

Business engagement in humanitarian relief: key trends and policy implications

Andrea Binder and Jan Martin Witte

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About the authors

Andrea Binder is a Research Associate with the Global Public Policy Institute (GPPi). Jan Martin Witte is an Associate Director of GPPi. The authors would like to thank Cecily Brewer, Wade Hoxtell, Oliver Sanderson, Anita Hurrell and Ji-Hae Kim (all with GPPi) for research and editing assistance. The views expressed in this paper are entirely the authors' own.

Humanitarian Policy Group
Overseas Development Institute
111 Westminster Bridge Road
London
SE1 7JD
United Kingdom

Tel: +44(0) 20 7922 0300
Fax: +44(0) 20 7922 0399
Website: www.odi.org.uk/hpg
Email: hpgadmin@odi.org.uk

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List of abbreviations

CERF	Central Emergency Relief Fund
CMM	Conflict Management and Mitigation
CAP	Consolidated Appeal Process
CARE	Cooperative for Assistance and Relief Everywhere
CSR	Corporate Social Responsibility
DFID	Department for International Development
DRI	Disaster Relief Initiative
DRN	Disaster Resource Network
ECHO	European Commission Humanitarian Aid Office
HRI	Humanitarian Relief Initiative
ICRP	Instability, Crises and Recovery Program
MAC	Managing African Conflict
MSI	Management Systems International
MSF	Médecins Sans Frontières
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
PADCO	Planning and Development Collaborative International
UNDP	United Nations Development Programme
UN OCHA	United Nations Office for the Coordination of Humanitarian Affairs
USAID	United States Agency for International Development
WFP	World Food Programme

Executive summary

This paper was commissioned by the Humanitarian Policy Group (HPG). It is part of a broader HPG study into the role of the private sector in support of humanitarian action. This paper contributes by exploring systematically the new roles companies are playing in humanitarian action. It assesses the forms such engagement is taking, with a particular focus on partnerships, and explores the underlying motivations for engaging in new ways. It also addresses whether new forms of corporate engagement and new donor funding patterns represent potential competition to humanitarian actors, and how this impacts on humanitarian principles. The paper is a product of a scoping exercise to assess the depth and nature of non-commercial and commercial business engagement in humanitarian relief; eight illustrative case studies; and interviews with numerous experts and practitioners conducted over 2006 and early 2007.

Key findings from the research show that business engagement in humanitarian relief has expanded in scope and size in recent years – in both voluntary and commercial ways. A range of factors, the most prominent of which are to contribute to positive branding and to motivate staff, drives companies to engage in humanitarian work. Companies wishing to pursue partnership arrangements tend to prefer in-kind assistance to cash aid. The vast majority of engagement relates to natural disaster relief, however, and the value of such engagements in financial terms remains small, relative to overall humanitarian financing. Perceptions of a growing trend of non-commercial company engagement in humanitarian relief may be based largely on effective

public relations/brand management campaigns by companies involved in this field.

The widely-held perception that companies increasingly compete on a commercial basis with traditional humanitarian actors seems overstated. This perception may have been influenced by the highly publicised instances of corporations receiving large USAID contracts during the Afghan and Iraq wars. To date, commercial business engagement seems to be largely limited to reconstruction and long-term development.

Partnerships with businesses can bring needed technical expertise and added capacity – but developing a strong working relationship takes time and effort. Past attempts to pursue partnerships with corporate agencies have often been frustrated as agencies are unclear about the intended outcomes for the partnership, or view it as a way of developing a long-term funding arrangement. Partner selection should be based on a match between identified gaps, the skills and capacities on offer and the ability of the agency to manage the partnership. Equally, companies should seek not to limit themselves to natural disasters or high-profile cases – positive image is based on credibility and, in the long run, responding to greatest need will contribute more to such credibility than opportunistic efforts. Finally, companies should be more transparent about the contributions they make to humanitarian relief. Research in this area is hampered by companies' reluctance to provide privileged information, irrespective of whether their engagement is based on a commercial or non-commercial model.

Chapter 1

Introduction

For decades, companies have occupied a secondary place in humanitarian relief, providing goods and services to dominant humanitarian actors contracting their assistance. However, recently the business community has started to respond unconventionally to needs arising from humanitarian emergencies, offering more than just logistical support or the delivery of construction materials on a fee basis. This suggests that new forms of business engagement in humanitarian relief may be emerging.

One new form of engagement is partnership between companies and traditional humanitarian actors to improve disaster relief services. These partnerships are voluntary. Companies often claim that their participation in such collaborative alliances is not primarily, if at all, motivated by financial incentives, but is rooted in a desire to demonstrate their corporate social responsibility (CSR).¹

A second change in corporate engagement is the enlarged scope of traditional work. In the crises in Iraq and Afghanistan, humanitarian practitioners have reported that companies no longer merely procure goods and services for traditional humanitarian actors, but in a number of cases appear to compete with them for humanitarian budgets.² While most donors give humanitarian funds only to non-profit organisations, the US and UK contract commercial providers directly to plan and implement humanitarian projects. However, so far this seems to be related more to reconstruction and development than to actual relief operations – particularly in the US case (SIGIR Report to Congress, 30 July 2006: Appendix H).

These developments have given rise to much discussion within the humanitarian community regarding the role of the private sector in humanitarian relief. Critics and supporters alike argue that the two trends sketched out above, if significant and durable, have the potential to transform the humanitarian domain. Critics fear that these trends will solidify donor control over the implementation of relief activities. Companies, they assume, are less inclined to defend their independence vis-à-vis their paymasters than NGOs. More significantly, critics fear that the increasing engagement of companies serves to weaken the application of humanitarian principles. As profit-maximisers, companies are supposedly less concerned about humanitarian principles than are humanitarian NGOs (Hopgood, 2005: 4). Critics also fear that companies' voluntary contribution may not merely be a step towards increased engagement, but may eventually

crowd out donor funding altogether. In contrast, supporters of business engagement in humanitarian relief highlight the potential for making relief work more effective and efficient. They argue that business can bring value to humanitarian relief, including expertise, new technology and in some cases much-needed funds (Globalgivingmatters, 2005). Introducing greater competition into the humanitarian 'marketplace' could potentially reduce inefficiencies and increase value for money.

All of these issues merit further discussion. In order to assess both sides of the argument, it is first necessary to appraise the trends and assess their implications. This report attempts to contribute to the study of company engagement in humanitarian action by exploring systematically the new roles companies are playing in humanitarian action. It assesses the forms such engagement is taking, and explores its underlying motivations. It also addresses whether new forms of corporate engagement and new donor funding patterns represent potential competition to humanitarian actors, and how this impacts on humanitarian principles. To address these issues, we have conducted a scoping exercise to assess the depth and scale of non-commercial and commercial business engagement in humanitarian relief; conducted eight illustrative case studies; and interviewed numerous experts and practitioners.

