and reinvest in their own backyard. Despite relatively high enrollment rates in Latin American and Caribbean countries, numerous indicators demonstrate a drastic need for improved educational quality.⁴ Several international and domestic assessments and indicators highlight the extreme nature of the learning crisis in the region. The most recent OECD Programme for International Student Assessment (PISA) study measuring reading, science and math skills of fifteen year olds around the world ranked Chile the highest scoring country in the region at 44th out of 65 countries in reading and science. Uruguay ranked highest of all countries in the region in math at 49th place overall.⁵ Similarly, a survey of business leader perceptions found Latin American countries to have some of the lowest ranked education systems in terms of quality.⁶

Despite increased government support for education in Latin America over the past decades, lagging commitments in national budgets and stagnant donor country aid resources have left many public systems underfunded. While some countries in the region

make larger investments in education than others, government budgets for education are impacted by structural issues ranging from tax collection capacity to tax avoidance by small and large corporations.⁷ This year, as donor governments decrease, phase out or cut education aid to the region, the education budgets of over 20 countries in Latin America will be impacted.⁸

There is no aggregate data about Latin American corporate social investments in education within the region. This study asked a simple question: What are the multilatinas doing through their social investment and philanthropy portfolios to support quality public education in the region?

Study Findings

The results indicate that two-thirds of the largest multilatinas make social investments in education in the region, with projection totals ranging from \$224-569 million annually. While most companies make modest contributions, several invest tens of millions of dollars. The majority of support is provided through cash contributions. Brazil and Colombia top the list of likely countries to receive education support from multilatinas. Most contributions target local schools and NGOs. The most popular investment areas are teachers and adolescents. The primary motivation driving multilatina investment in education is community relations. The study found little evidence of coordination or collaboration between multilatinas and government organizations.

Methods: How did we Measure Corporate Social Investments in Education?

The study set out to map the magnitude, trends and motivations of corporate social investments and philanthropic contributions to education in Latin America by these companies. Corporate social investments in education in this study refer to any socially earmarked financing or philanthropic contributions from the corporate social responsibility, corporate citizenship, sponsorship, marketing, or foundation budgets implemented by a company or its associated corporate operating foundation directed to educational activities within the region. The investments examined in developing this report included cash, in-kind contributions of products and services, employee donations, cause marketing campaigns and volunteerism.

Several types of corporations make social investments directed to education in the region, differentiated by the country of origin of the investments. *Multinational companies* have a central headquarters located outside the region but maintain significant business operations within Latin America. *Multilatina companies* are multinational companies headquartered in Latin America, controlled by shareholders based in the region and maintain significant operations within the region. This study utilized the defined population from the 2009 Boston Consulting Group report on multilatinas.* *National companies* operate in a domestic context and have limited cross-border operations within the region. The investments in education in the region are internal and connected to national politics and business.

* This study mapped the multilatinas in 2009 and data was collected for contributions in the following 2010 fiscal year. Despite some mergers during this time period, the study population was restricted to the companies in this list given the clear parameters for defining which companies constituted "multilatinas."

The analysis in this paper examines the trends among the multilatinas to understand how the largest and most influential companies based in Latin America engage in education in the region. We first conducted a literature review of corporate social responsibility and annual reports for the 100 largest multilatinas. The multilatinas claiming to make contributions to education were then surveyed to understand the nature of their engagement. The survey response rate was

33.3% (n=22). In addition to the multilatinas, supplemental data was also obtained from a non-representative sample of some of the largest multinational and national companies operating in the region. A total of 52 companies participated in the study by providing financial, thematic and motivational data about their investments. For more information on the methods, see Annex A.

MULTILATINAS' SOCIAL INVESTMENTS IN EDUCATION IN LATIN AMERICA

Over a Half Billion Dollars to Education in the Region—or Even More?

Of the 100 largest multilatina companies in Latin America and the Caribbean, 67.3 percent direct social investments and philanthropic contributions to education. The total value of this contribution is projected to be as much as \$560 million annually. While it is impossible to make a scientific projection for the nonrespondents, assuming similar behavior as the respondents given the similar distribution by sector and revenue, we consider the mean-based projections a reliable exercise. While one may assume that nonrespondents did not respond because they contribute little, previous studies of U.S. *Fortune* 500 companies did not find this to be the case as some of the most

significant contributors to education had corporate policies about completing surveys or disclosing financial data to third parties.⁹ Overall, the need to engage in these projection exercises highlights the continued lack of transparency among major corporations to provide data about their social investments. See Annex A for tables explaining the projections.

To put this number in context, a 2011 study projected that U.S. *Fortune* 500 companies contributed slightly *less than* \$500 million to education in developing countries annually, of which only a portion was directed to Latin America. In addition to the projected total contribution for multilatinas, a non-representative sample of responses from various national companies and multinational companies documented an additional \$104.2 million in known investments. Given the lack of representativeness of the national and multinational responses, we are unable to project a

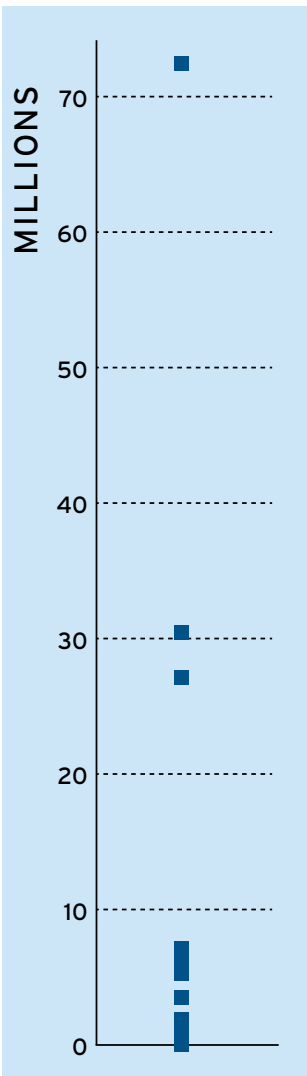
Table 1: Contributions by Company Type (in US\$ millions)

