CORPORATE ENGAGEMENT PRINCIPLES AND CONFLICT OF INTEREST

For Input and Decision

1. STRATEGIC PURPOSE

1.1 This paper sets out draft Corporate Engagement Principles for the Global Partnership for Education (GPE) (Annex 1) in fulfilment with best practice and governance standards of global multilateral partnerships. It also includes draft additions to GPE's Conflict of Interest Policy (Annex 2). The Board requests input and feedback from Board Members by 15th January 2016 to enable the GERF to finalize the Principles and amendment to the Conflict of Interest Policy by 15th February, 2016. This is a precursor to the development of a strategy for private sector engagement in the Global Partnership, but should not be seen as the strategy itself or any part thereof. Once the GPE 2016-2020 Strategic Plan is approved by the Board, the Secretariat and Private Sector and Private Foundations (PS/PF) Constituency will be in a position to embark on the development of said strategy. This paper simply addresses the basic corporate good governance requirement of establishing core principles and safeguards for private sector engagement.

1.2 The new Sustainable Development Goal for education and its related financing challenge, and soon the Global Partnership's own new attendant Strategic Plan, create an opportunity for the Global Partnership to engage the business community for its varied resources, including technical expertise, direct funding and advocacy support, both at the global and national level. However, this is a complex area; accountability and transparency are paramount. These Corporate Engagement Principles and additions to the Conflict of Interest Policy seek to establish a set of clear 'ground rules' for business engagement within the Global Partnership. With these in place, a process of ongoing dialogue can be established with businesses, at different levels, in order to identify specific, mutually beneficial areas of engagement.

2. RECOMMENDED DECISION

BOD/2015/12-XX—<u>Corporate Engagement Principles and Conflict of Interest:</u>

The Secretariat requests that the Board of Directors approve the following decision:

The Board of Directors:

a. delegates authority to the GERF to finalize and adopt the Global Partnership's Corporate Engagement Principles as set out in BOD/2015/12 DOC 18 Annex 1 and the Conflict of Interest Policy specific to business engagement as set out in BOD/2015/12 DOC 18 Annex 2 by 15th February, 2016, following written input from Board Members.

b. notes that the Secretariat, working closely with the Private Sector and Private Foundations Constituency, will present a private sector strategy options paper at the next face-to-face meeting of the SPC in 2016, for further discussion by the Board.

3. BACKGROUND

3.1 Leading companies increasingly are aware of the education crisis in developing countries, see it as a growing risk to their business, and also recognize that they have a role in solving this crisis. To adapt to these positive developments and to explore the full potential of working with the business community, GPE needs to adopt a more strategic approach to partnerships and collaborative relationships. GPE is committed to working actively with the business community to respond to global education challenges. In 2011, a seat on GPE's Board was created to facilitate private sector and private foundation engagement in the Global Partnership at the policy level, and to represent the interests and added value of the business community and foundations in improving education and learning outcomes. As it has been noted in previous GPE Board discussions, the private sector and private foundations represent very different communities and interest groups. This paper concerns itself solely with the private sector side of the constituency, by which we mean the business community generally. A separate private sector engagement strategy will be developed after Board approval of the new GPE Strategic Plan, and the Secretariat, working with the PS/PF Constituency, will present an options paper to the SPC in May 2016.

3.2 The PS/PF Constituency asked the Secretariat in the fall of 2014 to assist in the development of some basic principles for business engagement in the Partnership. This was seen as a precursor to the development of a private sector engagement strategy and would satisfy basic good governance principles, commensurate with other organisations and partnerships. Accordingly, the Secretariat engaged a corporate alliance consultant who has worked on developing principles of business engagement with similar multi-lateral partnerships in a number of sectors, to provide professional

expertise and guidance on the development of these principles. As part of this work, a series of interviews were conducted with; the Secretariat Leadership Team, several Private Sector and Foundations constituency members and key partners, on GPE's engagement with the business community.