Company engagement in humanitarian relief, especially on a non-commercial basis, is a relatively new phenomenon. Existing literature is rare and data collection proved difficult. The scope of the study was limited in several ways. The report looks at direct forms of business engagement – not at companies as donors. Furthermore, while small-business initiatives play the most significant role in local relief operations, they are not likely to have the overarching programmes of larger companies, nor are they likely to be involved beyond the local level (see IFRC, 2005: Chapter 4). The focus here is thus more on global rather than local businesses. The report does not assess longer-term issues related to reconstruction and development. It looks at business engagement in natural disaster and conflict response – excluding security companies and non-relief-related post-conflict reconstruction (discussed extensively in Wheeler and Harmer et al., 2005). A systematic evaluation of the value of business engagement in humanitarian relief lies beyond the scope of this study. So far, assessments are *ad hoc*, anecdotal or unavailable. Given these limitations, this study should be regarded as a contribution to the evolving debate on the role of the private sector in humanitarian relief.

Our research revealed the following findings:

- In terms of the absolute number of corporate non-commercial initiatives, a growth in engagement can be

¹ Business engagement of this type is referred to as 'non-commercial engagement' in the text.

² Interview with a representative of a network organisation of humanitarian and development NGOs, 12 May 2006.

observed. The majority of these corporate-led initiatives emerged in the aftermath of the 2004 Indian Ocean tsunami. The vast majority of these initiatives are related to natural disasters, rather than conflict settings.

- The significance of non-commercial engagement in terms of funds generated for relief remains relatively small. Perceptions of a growing trend in non-commercial company engagement in humanitarian relief may be based largely on effective public relations/brand management campaigns by companies involved in this field.
- Business engagement mainly occurs in one of three forms: as single company initiatives, as partnerships with traditional humanitarian actors, or as ‘meta-initiatives’ (for an explanation of these three types of business engagement, see chapter 3.1).
- Companies are motivated by a range of factors. The most prominent are positive branding and a desire to motivate staff.
- The widely-held perception that companies increasingly compete on a commercial basis with traditional humanitarian actors seems overstated. This perception may have been influenced by the highly publicised instances of corporations receiving large USAID contracts during the Afghan and Iraq wars, as well as confusion over which budgets such contracts come from (developmental, humanitarian or other).³

- To date, commercial business engagement seems to be largely limited to reconstruction and long-term development.
- Irrespective of whether their engagement is based on a commercial or non-commercial model, companies appear reluctant to provide privileged information. Many company representatives do not have time to participate in studies that are not beneficial to their businesses. The fact that companies do not provide information may also indicate that there is little of substance to report.

The study is structured as follows. Chapter 2 places the discussion of company engagement in humanitarian relief within the broader debate on recent changes in the humanitarian domain. Chapter 3 focuses on the non-commercial engagement of companies in humanitarian relief, through partnerships with traditional humanitarian actors or participation in unilateral CSR initiatives. Chapter 4 analyses the commercial engagement of companies in humanitarian relief. Finally, chapter 5 offers policy recommendations for traditional humanitarian relief agencies, government donors and the private sector.

³ Phone interview with an NGO representative, 21 April 2006. The GDA Report 2006 states, however, that reconstruction of countries such as Afghanistan and Iraq is increasingly funded out of development assistance rather than humanitarian budgets (Development Initiatives, 2006: 8).

Chapter 2

The humanitarian domain: key trends and developments

A substantive assessment of the changing role business plays in humanitarian relief requires a good understanding of both the structure of the humanitarian domain, and the nature of the private sector. Generally, business actors respond to direct or indirect economic incentives. Some of these, such as demand or (financial) opportunity, are also relevant to the behaviour of humanitarian actors. Other economic rationales, such as profit-making or maximising efficiency in order to increase profits, are little known to humanitarian actors. Most importantly, however, what distinguishes the two types of actors is priority: whereas economic incentives are *imperative* to business actors' behaviour, they are only *secondary* for humanitarian actors. Therefore, to fully appreciate how private sector actors perceive the structural context of their engagement in humanitarian relief, we believe it is appropriate to use the market as an analogy for the humanitarian domain.

2.1 The transformation of the humanitarian domain: an emerging market?

During the past several decades, the humanitarian sector has been dominated operationally, and in terms of funds received, by a handful of non-profit relief agencies rather than by commercial or state actors. This dominance, combined with the neutrality and independence of providing care, has long kept humanitarian action at the margins of international politics (Levine, 2004: 1). Until the late 1980s, humanitarianism 'barely existed as a field' (see Barnett, 2005: 729). Since the early 1990s, however, this has started to change, as a result of three key developments.

First, since the 1990s natural disasters have become more frequent and visible (see Calhoun, 2004). This has led to apparent growth in the 'market'⁴ for humanitarian assistance, not only in terms of financial volume but also in terms of the number of market participants (World Bank, 2006: 5). This growth is reflected in the dramatic increase in official assistance, from \$2.3 billion in 1990 to approximately \$8.4 billion in 2005 (Development Initiatives, 2006: 7). As a percentage of official development assistance (ODA), humanitarian aid rose from an

average of 5.8% for the period 1989 to 1993 to 14% in 2005 (see Development Initiatives, 2006: 8). Private contributions to humanitarian assistance also increased significantly. According to OCHA's Financial Tracking Service, private contributions rose from 14% of total humanitarian assistance in 2001 to about 35% in 2005 (<http://ocha.unog.ch/fts2/>).

In both official and private spending on humanitarian assistance, there is great variation from year to year. Practitioners complain that donors often respond disproportionately to emergencies, as contributions are not always made where the need is greatest, but rather serve donors' own political agendas and priorities. Resources are concentrated on high-profile emergencies, and there is an observable bias towards quick-onset disasters at the expense of slow-onset and chronic disasters (see Levine, 2004: 5; Development Initiatives, 2006: 28). Nonetheless, when compared to development aid, humanitarian assistance spending has shown stronger growth rates over the past few years. Following the trend of preceding years, in 2005 humanitarian spending grew faster than ODA as a whole (Development Initiatives, 2006: 7).⁵ The 2005 financial flows are significantly influenced by the unprecedented response, both private and public, to the Indian Ocean tsunami (Development Initiatives, 2006: 49). The steady increase in financial assistance since the early 1990s, as well as the expansion of actors involved, has intensified competition for funding and projects. This, many believe, has created new coordination problems in the field (see for example Minear, 1999; Reindorp and Wiles, 2001).

Second, because of increasing competition and large-scale, well-publicised failures to respond to major disasters such as the Rwandan genocide, there have been pressures from within the community and from donor governments to professionalise humanitarian work (see Terry, 2002).⁶ In particular, the latter have started to press for greater accountability and the

⁵ ODA net of debt relief, humanitarian spending including relief disbursement in response to the tsunami (Development Initiatives, 2006: 7).