Company Type	Total Contributions
Multilatinas	\$559.1
Reported in study (known contributions)	177.9
Projected for nonrespondents	381.2
Multinationals (n=10) (known contributions)	\$88.2
Nationals (n=21) (known contributions)	\$16.0
Argentina (2)	1.4
Bolivia (1)	0.2
Colombia (3)	10.1
Dominican Republic (3)	1.8
Ecuador (3)	0.4
El Salvador (6)	0.8
Panama (2)	1.0
Venezuela (1)	0.3
<i>Known contribution total</i>	<i>\$282.1</i>
Combined projected and known contribution total	\$663.3

Table 2: Contributions by Sector

Sector	Total	Percent of Overall Contributions	n	Average Company Contribution
Energy	6.0	3.37%	2	3.0
Materials	149.3	83.93%	9	16.6
Industrials	7.0	3.96%	2	3.5
Consumer	15.6	8.74%	8	1.2
Total	177.9	100.00%	21	8.5

Figure 1: Distribution of multilatina total contributions



total contribution from these two types of companies and do not include their responses when highlighting trends among the multilatinas in the remaining report. Table 3 provides an overview of the additional social investments documented in the study from all types of companies.

Most Multilatinas Contribute on the Lower End of the Spectrum

Contributions to education ranged from just over \$100,000 to more than \$72 million in the instance of one company. The average company in the sample invested \$8.5 million annually, as indicated in table 4. But the median contribution was \$2.7 million, with the vast majority less than \$10 million. See figure 1 for the distribution of each multilatina's total contribution to education.

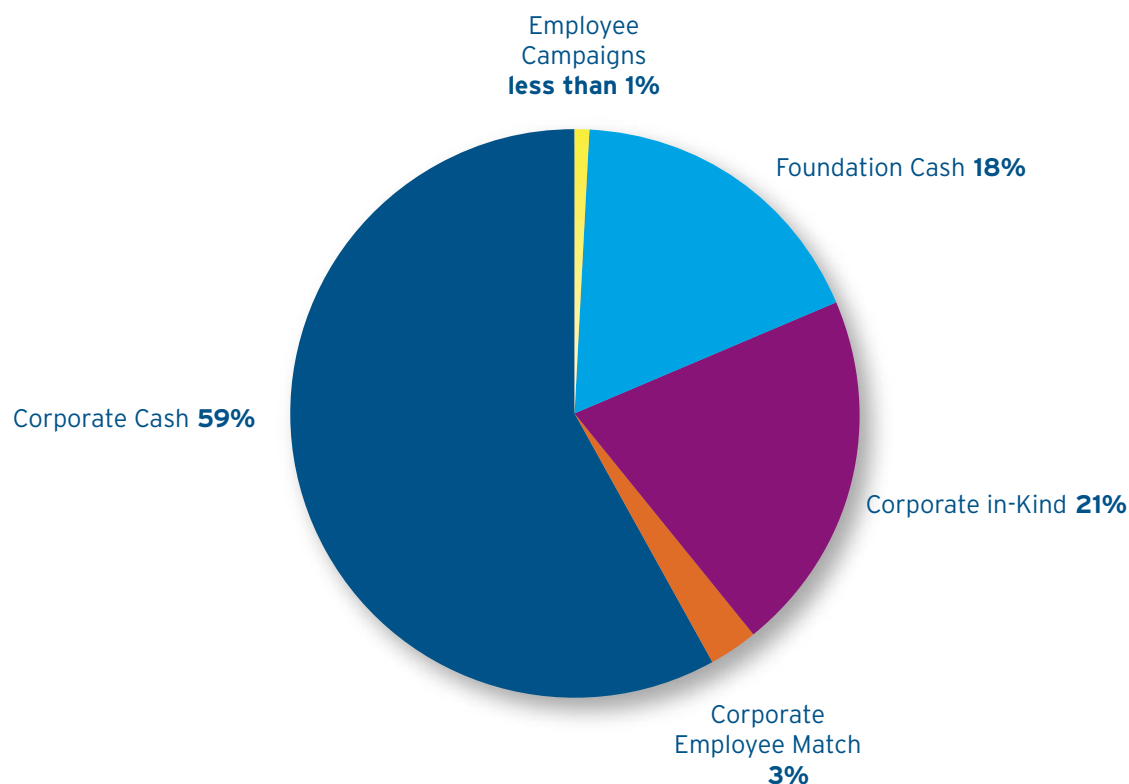
The materials sector** was the largest donor with a mean contribution of \$16.6 million; in this sector, one company comprised of nearly one-half of the total sector contribution. The industrials and energy sectors were the next two largest donors with an average of \$3.5 million and \$3.0 million, respectively. See table 4 for a breakdown of contributions by sector.

More Cash than Products and Services, No Consumer Engagement

Much like an earlier study on the philanthropic contributions to education of *Fortune* 500 companies,¹⁰ this study finds that cash contributions comprise the majority of investments to education in Latin America and the Caribbean. The study estimates 79 percent (about \$442 million) of contributions were cash

** The materials sector is comprised of companies that manufacture chemicals, construction materials, glass, paper, metals, minerals and mining.

Figure 2: Breakdown of total social investments and philanthropic contributions, 2010-11



contributions, while 21 percent (about \$117 million) were in-kind contributions of products and services, as seen in figure 2. Of the total cash and in-kind contributions, less than one-fifth of contributions were directed from corporate foundations with the companies investing the bulk of resources from their business budgets.

The multilatinas engaged their employees in contributing to education within the region. Matching employee contributions to education programs was about 3 percent of the total multilatina contribution. In addition, employees made unmatched contributions to education, which constituted a fraction of a percent. Slightly more than half of the multilatinas (54 percent) reported employee volunteer programs

that directed employee time to education. Only seven companies collected volunteerism data which ranged from 51 hours annually to 5,000 hours annually (m=2,312 hours). One company reported that it was in the process of developing a new employee volunteer program allowing employees to contribute their time to supporting education in the region.

One missing component in the multilatinas' contributions to education is engagement of consumers. None of the surveyed multilatinas reported using consumer cause marketing or point-of-sale campaigns to generate financial resources for education in the region. This may be a missed opportunity given the growth of the Latin American middle class and resulting increase in consumer spending.