3.3 The attached draft principles and amendments to GPE's Conflict of Interest Policy are the product of this work and useful, detailed inputs from the GERF at its meeting in November 2015 (GERF 2015/11 DOC 06). The GERF specifically noted the need to:

- ✓ agree on a set of guidelines that facilitate deeper engagement with the private sector
- ✓ be more specific on shared interest of both GPE and the business community
- ✓ further reflect and define priorities
- ✓ do some redrafting to make some language more positive

3.4 The Secretariat takes it as a given that greater collaboration and partnership with the business community, as well as with philanthropy and foundations, is both desirable and necessary. All have a great deal to offer the Partnership and to date their engagement in support of the Partnership's vision, goals, objectives and ideals has not been sufficiently fostered. Far from it. Such engagement will likely be diverse and differ from country to country and issue to issue. Much work needs to be done to explore this and identify the most important and appropriate entry points. However, that is not the purpose or within the scope of this paper. It is simply acknowledged as a priority agenda for 2016.

4. REASONS FOR RECOMMENDATION

4.1 It is established industry practice for multilateral partnerships to have a set of principles that guide prudent engagement with business. The development of these principles is in keeping with the global standards of multilateral partnerships. These guidelines strengthen the Global Partnership's governance framework. *References; UNICEF Child Rights and Business Companies* *http://www.unicef.org/csr/12.htm*, Guidelines on Cooperation between the United Nations and the Business Sector, http://www.un.org/en/ethics/pdf/Guidelines-on-Cooperation-with-the-Business-Sector.pdf *and* *http://www.theglobalfund.org/en/search/?q=corporate+engagment+principles*

4.2 GPE has not yet explored the full potential of partnerships and collaborative relationships with the corporate sector. The Global Partnership is seeking to strengthen and clarify its engagement with business. These principles represent the next step in this ongoing process and were requested by the PS/PF Constituency.

5. NEXT STEPS

5.1 Board Members are requested to provide written comments and input on the Corporate Engagement Principles and amendments to the Conflict of Interest Policy by 15th January, 2016.

5.2 The Board delegates decision-making authority to the GERF to finalize the Corporate Engagement Principles and Conflict of Interest Policy by 15th February, 2016, based on Board input.

5.3 The Secretariat, in close collaboration with the PS/PF Constituency, will develop a private sector engagement strategy options paper for SPC consideration in May, 2016.

6. PLEASE CONTACT Charles Tapp (ctapp@globalpartnership.org) or Lydia Murimi (lmurimi@globalpartnership.org) for further information.

7. ANNEXES

7.1 Annex 1 – DRAFT Corporate Engagement Principles

Annex 2 – DRAFT Amendments to GPE Conflict of Interest Policy

ANNEX 1: THE GLOBAL PARTNERSHIP FOR EDUCATION'S DRAFT CORPORATE ENGAGEMENT PRINCIPLES

Definitions and scope

These principles apply to commercial enterprises and institutions. They do not apply to not-for-profit foundations which are subject to separate GPE principles and policies, including the GPE Charter.

The principles relate to business engagement within the Global Partnership, rather than business engagement in education generally.

The principles should be read in conjunction with the GPE Charter, GPE's conflict of interest policy, GPE's member admission process, the Universal Declaration of Human Rights and the Convention on the Rights of the Child.

The Global Partnership for Education's Strategic Plan 2016-2020 establishes the following partnership-wide principles and values *(subject to Board approval)* for all partners;

1) Education is a human right and an enabler of other rights.

2) Resources focused on equity, inclusion, and the most vulnerable.

3) Country ownership based on inclusive and effective policy dialogue.

4) Support linked to country commitment, performance and nationally identified needs.

5) Improved development effectiveness through harmonization and the use of modalities aligned to country systems.

6) Mutual accountability and increased transparency across the partnership.

7) Inclusive partnerships as an effective means of achieving development

Business engagement with the Global Partnership at a global level differs from engagement at a country level. At a global level, business helps to steer GPE governance via the private sector representative on the GPE board, to support advocacy efforts, to input on global policy and potentially to provide financial support. At a national level, business engagement varies according to the particular circumstances in that country. For example, GPE may engage with chambers of commerce, business membership groups or networks e.g. UN Global Compact, Global Business Coalition for Education, which promote the role of business in education. Regional engagement with business, across multiple countries, is also possible.