⁶ De Torrente (2005: 3ff) distinguishes between three different but related dimensions of professionalisation. One dimension is that, in response to growing complexity, activity in humanitarianism is becoming a profession, which demands a specific profile, and thus specific training. At the same time, humanitarian professions are becoming more diverse. While traditional activity in the field remains at the core of humanitarian activity, increasingly administrative, managerial and organisational posts are necessary to coordinate and organise humanitarian work within an individual organisation. This development is linked to a second dimension, whereby employment in the humanitarian field is increasingly moving from voluntary to paid work. These two dimensions of professionalisation can be seen as a result of the drive towards the enhanced effectiveness of humanitarian work. The third dimension is, therefore, the increased bureaucratisation of humanitarian work, and a move away from improvisation and informality.

⁴ Using the term 'market' in the context of humanitarian relief is problematic. Helping people who are suffering physically and mentally from the effects of natural and man-made disasters is not a typical business. It is reasonable to argue that the system that brings aid to those who have lost their loved ones, their homes and means of living due to natural disasters or wars, should probably not be compelled to function according to market laws. But for better or worse, an industry has developed around humanitarian aid, permitting us to speak of a humanitarian 'market'. The trade fair in Dubai at the beginning of 2006, the largest ever held, is a good example of this trend.

adoption of business management approaches – such as a greater division of labour, specialisation, formalisation and standardisation of workflows. The pressure to professionalise is also reflected in the growing use of business language and business tools amongst humanitarian practitioners (see Barnett, 2005: 725; Levine, 2004: 1ff; de Torrente, 2005). In response to reviews of a number of crises, such as Rwanda and Sudan, and critiques from within the humanitarian community and from donors, there have been attempts to standardise the previously informal rules guiding humanitarian action (see Barnett, 2005; Gostelow, 1999).⁷ This has led to a proliferation of principles and codes of conduct (see Barnett, 2005; Levine, 2004; Hopgood, 2005; Anderson, 1999). At bottom, each of these codes and principles depends on concepts of humanity, neutrality and impartiality.

Finally, since the end of the Cold War humanitarianism has increasingly become both a means *and* an end of foreign policy; civil and military interventions for humanitarian purposes are increasing and some argue that they have emerged as an organising principle of today's international relations (see Macrae, cited in Levine, 2004: 3). As a result, governments now seek to exert greater control over how resources are spent (Barnett, 2005: 731). Funding decisions are often based on political interest (Levine, 2004: 4). At the same time, the increasing dependence of many humanitarian actors on governmental donors makes it easier for the latter to influence the work of the former: 'The most important control mechanism [comes] from the power of the purse' (Barnett, 2005: 731). Today, more than two-thirds of available public funds are spent bilaterally (Development Initiatives, 2006: 7). This increased presence of donor governments in the humanitarian sphere, and the funding patterns that result, affect both traditional, non-profit actors and for-profit companies alike (see Barnett, 2005: 725; Levine, 2004: 3).

The convergence of these three developments seems to have created a friendlier atmosphere for commercial engagement in humanitarian relief: for-profit actors should quite naturally be attracted by the growth of the market; they already possess the business management tools governments increasingly demand; and donors may see for-profits as more willing to comply with their directives than NGOs. However, before jumping to conclusions we need a better understanding of the structure and dynamics of the humanitarian domain.

2.2 The humanitarian domain as a quasi-market dominated by several big players

A closer look at the fundamental structure and dynamics underpinning the humanitarian endeavour gives us reason to believe that commercial engagement will not necessarily become widespread.

⁷ For example, the Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief; the Providence Principles assembled by a number of NGOs; and the SPHERE Project.

The humanitarian market is probably best characterised as a quasi-market (Harford, 2004: 3). Quasi-markets exhibit an indirect producer–consumer relationship. In regular markets, consumers purchase goods and services. In the market for humanitarian relief, however, the consumer (i.e. the aid recipient) neither purchases nor pays for the delivered service. Rather, public or private donors finance the transaction. In other words, there is an indirect producer–consumer relationship: aid agencies are the producers, donors the buyers and aid recipients the consumers. As a result, the market is loaded with asymmetries. Donors have difficulty determining whether the services they pay for are indeed adequately delivered, while recipients have few means of effectively making complaints or airing grievances. This in turn results in moral hazards, such as weak incentives on the part of the aid agency to deliver good-quality services efficiently. Political and information asymmetries are common factors preventing the market from performing to its full capacity (see Easterly, 2002; Harford, 2004; Cooley, 2002; Rose-Ackerman, 1996).

These distortions of the humanitarian market exist regardless of whether the actors are for-profit or non-profit. From the perspective of economic theory, what distinguishes the two types of actors is that non-profits have a 'non-distribution constraint' (Rose-Ackerman, 1996: 717). That is, non-profits have neither shareholders nor owners, nor do they make any profit, and are thus not constrained to distribute their income to a specific group of people. For-profits, on the other hand, need to cater to their shareholders or, if held privately, to their owners.⁸ The non-profits' non-distribution constraint is legally required in many countries, where not-for-profit actors cannot retain portions of the donations as income. As a result, not-for-profits have fundraising advantages in a market where donors, both private and public, want to be certain that the money spent (taxes in the case of government donors, earned income in the case of private donors) will reach the beneficiaries rather than increase company profits (Rose-Ackerman, 1996: 717).⁹

A further characteristic of the humanitarian market is its oligopolistic structure, on the demand as well as the supply side. The demand side of the humanitarian market is dominated by a small number of NGOs, namely CARE International, World Vision, Save the Children, Oxfam and MSF, with annual budgets ranging from over \$400 million to roughly \$2 billion.¹⁰ The remainder of the market is

⁸ As Easley and O'Hara observe: '[I]n buying food for our own consumption we can observe the products we are purchasing. In donating money to feed Ethiopian famine victims, however, we are not likely to travel to Ethiopia to observe the delivery of the food. The non-profit's non-distribution constraint assures us that our entire donation will not end up in the manager's bank account. If we donate to a for-profit firm, however, what assurance do we have that the money provides food to Ethiopians rather than profits to the owners?' (Easley and O'Hara, 1983: 532).

⁹ Interview with a representative from the German government, 2 May 2006.

¹⁰ Information gathered from the organisations' websites. In 2004, 21 NGO groupings received 50% of all humanitarian spending channelled through NGOs.

distributed across a (steadily increasing) number of small actors, which compete fiercely for market share (Barnett, 2005). On the supply side, we find a handful of public donors, such as the US, the UK, the European Commission Humanitarian Aid Office (ECHO), Sweden, the Netherlands, Switzerland and Canada – who together provide over 63% of overall humanitarian assistance (OCHA Financial Tracking System, <http://ocha.unog.ch/fts/index.aspx>). The remaining aid is supplied by an increasing number of donors, both private and public.