Brazil and Colombia Top the List of Recipients

Companies were asked which countries were the recipients of their social investments and philanthropic contributions to education. Half of the responding companies direct contributions to education in Brazil and 41 percent of responding companies make contributions in Colombia. About one-third of the multilatinas direct contributions to Mexico and Peru and about one-fifth to Argentina. Sixteen countries, mostly in the Caribbean, received no contributions to education from the multilatinas. Additionally, the contributions appear to follow motivations not related to educational need, with many countries in Central America the least frequent recipients of multilatina funding. For instance, some countries near the bottom of the World Bank’s 2010 Human Opportunity Index in Latin America, a measure of equitable distribution of services, including education, are unlikely recipients of education contributions from the multilatinas: Honduras, Nicaragua, Paraguay and El Salvador.”

Investing for Better Community Relations

The motivations for investment in education by the multilatinas tend to be more connected to brand image and public relations less related to core business. The top three motivations cited by the multilatinas for investing in education were to:

- improve community relations (95 percent).
- meet social demand for responsible corporate behavior (86 percent).
- support positive brand identification (59 percent).

These motivations were followed by making contributions to improve the profile of company leaders—all

Table 3: Percentage of multilatinas directing contributions to education, by country

Country	Percentage of Multilatinas Investing in Education
Brazil	50%
Colombia	41%
Mexico	32%
Peru	32%
Argentina	23%
Chile	18%
Guatemala	18%
Panama	14%
Uruguay	14%
Costa Rica	9%
Venezuela	9%
Bolivia	5%
Dominican Republic	5%
Ecuador	5%
El Salvador	5%
Haiti	5%
Honduras	5%
Nicaragua	5%

of which reinforce the public relations drive for social investments. Figure 4 provides an overview of the motivations cited by respondents.

Additional motivations center on skill development for employees and potential employees. About one-third of companies invest in education as a way of training potential workers and 23 percent report investing in education as a way to provide training to current employees. Another reason for making social investments is tax incentives, a motivation cited by 23 percent of companies. There is little connection for multilatinas between social investments in education and motivations related to consumer income or new market penetration. None of the companies cited

Figure 3: Motivations for Investing in Education



making investments in education to improve corporate revenue.

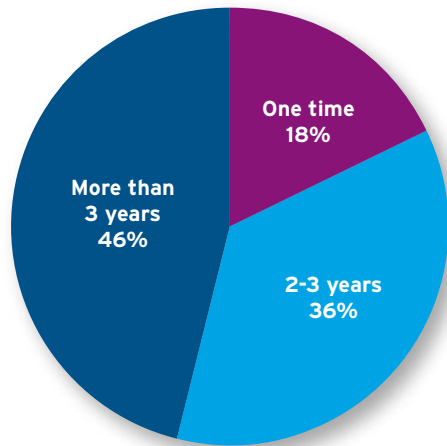
While companies cite public relations and branding as major reasons for education investments, the degree to which companies make those investments as part of a broader business strategy remains unclear. A broader social investment strategy would recognize the dimensions of education that impact a business's success. First, some studies suggest quality education, measured in learning, is closely linked to economic growth.¹² Second, success in globalized economies depends on a well-educated workforce, which includes acquiring basic global citizenship skills. Both of these benefits of quality learning directly impact a company's potential to compete and be successful. The current rationale for multilatina investments in education misses the point of quality education's real value for business. This rationale provides an even greater incentive for companies to reconfigure and scale up social investments to align with the vision of contributing to long-term, systemic improvements in education quality.

Long-Term Investments but Lacking Coordination

Unlike recent studies on global corporate social investments from U.S. *Fortune* 500 companies, this study shows a different approach to investment from the multilatinas: a long-term commitment to education. Less than one-fifth of the companies surveyed made one-time contributions. Commitments of two to three years were reported by 36 percent of surveyed companies with another 46 percent of those companies indicating their investments in education exceeded three years (see figure 5).

Despite the longer-term investments, most multilatina companies do not coordinate their education investments with outside entities. A total of 32 percent coordinate with host governments, compared to five percent which coordinate contributions with international donor agencies. Whereas exactly one-half report not coordinating contributions with anyone outside of the company (see figure 5).

Figure 4: Length of multilatina social investments in education



The lack of coordination with external entities, such as other multilatinas, foundations or governments, forgoes the potential to strengthen what is already taking place in the education sector at a national and local level. A lack of coordination precludes leveraging corporate resources with other resources and limits the potential to improve the capacity of the public sector.

Given the lack of coordination with government, the multilatinas were asked to cite the most common barriers to investing in education in collaboration with the public sector (see figure 6). The four most common responses reasons are:

- lack of understanding of business culture (32 percent).
- lack of clear plans or deliverables (32 percent).

Figure 5: Percentage of Companies Coordinating Investments

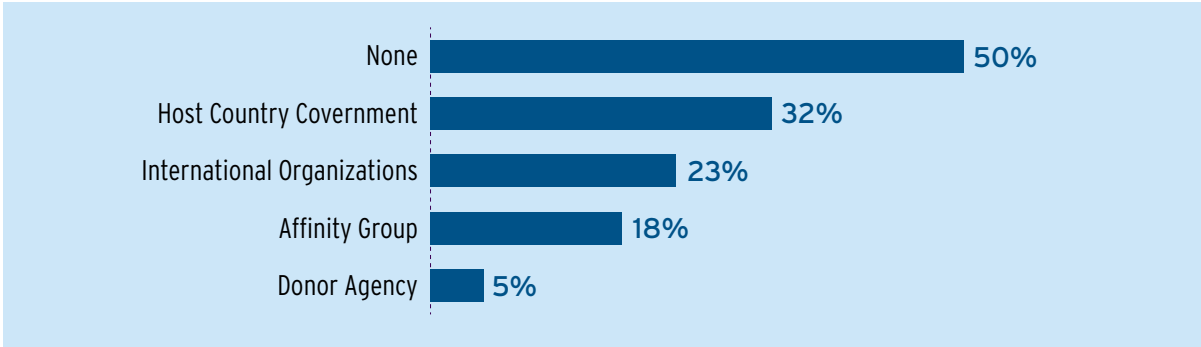
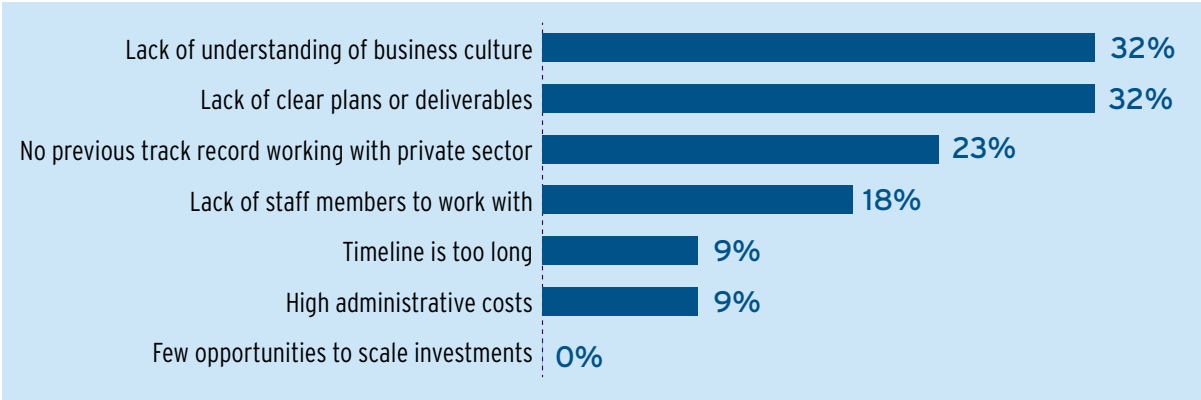