Guiding Principles

The following are the proposed Corporate Engagement Principles**:**

Accountability and Equity	Children are the ultimate beneficiaries of all of the Global Partnership's efforts and activities. This brings with it the highest expectations of accountability and commitment to equity of all partners, including the business community.
Systems Strengthening	GPE supports countries in strengthening their education systems. The business community can contribute to overall sector planning dialogue and help countries understand what capabilities and capacities are available to address specific education system challenges, for example, ensuring the curriculum is in alignment with labour market needs.
Measurable Outcomes	GPE collaborative activities with business will contribute to the achievement of sustainable and measurable outcomes in one or more of the following areas: equity, quality learning and stronger national education systems.
Transparency	GPE operates with transparency in its operations. Information relating to collaborative activities with the business community will be made publicly available on the GPE website.
Intellectual Property	Any knowledge, technical activity or research produced as the result of collaboration between GPE and the private sector will be made freely available.
Support to government	Business can play an important part in strengthening the role of governments as custodians of education systems and guarantor of services, especially for the poor.
Investment Benefit	Investments in education systems, including business investments, benefit all sectors of society over the long term. Benefits include raised living standards, reduced uncertainty, a stronger economy and more highly skilled citizens, producers, consumers and employees.

Beyond Philanthropy	Strategic corporate social investment in education presents an opportunity to fundamentally strengthen businesses while contributing to society at the same time. In addition to philanthropy, business can bring to bear its technical expertise, voice, innovation, networks, experience and entrepreneurial flair to the complex challenges of delivering education in developing countries.
Mutual Benefit	Partnerships with the private sector, that draw on the complementary capabilities of business and the Global Partnership to address major education challenges, will be based on the potential for educational outcomes and not direct business opportunity or benefit.

ANNEX 2: THE GLOBAL PARTNERSHIP FOR EDUCATION'S CONFLICT OF INTEREST POLICY (SPECIFIC TO COPORATE ORGANIZATIONS)

Avoiding Conflicts of Interest: Guidelines for Business Engagement

To maintain the integrity of its operations and brand, the GPE Secretariat needs to ensure that it engages with reputable and responsible companies[1] that subscribe to the vision and mission of the Global Partnership.

The Global Partnership does not endorse or acknowledge products, services or methodologies and does not facilitate introductions for solicitation purposes.

GPE has a Conflict of Interest policy available on its website and all board and committee members are required to sign it. The following section sets out additional clarifying notes on potential conflicts of interest in relation to business engagement within the Global Partnership.

Definition

A conflict of interest occurs when a prospective or existing business member of the Global Partnership for Education uses their position to advance their personal interests, the interests of an institution with which they are affiliated, or those of a close associate, in a way that disadvantages or excludes others or is otherwise detrimental to the overall effectiveness of GPE programs and operating model.

Avoidance of Conflict of Interest

GPE takes a broad view of the ethics of its partnerships, extending beyond the strict definition of 'conflict of interest'. Engagement should be made in good faith and a business should not seek to utilize its position as a partner with GPE, its relationship with GPE, or the knowledge and information it has received in connection with its relationship with GPE, to derive a direct business benefit.

Examples of conflicts of interest

When a business seeks to use its position as a GPE member to:

- Influence GPE decision-making for its own individual benefit, or seek a favourable business relationship with the GPE;
- Use information received during GPE proceedings in order to pursue contracts outside official procurement channels, for example relating to the supply of goods and services in an educational setting; or
- Imply an endorsement by the Global Partnership for Education of their products or services.

[1] In case of doubt, the terms 'reputable and responsible' will be defined by the GERF.

Businesses are required to disclose any material interests that may place other constituencies in conflict or result in reputation damage due to perceptions of undue influence of the business on the GPE or its constituencies. A material interest includes being a party to a contract, or directly involved in a transaction, for the provision of goods and services to an organization funded by GPE grants.

Duty to Disclose

Prospective partners must disclose any material conflicts of interest. Where clear conflicts of interest are identified, GPE's Secretariat will take appropriate action, including rejecting the partnership or contribution. Such measures may potentially be applied also for perceived conflicts of interest.

Failure to Disclose

If GPE learns that a business failed to disclose a material interest or issue (as defined by the above disclosure requirements) at the time the relationship between the GPE and the entity was established:

- The GPE should inform the business of this fact and provide it with an opportunity to respond; and
- Where there is confirmation of a failure to properly disclose, the GPE will take the most appropriate course of action including, if needed, ending or revising the relationship with the business and issuing a public announcement to that effect.