2.3 Conclusion

The analysis above highlights two important points. First, the ongoing transformation of the humanitarian domain has created an atmosphere conducive to more extensive private sector engagement in humanitarian relief. At the same time, an analysis of the fundamental structure of the ‘quasi-market’ for humanitarian relief suggests that the ‘commercialisation’ of relief is unlikely; traditional humanitarian actors, in particular non-profits, enjoy a strategic advantage over potential private sector competitors.

Chapter 3

The new face of corporate philanthropy?

The changing nature of business engagement in humanitarian relief

For many years, the business community has been an active and important contributor to humanitarian relief, primarily through its philanthropic activities. Corporate philanthropy in humanitarian relief has steadily increased over the past several decades (Whiteman et al., 2005; Foundation Center, 2006). While exact figures vary, it is widely believed that corporate donations reached a record high with the Indian Ocean tsunami in 2004 (Whiteman et al., 2005; UN Office of the Secretary General's Special Envoy for Tsunami Recovery, 2006: 5).

While corporate philanthropy remains important, companies increasingly appear to seek more direct ways of engaging in humanitarian relief operations, for example through so-called 'partnerships' or 'multi-stakeholder initiatives'. Some companies – albeit much smaller in number – also engage directly in relief.

3.1 Results of scoping exercise

The scoping exercise used in this study was assembled largely through internet research and expanded on through interviews. It identified 61 initiatives in which the private sector engages in humanitarian relief on a non-commercial basis (for a list of initiatives, see Appendix I).¹¹ Overall, the scoping exercise identified a number of key elements of non-commercial business engagement in humanitarian relief, which, together, constitute a new form of corporate engagement in this area.

Beyond sharing common ground to the extent that the engagement is non-commercial, the company initiatives identified in the scoping exercise vary greatly with respect to their development, structure, management and funding arrangements. We categorised the initiatives into three groups and identified trends based on industry sector, firm size, firm location, leadership commitment and a variety of other factors. These three types are:¹²

- 1) *Single company engagement*: initiatives launched and implemented by a single corporation, which often emerge in response to a specific crisis and are most frequently planned and executed by company CSR departments. Such

¹¹ The list of initiatives is not exhaustive. The method of identifying cases primarily through internet research and expert interviews is biased towards larger initiatives, which are able to communicate their work effectively. In addition, this selection does not include traditional corporate cash donations.

¹² This is not an analytical typology. This categorisation is used here as a heuristic device in order to illustrate the breadth of non-commercial business relief in humanitarian relief.

Box 1: The IBM Worldwide Crisis Response Team

IBM, with annual revenues of \$91.1 billion, was one of the first major corporations to shift its strategy of corporate giving from philanthropy to unilateral business engagement in disaster relief (Woodworth, 2001; IBM, 2005).¹³ IBM's Worldwide Crisis Response Team was launched in 1993 to establish 'initial response and recovery services for our IBM commercial clients' (see Agnew, 2005). Today, it also provides pre-disaster risk assessment, insurance and disaster relief for employees and their communities. It also offers IT goods, services and expertise in logistics and management to governments and organisations in disaster response efforts. Since 1993, Crisis Response Teams have aided disaster relief in 49 countries related to more than 70 major natural and man-made disasters (IBM, 2004; GPPI interview, 2006).

With the Crisis Response Team, IBM increased the impact of its humanitarian contributions, and assured that its funds would be used effectively (GPPI interview, 2006). It was also practical. The commercial branch of IBM has profited from the lessons learned, which have been incorporated into its disaster consulting practice, and from expertise gained in humanitarian disaster relief.¹⁴ IBM's expenditures on disaster-related humanitarian action are not significant compared to the profitability of its disaster consulting practice, the Business Continuity and Recovery Services, which generates an estimated revenue of \$600 million a year (see Lohr, 2001; Fortune Magazine, 2006).

IBM involvement at the national level follows either a government request for help or an IBM-initiated discussion with high-level government officials about its potential role. Once invited to engage, an IBM Crisis Response Team of trained experts works alongside local volunteers, business partners and other humanitarian relief organisations (Agnew, 2005; IBM, 2005; GPPI interview, 2006). To encourage sustainability, the teams develop an exit strategy and train local people for eventual takeover. At the close of operations, the teams assess their performance and identify lessons learned for the future (GPPI interview, 2006).

initiatives range from traditional philanthropy (e.g. coordinating company staff donations) to fully-fledged, company-run relief operations in disaster regions (including

¹³ Interview with a representative of IBM's Crises Response Group, June 2006.

¹⁴ The IBM commercial crisis management services website advertises the expertise gained in past humanitarian crisis responses (see www-1.ibm.com/services/us/index.wss/offering/bcrs/a1000265_06).

Box 2: Motorola's partnership with Care International

Communications technology company Motorola, Inc. had annual sales of \$27.1 billion in 2003. It initiated a partnership in 2004 with CARE International. CARE has an annual budget of approximately \$565 million (CARE, 2005). According to CARE's president and CEO, Peter Bell, the partnership seeks to 'link isolated communities to the outside world and help save lives' by providing remote areas with communications technology. Motorola has donated radio communications systems in Bangladesh, the Democratic Republic of Congo (DRC) and Peru. Motorola's donation is valued at \$1 million.

According to Motorola, its motivation for engaging in the partnership with CARE is that it constitutes 'an excellent opportunity for us to leverage our expertise in radio communications and make a significant contribution to the community' (Motorola, 2004). In addition, Motorola offers its products and services for the purposes of humanitarian relief at least in part to establish a presence in new markets. Administratively, Motorola's marketing, sales and field services sections are all involved in the management and implementation of the partnership (GPPI Interview, 2006). So far, there are no publicly available evaluations of the effects of the partnership. However, CARE and Bangladeshi government representatives highlighted Motorola's positive contribution, stating that its radio device donations could serve communities by improving household security (see <http://www.thedailystar.net/2004/12/01/d41201160398.html>).

There are plans to expand the scope of the partnership. Motorola recently made an additional grant to CARE to help rebuild schools following the earthquake in Pakistan in 2005. There are continuing discussions around how CARE and Motorola could form a partnership in India. The willingness of Motorola to expand its partnership with CARE is a testament not only to its success, but also to Motorola's desire to continue exploring new market potential in developing regions.

self-standing initiatives engaging through in-kind donations and through involving company staff in the management and implementation of relief operations).