Figure 6: Reasons for not collaborating with the public sector



- no previous track record working with the private sector (23 percent).
- lack of program staff members to work with (18 percent).

Nine percent suggested high administrative costs and/or long timelines were common barriers to collaboration. While this data only provides a perspective from the multilatinas, it is also possible that the public sector sees a disconnect between multilatinas and their knowledge of the education system.

Investing at the Local Community Level

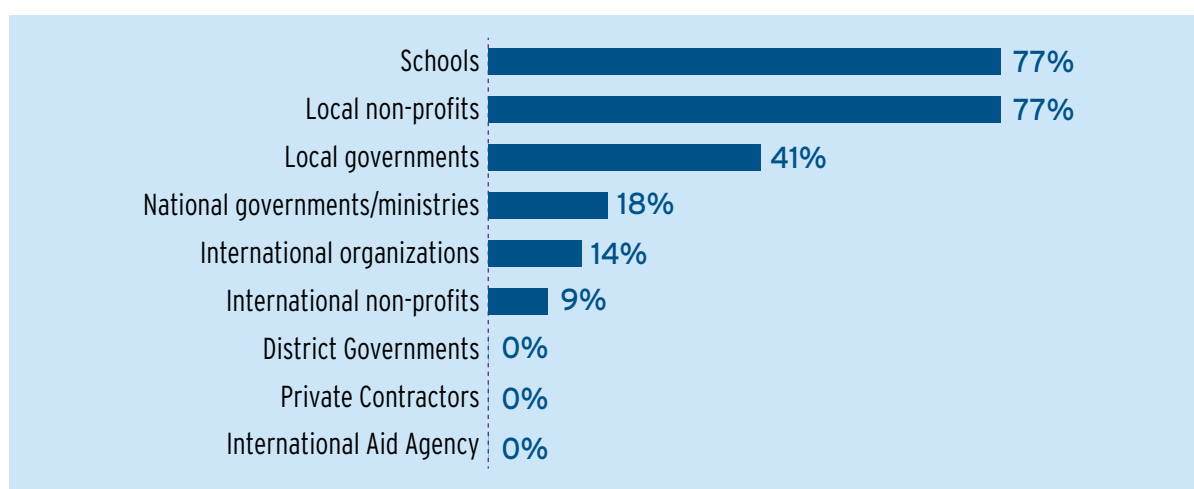
Figure 7 shows that multilatinas tend to make contributions at the local school and non-profit level instead of working through national or international governments and organizations. Nearly four-fifths directed their resources to schools and local non-profits. Local governments were the third most-likely recipient of corporate resources, cited by over 40 percent of the respondents.

Very few multilatinas direct resources to national governments or ministries, international organizations (e.g., UNICEF) or international non-profits. None of the multilatinas reported making contributions to district governments, private contractors or international aid agencies to implement their social investments in education. Additional research from the US *Fortune* 500 study on corporate investments in education¹³ suggests that a strong degree of trust is needed with the recipient when investing to promote the company's image because the recipient is viewed as the spokesperson for the company at the consumer level. Given the strong motivation of multilatinas to improve public image in the region through these contributions, this evidence suggests that local entities are more trusted to implement programs and represent the social values of the multilatinas than international organizations.

What's the Impact? Counting People and Sometimes Outcomes

Over 90 percent of multilatinas have some form of monitoring and evaluation of their corporate social

Figure 7: Recipients of Corporate Social Investments



investments in education. The most common metric, cited by 73 percent of responding companies, is the number of beneficiaries participating in an education program (see figure 8). This metric, which may seem trivial in terms of programmatic outcomes and effectiveness, is consistent with the multilatinas' goal of using social investments in education to advance the public relations and image of the company. The larger the number of beneficiaries, the bigger the public relations imprint, as beneficiaries tend to include direct program participants and spillover benefits to families and communities. However, counting the number of beneficiaries alone makes it difficult for the corporate sector to shift to more sophisticated education investments that advance business and social goals simultaneously through shared value propositions.

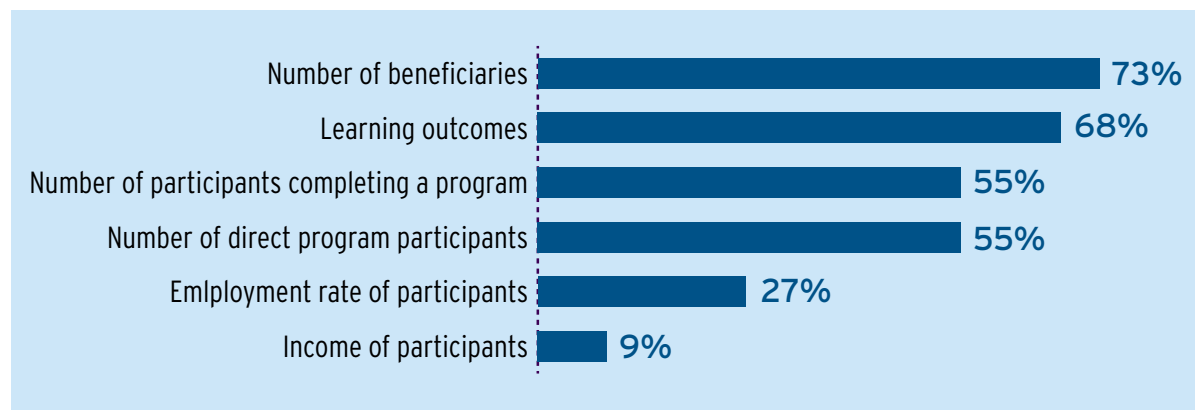
More than two-thirds of companies measure impact by examining learning outcome indicators. While more investigation is merited to determine the effectiveness of the indicators used, measuring learning outcomes is a better way to determine whether a corporate social investment is making an impact on the young people engaged in the program. A little over half of the multilatinas use completion rates or the number of direct program participants, slightly less

than one-third examine employability as a result of interventions as an impact metric, and less than ten percent use the income of program participants as a measure.

Investing in What? Teachers, Adolescents, Primary School and Quality

Teachers are at the heart of the majority of multilatinas' investments in education. A substantial number of multilatinas focus their attention on teacher training (64 percent), followed by programs working with adolescents and youth (59 percent), those aimed at primary education (59 percent) and those focusing on improving the quality of education (59 percent). Despite the large interest in teacher training, none of the companies invested in teacher salaries. The subsequent thematic areas of investment represent a trend of investing in education for labor market training and skill development for adolescents. Slightly more than half of the multilatinas invest in technical and vocational education (55 percent), employment and labor market readiness programs (55 percent) and higher education (55 percent). Half invest in secondary education. See figure 9 for the frequency of multilatina investments in different education themes.

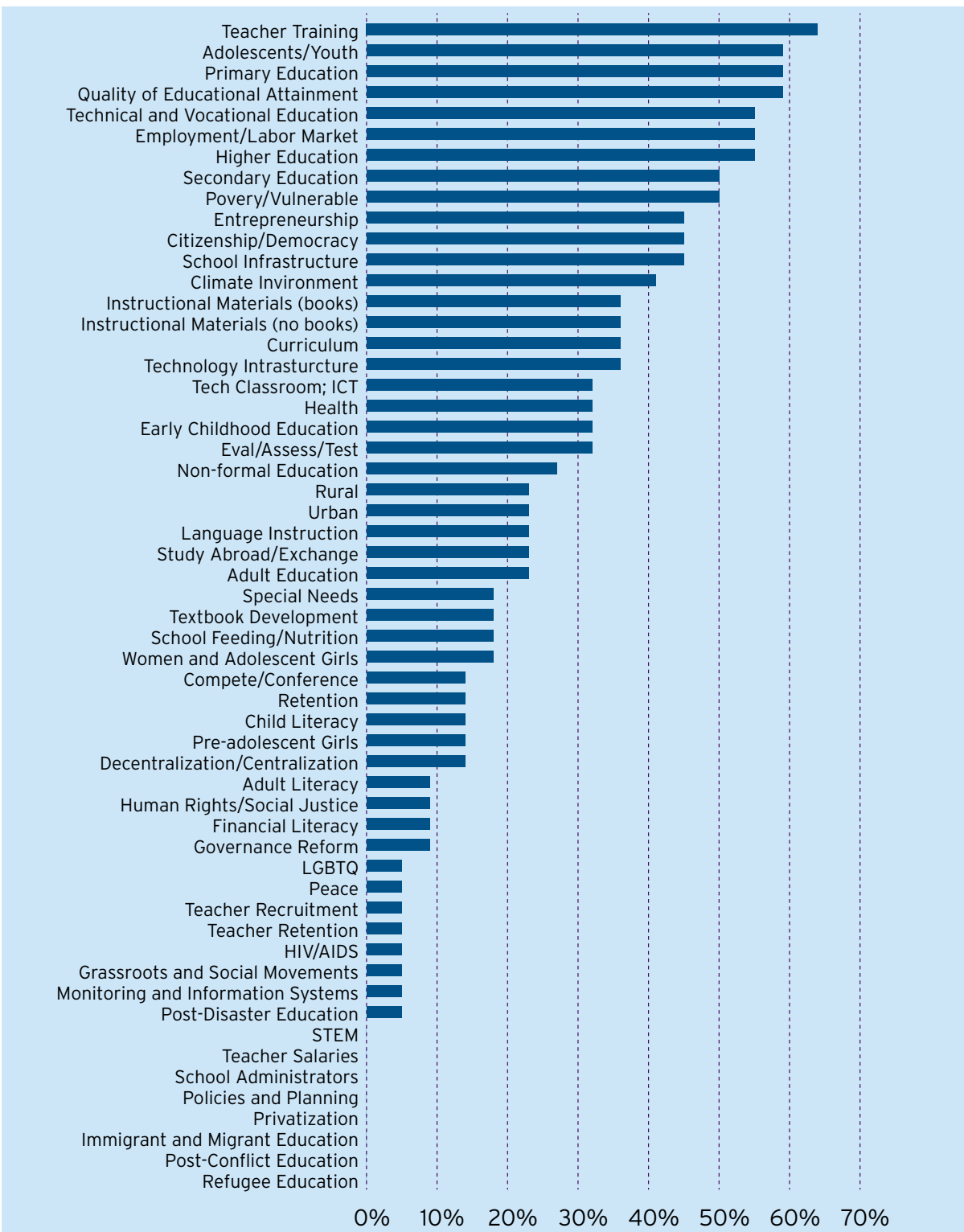
Figure 8: How Companies Measure Impact of Investments



Over 40 percent of multilatinas also invested in the following thematic areas: education for vulnerable children, entrepreneurship, citizenship and democracy education, school infrastructure, and climate and environmental education. Beyond contributions to teacher training, over a third of multilatinas invest in instructional materials, technology and curriculum, demonstrating a thematic interest in education quality. It is also important to note that none of the companies reported making investments in education privatization, providing no evidence that corporate entities see themselves as supporting a privatization movement through their social investments in education.