- 2) *Partnerships*. Partnerships refer to multi-stakeholder initiatives that bring together corporations and traditional humanitarian actors such as the United Nations, bilateral development organisations and/or NGOs.¹⁵ This arrangement was the most common type of initiative identified in the scoping exercise (with 52 examples). The number of organisations involved in a partnership varies greatly: many bring together only two partners (business–NGO; business–

¹⁵ Broadly speaking, partnerships can be described as voluntary and collaborative initiatives that bring together actors from various sectors (including business, civil society and the public sector) to achieve a common objective or undertake a specific task, and to share risks and responsibilities as well as resources and benefits. For a more in-depth discussion of the term 'partnership', see Witte and Reinicke, 2005: chapter 2.

government), while others have developed into broad-based initiatives with ten or more collaborating organisations.

- 3) *Meta-initiatives*. Meta-initiatives involve companies and other actors joining forces to enhance coordination in humanitarian relief work and to share lessons learned. The stated goal of some meta-initiatives, such as the Disaster Relief Initiative (DRI), also includes the establishment of standby capacity, often in addition to engagement through CSR initiatives and/or partnerships. Various meta-initiatives have been launched, facilitated by business associations such as the World Economic Forum or the Fritz Institute. Meta-initiatives are designed to facilitate more effective industry-wide action in humanitarian relief, to avoid duplication of effort and to take advantage of economies of scale. They also seek to overcome the limitations of the ad hoc nature of giving in emergency response. They aim at systematising and formalising response.

Box 3: The Disaster Resource Network (DRN)

The Disaster Resource Network (DRN) was established by the World Economic Forum in 2001. It is envisaged as a bridge between traditional relief actors and businesses willing to contribute to the prevention and mitigation of disasters. The mission of the DRN is 'to mobilise the resources of the international business community to rebuild the lives and livelihoods threatened by natural and man-made disasters' (see <http://www2.drnglobal.org/home>). DRN relief efforts include sending medical emergency teams, shipping relief supplies, donating emergency communications technology and computers and deploying Airport Emergency Teams (AETs) of logistics experts and heavy equipment operators to run airport operations in disaster areas. Through the DRN, World Economic Forum members have contributed to relief efforts following the 2004 tsunami; Hurricane Katrina in the United States; the November 2005 earthquake in South Asia; and the May 2006 earthquake in Indonesia.

The DRN identifies gaps in existing relief efforts and approaches companies capable of filling them. Since 2001, the DRN has worked with a variety of local actors in affected regions as well as traditional humanitarian assistance organisations (GPPI interview, 2006; DRN: <http://www.weforum.org/pdf/Indonesia.pdf>, 2006). Businesses donate both financially and in-kind, and give finances either to a specific disaster or through sustained unspecified giving. In general, contributions range from \$500 to \$300,000 (see World Economic Forum, 2003). The DRN estimates the AET's contribution at \$1.7 million in volunteer labour and services to the tsunami emergency relief effort.¹⁶ Between \$300,000 and \$500,000 is kept as reserves by the DRN so that it can respond to disasters immediately. DRN involvement in a disaster is based on UN and NGO requests for relief aid; however, AET deployment requires the agreement of the local government.

¹⁶ See www.weforum.org/site/homepublic.nsf/Content/Disaster+Resource+Network%3A+Current+Projects.

Company contributions to humanitarian relief range from donations of immediate aid supplies (food, water, blankets) to logistics (providing free transport as well as improving logistical systems and efficiency), technology (especially computer hard- and software), communications equipment and monetary donations. Companies from a broad range of industry sectors have engaged in humanitarian relief on a non-commercial basis, but three sectors appear particularly prominent – logistics, information technology (IT) and telecommunications – due to the relevance of contributions in these three sectors to disaster relief operations.

The majority of non-commercial initiatives in the scoping exercise focus on major sudden-onset natural disasters rather than man-made disasters, such as conflicts, or gradual-onset disasters, such as droughts.¹⁷ Interviews with company representatives suggest that corporations tend to avoid post-conflict disaster relief because of the associated dangers – related to their security and their standing in relevant communities.¹⁸ Post-natural disaster relief is ‘easier to navigate’ and involves fewer complex questions about liability and insurance for company staff working at the site of the disaster. Engagement in post-conflict relief may also raise

17 For a similar finding in the disaster prevention arena, see Warhurst, 2006. Health disasters such as the SARS and AIDS epidemics were not considered in the scope of this report.

18 Without exception, all corporate interviewees noted a clear preference for working in humanitarian relief operations after natural disasters. This probably related to the fact that the nature of conflicts has changed significantly over the past decade. While inter-state conflicts continue to attract significant attention and media coverage, the predominant number of new conflicts are low-intensity yet often protracted civil wars (see e.g. Collier et al., 2003). The changing structure and intensity of conflicts generates a range of new challenges for efforts not only in conflict prevention but also in post-conflict relief, reconstruction and development.

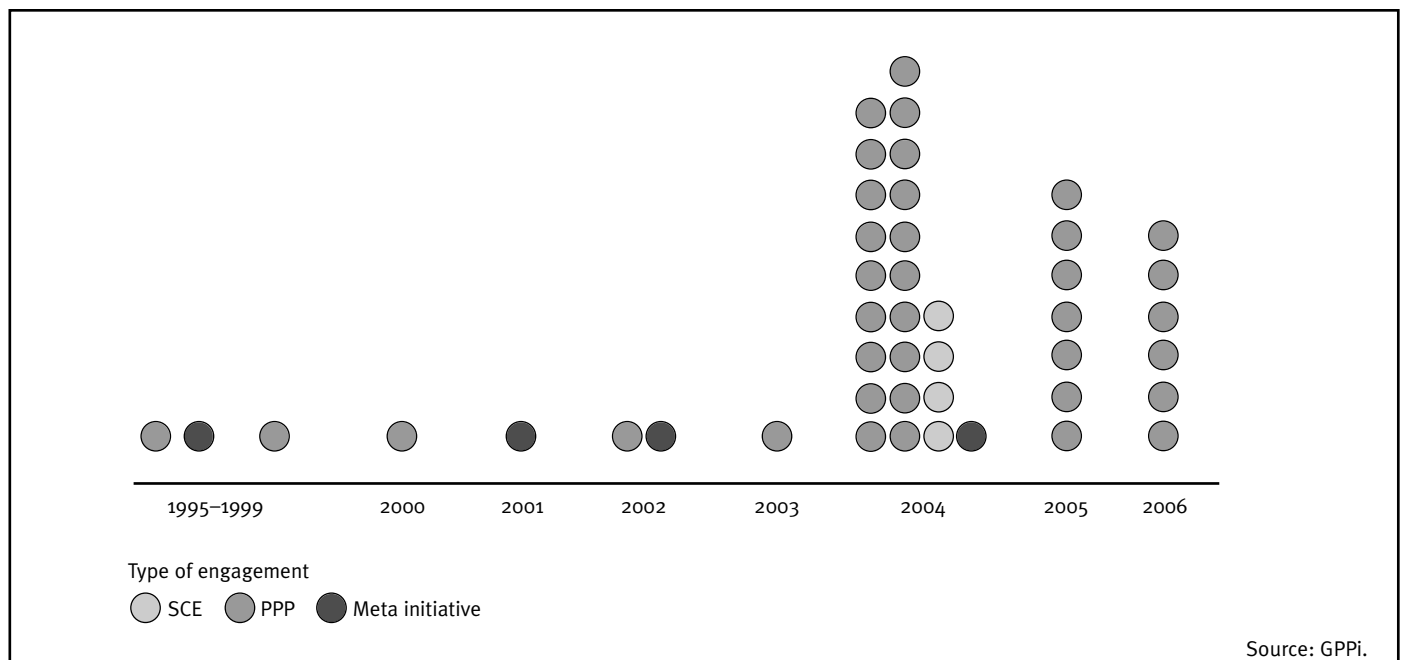
reputational issues, such as being associated with the conflict or being forced to take sides. In cases where businesses do engage in post-conflict disaster relief, it is usually not in the form of partnerships but indirectly, for instance through fundraising or providing technology to be implemented by traditional humanitarian agencies.