While companies invest in youth and adolescents, as well as primary education, slightly less than one-third focus investments in early childhood education. This is a lagging area of investment priority at the global level,¹⁴ despite evidence demonstrating that preparing young people to learn at the early stages of life actually improves learning and increases outcomes later on in life. While the study of US *Fortune* 500 companies' investments in education highlighted a strong support of science, technology, engineering and math (STEM) education, areas typically associated with 21st century skills and a competitive knowledge economy, none of the multilatinas invested in these skills specifically.

Figure 9: Investments in education by theme



MOVING FORWARD: HOW CAN MULTILATINAS PROMOTE CHANGE?

While the business sector has been flourishing in Latin America, the education sector has not been as robust. Governments have moved the needle on the access front but have not yet provided wide scale quality education, denying students in the region true learning opportunities. This lack of learning cripples the potential of the business sector. Supporting the quality agenda requires an explicit goal of improving the learning opportunities of young people with attention to issues of equity, sustainability, and cognitive and non-cognitive skill development. Investing in education quality must be done with an understanding that these investments spur positive externalities for the business community, including more cohesive, stable and vibrant societies.

Given multilatinas' dependence on young people prepared with the skills and knowledge to thrive in a globalized world, low levels of investment in public education by multilatinas can be detrimental to the companies' own success. Multilatina engagement in education can cover a wide variety of functions beyond their current involvement. These functions range from being a vocal advocate to hold government accountable for public education, to working hand-in-hand with the government to deliver programs.

However, two systemic issues at play in Latin America may hinder the business community's engagement in education. Unlike countries like the United States, most Latin American countries do not have tax incentives in place to catalyze larger scale corporate contributions to education.¹⁵ Similar tax policies could spur higher levels of philanthropic investments in education by companies. On the other hand, some

experts suggest that companies do not do their part to live up to current tax obligations, starving the public system of the funding necessary to deliver public goods such as education. For instance, studies suggest companies underreport earnings by as much as 40 percent in some Latin American countries.¹⁶ Both of these realities have adverse effects on the public education system and hold business back. Therefore, overall corporate support for education must include going beyond philanthropy and social investments to improve all aspects corporate practices so that they are pro-learning.

The findings in this report demonstrate an overall need for more transparency in the corporate community about social investments. This report outlines important trends, one of which is the refusal of many companies to supply information about their activities in the education sector. While the aggregate data in this report suggests that the support for education by the multilatinas may be of a significant magnitude, the fragmented nature of investments, small total contribution by companies relative to revenue, lack of government coordination and current public relations motives for investment hinder current educational investments' ability to generate systemic change in equitable access to learning opportunities in the region.

This report has a two-fold conclusion. First, there is an opportunity for business to do more for education. The investment in people through support for education is minimal compared to corporate revenue and the multilatinas' potential to give. Largely, the data points to the multilatinas lacking the business rationale which recognizes that significant social investments in education are in the best interest of the companies. Second, there is an opportunity to do better with current investments.

Trends indicate that the multilatinas can improve the effectiveness of their current investments in education. If education is a public good and human right, multilatinas have a vested interest and responsibility in ensuring that education quality in the region improves.

The opportunity and rationale to do more for education in the region.

1) Look beyond philanthropy to shared value by understanding the business benefits of a well-educated society. Strategic social investments in education require a company to see beyond philanthropic and public relations motives. Investments in education have a direct impact on business, and multilatinas should identify how investments in education can generate shared value for both business and society. Identifying the point of mutual benefit can allow companies to scale up investments to match business interests while at the same time identify the maximum impact those investments can have on society.

While investing in access to quality public education does benefit society, these investments are far from being only charity—they are direct investments in the skills of current and future workforces that the private sector will depend on to continue growing, as well as the potential incomes of consumer markets that will purchase products and services. Investing in education in communities where businesses operate creates a more competitive business environment for attracting and retaining labor and builds social cohesion that improves the ease of doing business in a given community or country. In addition to the direct business rationale, social investments in education are a way for multilatinas to improve government and community relations.¹⁷

2) Examine all of a company's core assets when deciding how to contribute to improving education, including human resources policies, consumer bases, expertise and leadership. To have a maximum impact in these different areas, companies need to look beyond their cash contributions and utilize their core business assets to support education. While the trends point to more companies developing programs to engage their employees in supporting education through volunteer programs, companies should ensure that their internal human resources policies also provide educational opportunities and support for continued learning.

Many companies' core business activities can also be utilized to improve the quality of public education. Whether through infrastructure knowledge, telecommunications expertise, human resources management, financial management or other core competencies, businesses should ask how their everyday products and services can be used to promote social good.¹⁸

Multilatinas can do more to utilize their consumer base's leadership to improve education in the region. Given the growing middle class consumer spending in the region,¹⁹ there is an untapped potential for the multilatinas to engage consumers through cause marketing and point of sale campaigns to generate additional resources to support education in the region. One example of a successful program that could be replicated is "Bécalos" in Mexico. Sponsored by the Mexican Banker's Association, Fundación Televisa and several national banks, the program allows ATM users to make a five peso donation to support public education. Individual donations are matched by the Banker's Association and the foundation. Estimates to date suggest the project has supported over 137,000 students and teachers.²⁰

If the business community began to serve as an advocate for improving the quality of education in the region, this move could help drive systematic change.²¹ However, we do not see that the issues of reform, policy and planning are a focus of multilatinas. This gap may call for corporate participation in the public dialogue on education and for hands-on support and advocacy for programs that increase the availability of a quality public education.

The opportunity to do better with current investments.

3) Improve coordination and collaboration to ensure more effective outcomes. A significant barrier to effective investments in education by multilatinas is coordination. Despite the growing number of national and regional business associations for education, most multilatinas report not coordinating their contributions with other entities, including governments and other donors. Strengthening affinity groups in this field and developing mechanisms for coordinated social investments can reduce fragmentation and the inefficiencies incurred by the multilatinas by spreading the investment risk, lowering startup and transaction costs, creating economies of scale, leveraging investments of others, and making investments strategic and results-oriented. Even if investments are not coordinated at a financial level, sharing information on the results of different educational investments and their impact has the potential to streamline information in a nascent field and help minimize the costs of monitoring and evaluating programs. There are various examples of collaboration paying off,²² and the feasibility of improving coordination is becoming more practical given the increasing organization and prominence of the various “*Empresarios por la Educación*” and business-

based civil society groups at the national level, regional efforts through the *Red Latinoamericana de Organizaciones de la Sociedad Civil por la Educación*” and the formation of a Global Business Coalition for Education.

4) Look beyond pilot programs to channeling resources and seek to innovate through well thought-out policies that are coordinated with government and other donors in order to innovate. For instance, multilatinas demonstrate an overarching interest for improving teacher quality in the region. Investing in teacher training is a promising intervention to raise the overall quality of education in the region. However, given that most companies make contributions at the school and local NGO level and do not support salaries for teachers, it is unlikely that these contributions will have the systemic impact that could be achieved if coordinated with teacher training institutions or if coupled with larger-scale pooled funding programs. Multilatinas could coordinate with governments and unions to develop teacher funds that incentivize teachers to teach in the most marginalized areas, provide opportunities to quality professional development programs and reduce attrition in the teaching profession. This could elevate the teaching profession at national or regional levels and leverage the collective set of actors interested in improving education quality. However, this type of collaboration is not an easy accomplishment. It requires mitigating the challenges of decentralization, the politics of teacher training, and the sometimes tense relationships between business and government.

5) Do not be afraid to innovate in education. Multilatinas have the opportunity to innovate with their investments. Large-scale reform is difficult to

achieve in isolation. The business sector has a capacity to fund and implement pilot programs that could be very useful in showing political leaders what works and what does not in improving education access and quality. While feasibility depends on context, coordination with government is essential if social investments in education are going to scale up and have a sustained impact and implementation capacity. If aligned early with government education plans and delivery mechanisms, even pilot initiatives have the potential to scale up through government engagement.

6) Keep an eye out for equity. There is little evidence that the multilatinas are directing their resources to reach the most marginalized in the region. While businesses cannot be expected to be the sole force for promoting equity in the education system, the private sector must ask itself whether its contributions perpetuate inequality and marginalization or are a force for improving opportunity among those traditionally missing out. Private philanthropy and social investments have the historical tendency to gravitate to specific populations and interventions at the exclusion of others. Being cognizant of these potential negative outcomes can ensure that companies make decisions about education investments based on broader social implications.

7) Support a broad quality education to generate the skills and qualities business needs to grow. Taking the example of innovation in the region, Latin America produces exceedingly few patents compared with the world's high productivity economies—a clear indicator that the region lags behind in innovation. The region produced only 406 patents in 2010, compared to over 10,000 in the US, over 4,000 in Japan, and a thousand each in Germany, South Korea and Taiwan.²³ While some

companies do invest in STEM education in the region, none of the multilatinas in our study reported investing in STEM education programs in Latin America. This investment could be one solution to the challenge. However, a broader investment in education, such as early childhood development, could be the longer-term solution. Developing some of the most basic cognitive and non-cognitive skills during the early childhood stages can instill the critical thinking, creative, innovation and teamwork skills businesses will need in 10 years to develop drive the growth the region in the future.

The quality of education in Latin America and the Caribbean can either support strong social outcomes and economic growth in the region or hinder progress—and multilatinas have a role to play. Multilatinas are making significant investments in education in the region, but there is an opportunity to make their contributions more effective for business and society at large. By understanding the business case, beyond public relations, for investing in education and identifying all the core business assets a company can deploy to support education in the region, multilatinas can identify more ways to engage in education that is mutually beneficial for society. At the same time, multilatinas must show leadership through their current investments by improving coordination with other actors in business, civil society and government; innovate through pilots and larger-scale programs; serve as a watchdog for equity within their investments; and keep a broad vision of quality education that promotes the value of education as a public good accessible to all. With the growth of multilatinas and their regional and global influence, now is the time for the multilatinas to take bold action to improve the effectiveness of their investments in education in the region.

ANNEX A: ADDITIONAL DETAILS ON METHODS

A qualitative document review was conducted examining the 98 companies identified as multilatinas. The 100 multilatinas examined in this study were adopted from the 2009 Boston Consulting Group report *The 2009 BCG Multilatinas: A Fresh Look at Latin America and How a New Breed of Competitors Are Reshaping the Business Landscape*. The full list of multilatinas included in the study as well as the criteria used to identify the multilatinas can be found in the BSG report available online at: www.bcgperspectives.com/content/articles/globalization_strategy_2009_BCG_multilatinas/

While the initial list included 100 multilatinas, several companies merged operations during the time period between development of the list and this study. Therefore 98 companies were in the multilatina population explored for this study.

A thorough literature review of corporate Web sites, annual reports and social responsibility reports were analyzed to identify a population of multilatinas making contributions to education in the region. Prior to ruling a company out of the population of multilatinas making contributions to education, companies were contacted directly. Our qualitative analysis review indicated that 66 companies made social investments in education.

These 66 companies were surveyed to collect data about the magnitude and focus of their investment in education in Latin America and the Caribbean. The respondents were asked to answer questions about

the magnitude, focus and motivations of their social investments and philanthropic contributions to education during a 12-month fiscal year period during 2010 and 2011. Surveys were distributed in English, Spanish and Portuguese. Companies could respond via email, fax, an online survey, telephone or postal service. The survey response rate was 33.3 percent (n=22). Analysis of the sample in comparison to the overall multilatina population indicated that it was generally representative given the distribution of respondents across industry type and revenue level compared to the population. Based on an assumption of general representativeness, this study projects an estimated total contribution to education by the multilatinas and argues the trends in the sample can be transferred to the larger population of multilatinas.

In addition to the multilatinas, the survey was distributed to the largest multinational companies operating in the region[†] as well as national companies making educational contributions based on conversations with key informants and the participation of national business coalitions. The total response rate was: multilatina (n=22, 33 percent); multinational (n=10^{††}); and national (n=21). Because of a non-representative response rate of the multinationals and unclear population parameters for the national companies, the responses from these surveys are not included in the total estimates or trends, but some of the data is introduced in the report to provide additional context.

Companies reported their investments in education in U.S. dollars and in some cases local currency. Conversions from local currency to 2010 U.S. dollars used the following exchange rates as recorded from December 31, 2010.

[†] The survey was distributed initially to the 100-largest multinational companies operating in the region based on the 2010 America Economia ranking (excluding multilatinas listed on the Boston Consulting Group list).

^{††} Given the response rate, the sample is not representative and merely provides additional data for comparison.