The scoping exercise indicated that the vast majority of initiatives emerged immediately after the 2004 tsunami (see Figure 1).

Figure 1 demonstrates that the tsunami was a catalytic event, helping to increase awareness of and active contributions to humanitarian operations within the business community. It is questionable, though, whether business support following major events such as the tsunami will be sustainable over time (see also section 3.3).

Our research shows that the average size of initiatives, measured by budgets per annum, is approximately \$2 million (see Appendix I). The largest initiative has an annual budget of \$10 million (TNT’s ‘Moving the World’), while the smallest initiative has a budget of \$10,000 (the partnership between Brandix Lanka and UNDP). Assembling budget data for these initiatives proved extremely difficult. In most cases, data is not publicly available and was not provided at our request. Only a minority of initiatives (22) surveyed provided exact data on funding. Moreover, even when budget data is provided, the exact time period for allocated budgets is often unclear, and it is not clear whether companies calculate their contributions according to market rates, or internal ones. Interviews suggest that market rates are used, which would mean that the actual financial commitments are overstated.

Figure 1: Founding dates of initiatives



Source: GPPI.

3.2 Analysis and conclusions

The scoping exercise provides a broad and illustrative, yet to a large extent descriptive, picture of the breadth and scope of non-commercial business engagement in humanitarian relief. For that reason, we also conducted five case studies (see Appendix III). Based on the scoping exercise and the case studies, what conclusions can we draw in relation to the key research questions raised at the outset?

3.2.1 Significance of non-commercial business engagement in humanitarian relief

The scoping exercise suggests that the non-commercial engagement of business has become an increasingly common feature of the humanitarian relief domain. During the past decade, the number of partnerships and CSR initiatives in humanitarian relief has increased significantly. However, this must be viewed in perspective.

First, it is important to recognise that much of the growth in non-commercial business engagement was primarily driven by the Indian Ocean tsunami in 2004. More than 90% of the initiatives in the scoping exercise were launched in response to that catastrophe. Since then, the growth rate in new initiatives has levelled off. Based on the number of new initiatives and companies engaged, there are no signs that there is consistent and significant growth independent of large-scale disasters. In fact, non-commercial business engagement in relief has not been as significant in other disasters (such as the Kashmir earthquake in 2005), suggesting that the tsunami may have been a singular event. At the same time, the fact that the overall number of non-commercial business initiatives is not growing may also be a result of an ongoing process of consolidation. Various companies appear to be joining forces in meta-initiatives, with the intention of enhancing coordination and learning. Humanitarian relief experts see this as a positive phenomenon, since the new meta-initiatives tend to reduce transaction costs and help educate corporate managers in the complexities and intricacies of humanitarian relief work.¹⁹

Second, the significance of non-commercial engagement in humanitarian relief should not simply be judged by the number of new initiatives and the number of companies that are active. Another, probably more useful, indicator is the scale of overall funding being channelled into humanitarian relief activities through these new types of initiatives. While consistent and reliable data about the financial size of initiatives is difficult to obtain, our research suggests that their overall significance in terms of funding generated for relief work remains small, at least in relation to overall

¹⁹ Interview with a UN representative conducted by the authors, 31 May 2006. Various others supported that view, including for example Benedicte Pansier (Donor Relations Officer, World Food Programme) and Ros Tennyson (Director, The Partnering Initiative, IBLF) (comments made during a workshop on the role of business in humanitarian/disaster relief at the Annual Private Sector Focal Points Conference in Paris, 31 May 2006, jointly organised by the UN Global Compact Office, UNFIP and UNESCO).

humanitarian aid budgets from private cash donations and government donor contributions. The media attention some of these initiatives frequently attract stands in stark contrast to the fact that the overwhelming number run on budgets well below \$500,000 per year. These numbers pale in comparison to overall corporate philanthropic cash contributions, the sum total of private individual giving and, particularly, overall government spending on humanitarian action (see chapter 2). In most cases, it is also unclear how corporate support will be sustained as there are no multi-year funding commitments.

Of course, the level of funding that is available is not necessarily an appropriate predictor of impact. As our case studies suggest, even comparatively small initiatives have the potential to develop significant impact and produce a variety of positive outcomes. This applies in particular to partnerships that are not only mechanisms for the delivery of humanitarian action, but also effective conduits for knowledge exchange and learning. Without exception, interviewees from both private and humanitarian agencies with experience of partnerships emphasised the positive impact of non-commercial business engagement on the sector as a whole.²⁰ UN interviewees highlighted the important role partnerships play in bringing knowledge and expertise into the UN (GPPi interviews, 2006). However, while individual initiatives and companies make notable contributions to humanitarian relief, overall non-commercial engagement in humanitarian relief remains a niche phenomenon.

3.2.2 Forms and management of non-commercial business engagement

Our research highlights two reasons why companies prefer to act through partnerships rather than alone. First, many companies recognise that becoming involved in the management and implementation of humanitarian relief can be difficult and risky. Delivering aid in a post-conflict or post-disaster situation usually requires operating in very complex and frequently dangerous environments. Companies tend to look for experienced partners to help them avoid mistakes and reduce risks (GPPi interviews, 2006). Second, companies are frequently interested in building partnerships with well-known and reputable NGOs or inter-governmental agencies, such as the UN, in order to profit in terms of their image. Humanitarian NGOs such as Save the Children or CARE International have high and very positive international visibility. Associating a company with such organisations can help to improve that company's public profile. In identifying suitable partners, companies tend to be highly selective. Competence and a reputation for efficiency is another important selection factor. Companies also tend to choose partners that suit their strategic branding needs.

²⁰ In addition, Warhurst (2006: 6) notes that 'through long-term cooperation and learning on both sides of the partnerships [in disaster relief], the humanitarian organisations find themselves increasingly able to engage with their corporate partners on prevention and mitigation, not just crisis. This suggests that partnerships should be seen as learning journeys'.

In terms of the planning and management of humanitarian relief work, in most companies CSR or communications departments are in charge. There are a few examples (one is TNT's 'Moving the World' initiative) where humanitarian relief activities are organised in a completely separate department within the company. This is usually the case when the engagement is both very significant and long-term. There appears to be very little integration of humanitarian relief activities into core business planning and management structures. This separation does not appear to be directly correlated with the quality of the humanitarian work companies do, although several interviewees pointed out that corporate engagement tended to remain precarious inside the company if an initiative did not involve departments beyond CSR (GPPI interview, 2006). Given that a considerable number of initiatives are initiated by the CEO or a board member, they frequently attract senior management attention, which helps them maintain the necessary support inside the company.²¹ Several interviewees noted that business engagement is often un-strategic to start with (especially with respect to partner selection, where to help and what to do), and becomes more strategic over time (GPPI interview, 2006).

With regard to the modalities of funding such corporate engagement in humanitarian relief, in most companies activities are paid for out of the general CSR or communications budgets. In terms of sustainability, this can be problematic. Expenses for CSR are usually pure cost centres within a company, and therefore tend to be subject to the vagaries of the business cycle, so that 'defending' CSR budgets within companies is usually not easy. Much like traditional philanthropy, financial commitments to partnerships and other initiatives in humanitarian relief will increase during good times, and decline during bad (see also Warhurst, 2006: 10; GPPI interview 2006).²² However, given the novelty of the initiatives surveyed in this report, no conclusive evidence exists to support this conclusion.

As corporate engagement in humanitarian relief matures, there appears to be a determined effort to professionalise the practice. This is reflected in the growth of meta-initiatives such as the DRN, which help companies share lessons learned and best practice, and facilitate the coordination of future activities. This professionalisation frequently appears to be correlated with a determined effort to enhance brand visibility (i.e. to maximise the reputational benefits of non-commercial engagement), and to reduce the direct cash outflow (in exchange for greater in-kind engagement).

None of the initiatives surveyed for this report had conducted a thorough independent evaluation and/or impact assessment (see also Warhurst, 2006: 11). Without evaluation and impact assessment, it will be impossible to gather lessons learned and

best practice. The lack of impact assessment also inhibits proper benchmarking. Several companies (including IBM and TNT) conduct regular internal reviews of their engagement in disaster relief work, but it is unclear to what extent these look at overall impact and the management of the particular initiative, or the extent to which the results of such reviews are shared with partners. In interviews, several business representatives agreed that evaluation and impact assessment are needed, and noted that, in the future, such activities would be launched. However, at this stage there appears to be little willingness to open up these initiatives to independent and external evaluation.

3.2.3 Business motivation

In order to project how the non-commercial engagement of business in humanitarian relief is likely to evolve in the future, and to assess implications for traditional humanitarian actors, it is important to understand the motivations behind such engagement. Our research suggests that there are four drivers behind the engagement of business in humanitarian relief: a desire to build a positive brand and to 'insure' against potential future political crises; staff motivation; an attempt to gather business intelligence; and, finally, a desire to 'do good'. Ultimately, the importance of each factor depends on the company in question, its location, its market position, and a variety of other factors.

Corporate image and identity

The increasing importance of CSR is frequently explained as the result of rising external stakeholder pressure.²³ Over the past decade, companies – especially large transnational corporations – have faced increasing scrutiny, particularly from advocacy NGOs pushing them to demonstrate their environmental and social conscience. Consumers are also said to have become more selective in their choices, preferring the products of companies that demonstrate a superior environmental or social record (see Vogel, 2005: 49ff; De Pelsmacker, Driesen and Rayp, 2005).

None of the company representatives interviewed for this study regarded direct stakeholder pressure as the only or even most decisive driver behind their decision to engage in humanitarian relief.²⁴ Rather than a reaction to external pressures, many business interviewees explained their company's engagement primarily as an investment in proactive brand-building²⁵ and reputation management, and

²³ The most significant group that has started to put pressure on companies is advocacy NGOs. There is ample evidence to demonstrate the impact NGO advocacy can have on a company's business. This applies in particular to brand-sensitive corporations (see also Little, 2001: 1).

²⁴ Many made reference to the increasing pressure of civil society organisations on companies to 'behave responsibly'. None, however, established a direct link between their current engagement in humanitarian relief and direct advocacy pressure exerted by NGOs.

²⁵ Note that branding cannot be confused with PR activities. In contrast to PR, which is short-term and changes considerably over time, branding is a long-term strategy. Branding aims to build up a company's identity in very general terms. It is targeted at consumers and also at future employees and investors. In other words, PR is the slogan, branding the idea behind it.

²¹ Several interviewees highlighted the crucial importance of senior management 'buy-in' and continued support to partnerships or CSR initiatives in the humanitarian domain.

²² On the more general 'slack resources theory', see Waddock and Graves, 1997.

an opportunity to contribute to the communities in which they operated. Engagement in humanitarian relief on a non-commercial basis is part of a strategy to establish the company as a good corporate citizen. This is in part ‘insurance’ against potential future problems (building up brand equity, establishing relations with external stakeholders that may be useful later), and in part a strategy to reach out to consumers, clients, suppliers and other relevant stakeholders.

Staff motivation

A second driver behind corporate engagement in humanitarian relief, and the one most frequently highlighted by interviewees, is the desire to motivate staff (GPPI interviews, 2006; see also Campher, 2005; Warhurst, 2006). Ultimately, the goal is either to increase the company’s appeal to new talent, or to keep existing staff on board, thereby reducing staff turnover. The idea is that a company that is seen to be an active ‘corporate citizen’ helping to ameliorate human suffering from disasters will enhance staff morale and staff identification with the company (see also Warhurst, 2006). Several studies have shown that companies with a demonstrable commitment to CSR are more effective performers in the ‘war for talent’ (see for example Tamkin et al., 2000; OECD, 2001).

It was also suggested that the impact of CSR on company staff is most effective where staff members become directly engaged in humanitarian relief operations.²⁶ A company that is donating money (for example by matching staff donations) is seen as a ‘good company’, but the effect on staff morale and motivation is less direct than in cases where companies facilitate staff voluntary participation in disaster response teams, as IBM, Deutsche Post World Net and TNT do. There have been efforts to quantify the benefits of increased staff morale from such activities, such as regular surveys conducted by TNT to assess the relevance of the partnership with WFP for TNT staff. The success of the initiative, and the remuneration for its manager, is determined at least in part by the outcomes of these surveys.²⁷ So far, however, publicly available consolidated data on the relationship between CSR engagement in humanitarian relief and staff morale does not exist.