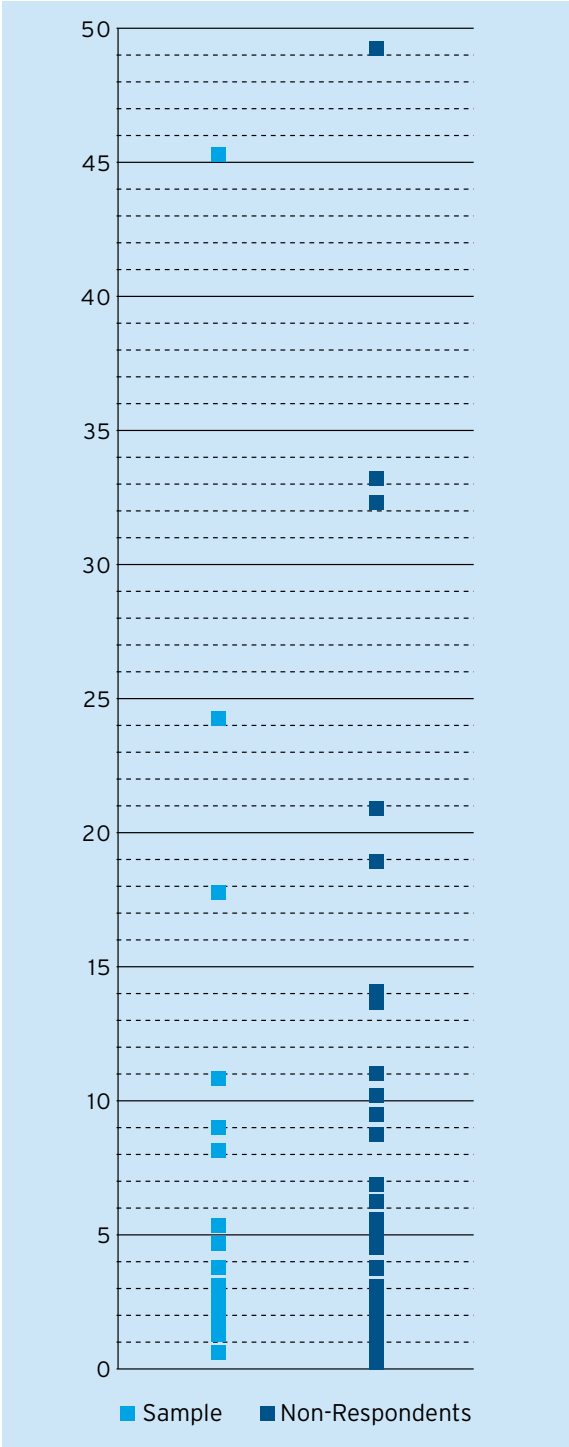
Table 4: Exchange rates per \$USD based on December 31, 2010 rates

ARG	3.97192
BRA	1.65871
CHI	467.70538
COL	1923.90124
MEX	12.34025
PERU	2.80505
UK	0.64053
VEN	4.29745

For projecting financial contributions, companies we asked to report the total amount of contributions directed to education by type (e.g. corporate cash, in-kind, employee matching, foundation cash, etc.) during a 12-month period over the 2010-11 fiscal year. The response rate of the multilatinas in the sample appeared relatively consistent with the nonrespondent population in terms of revenue and ranking. The sectors represented in the sample were also relatively similar with a slight underrepresentation of the technology and health care sectors. Figure 12 depicts the multilatina sample and population based on company size.

The overall similarity between the sample and population allowed us to make a best estimate projection transferring the sample to the larger population of multilatinas. To project the total, two estimates were used. The first projection used the mean and median contributions across the sample and multiplied them by the entire population. The second projection divided the populations into quartiles assuming that companies with higher revenue may contribute more. The mean and median contribution for each quartile based on the sample was calculated and their weighted projected contributions were determined. Both calculations are depicted in tables 1 and 2 in the document; the first estimates \$299.4 million annually (based on

Figure 10: Multilatina sample vs. population investing in education, by revenue



the median) and \$559.1 million annually (based on the mean), while the second projects \$224.5 (from median) and \$569.2 (from mean) annually as seen in tables 5 and 6 below.

While it is impossible to make a scientific projection for the nonrespondents, assuming similar behavior as the respondents given the similar distribution by sector and revenue, we consider the mean-based projections a reliable exercise. The median-based projections arrive at totals slightly larger than the known contributions and do not account for several large contributors that are likely in the nonrespondent population. While one may assume that nonrespondents did not respond because they contribute little, previous studies of US *Fortune* 500 companies did not

find this to be the case as some of the most significant contributors to education had corporate policies about completing surveys or disclosing financial data to third parties.²⁴ Therefore, we do assume that the mean project does not necessarily lead to an overestimation of the multilatinas' contribution.

Additional data was provided by multinational companies not based in Latin America and national companies within the region with limited cross-border business activity. Neither of the samples was representative of a clearly defined population and was included to demonstrate additional known resources from corporations in support of education in the region but was not included in any of the data suggesting trends about the multilatinas.

Table 5: Total corporate contributions to education by multilatinas (million dollars), projection base on mean and median

Financing Source	Contributions for multilatinas based on the sample median (m=2.7)	Contributions for multilatinas based on the sample mean (m=8.47)
Multilatinas represented in the sample (n=21)*	\$177.9	\$177.9
Estimate for multilatina non-respondents (n=45)	\$121.5	\$381.2
Projected total (N=66)	\$299.4	\$559.1

Table 6: Total corporate contributions to education by multilatinas (million dollars), projection based on weighted revenue quartiles

Revenue Quartile	Quartile Population (n=)	Median Contribution in Sample	Estimated Contribution by Median	Mean Contribution in Sample	Estimated Contribution by Mean
Highest 25%	17	5.3 (n=5)	90.1	\$22.3 (n=5)	\$379.1
50-75%	16	5.3 (n=5)	84.8	\$3.7 (n=5)	\$59.2
25-50%	16	1.4 (n=4)	22.4	\$1.7 (n=4)	\$27.2
Lowest 25%	17	1.6 (n=7)	27.2	\$6.1 (n=7)	\$103.7
Projected total (N=66)	66		\$224.5		\$569.2

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