Knowledge transfer and learning

A third significant driver behind business engagement appears to be the desire to learn from participation in humanitarian relief operations and to use this ‘intelligence’ to enhance business performance. This is especially relevant for industries where lessons from humanitarian relief operations may have some bearing on regular business operations and product development, in particular telecommunications and logistics. Such learning can be relevant for companies in a variety of ways:

- Engagement in disaster relief can tell companies how best to deal with supply chain interruptions. Relief operations

²⁶ Interview with a representative of an academic institute conducted by the authors in June 2006.

²⁷ Interview with an NGO representative conducted in June 2006.

often take place in the most difficult circumstances, where infrastructure is frequently damaged or completely destroyed.

- Disaster relief operations can teach businesses important lessons about how to operate in difficult social, political and environmental conditions. This includes enhancing businesses’ cultural sensitivity, which in turn enables them to test and optimise internal management.
- It has been noted that business is itself frequently a victim of natural or conflict-related disasters. Many companies were directly affected during and after the Indian Ocean tsunami. As a consequence, many companies have started developing disaster response strategies, and are taking steps to safeguard themselves against disasters and their consequences. Engagement in disaster relief operations can help them to learn about which strategies work and which do not (Twigg, 2001).
- As explained above, engagement in disaster relief operations can facilitate product development and add to a company’s record as a reliable service provider in stressful situations. This is certainly one of the benefits IBM derives from its non-commercial engagement, for its Business Recovery Unit. As one interviewee noted, some companies also send beta versions of new products to relief operations to expose them to vigorous testing in the field (GPPI interview, 2006).

Another related instigator of corporate engagement is the desire to ‘network’ with actors to whom they otherwise do not have access, in particular NGOs and the United Nations; many of the humanitarian relief initiatives with corporate participation appear to serve as platforms for multi-sectoral dialogue.

The likely benefits of engagement in disaster relief operations should not be overstated. For example, interviewed experts from logistics firms noted that relief logistics and corporate logistics were fundamentally different. Deutsche Post World Net, for example, does not expect to extract much useful business intelligence from its partnership with UNDP and OCHA (GPPI interview, 2006).

‘Doing good’

Finally, partnerships and CSR initiatives in the humanitarian relief domain tend to flow from a company’s effort to ‘do good’ or to ‘give something back to society’. In such cases, initiatives are often leadership-driven.²⁸ Company executives or board members often feel personally committed to a cause, and are willing to contribute resources to it.²⁹

There is a tendency among researchers and practitioners focusing on the business case for CSR either to ignore such

²⁸ See also Twigg, 2001, on the importance of leadership in disaster-related CSR initiatives.

²⁹ Some business interviewees maintained that, for corporate engagement in humanitarian relief to be sustainable over time, high-level buy-in is absolutely crucial. Interview with a representative of a corporation conducted by the authors, June 2006.

'old-style' philanthropy, or to dismiss it as unsustainable. Our interviews suggest, however, that in many cases the philanthropic motives of individual corporate leaders play a central role. We currently lack a solid understanding of what motivates such leadership, how it plays out within the company (i.e. how corporate initiatives that are driven by individual executives are managed), and what happens once leading corporate executives disappear from the scene. The research focus on identifying the business case is useful; however, we should not lose sight of the important role of philanthropy and individual leadership.

CSR as a (clever) way in to new markets?

It has been suggested that non-commercial engagement in humanitarian relief may simply be a shrewd tactic to enter new markets or to get access to new clients. Offering certain goods and services for free may open a lot of new doors. For example, TNT's record in its partnership 'Moving the World' is said to have convinced the Dutch government to look to the company to provide commercial services in health care logistics. In the same vein, the non-commercial engagement of the consulting firms Booz Allen Hamilton³⁰ and McKinsey & Company³¹ may have been the first steps in these firms securing profitable business opportunities later.

In other cases, such as donating technology, contributing goods to traditional humanitarian actors may simply hook the receiver into using a specific proprietary technology in which they will later have to invest further, thus benefiting the business. This was a key sticking point in the negotiations between Ericsson and the UN in the context of Ericsson's First on the Ground Initiative. The UN, while grateful for the support the company offered to its emergency response work, was concerned that adopting Ericsson technology would commit it to long-term servicing contracts.

Our research suggests that there is no conclusive evidence that the non-commercial engagement of companies in humanitarian relief is a systematic part of a broader strategy to win new business.

3.2.4 Impact on the humanitarian sector

At this early stage, the impact of corporate partnerships and CSR initiatives on traditional humanitarian actors is difficult to

³⁰ In June 2005 Booz Allen Hamilton, in cooperation with the US Chamber of Commerce Center for Corporate Citizenship, brought together 70 government, business and non-profit leaders to work on a Global Disaster Relief simulation as an exercise in public-private-nonprofit coordination. For more information, see the Booz Allen Hamilton website: www.boozallen.com/publications/article/884235?lpid=661123.

³¹ McKinsey is consulting NGOs from the sector and has been publishing for several years on issues such as the problem of coordination in humanitarian action. In the context of the tsunami, the company consulted the Rehabilitation and Reconstruction Agency for Aceh and Nias (BBR) of the Indonesian government and the Taskforce to Rebuild the Nation (Tafren) of the Sri Lankan government on how to deal with the huge inflow of donated money. This engagement was pro bono, but interviewees claim that, in the long run, such an engagement of McKinsey consultants must generate revenues, and is in competition with agencies such as UNDP (see McMahan, 2006).

assess. Overall, access to comparable and reliable data is very limited. Nonetheless, potential impact is possible in four areas.

Competition with NGOs?

The increasing engagement of business – even if it occurs on a non-commercial business model – raises the question whether traditional humanitarian actors, in particular NGOs, will be crowded out. Our research suggests that there appears to be little or no 'crowding out' effect. Our interviews and case studies show that engagement is often intended to be complementary (as in the case of logistics companies). In fact, the emergence of meta-initiatives could link traditional humanitarian actors such as NGOs to businesses that not only provide much-needed funding, but also offer worldwide contacts, logistical expertise or other relevant business skills and resources. In other words, business usually provides goods and services on a non-commercial basis that NGOs or governmental agencies do not have at their disposal.

Are voluntary contributions displacing donor funding?

A question repeatedly raised by observers concerns the likelihood that increased voluntary corporate engagement will make donors less willing to provide funds (GPPI interviews, 2006). If companies provide certain services – logistics, telecommunications – free of charge, then presumably donors can reduce their contributions to humanitarian relief operations. This scenario is particularly worrying since the sustainability of voluntary corporate engagement is not clear and, as explained above, may be volatile. However, none of the interviewees contacted for this study believed that governments had reduced their contributions to humanitarian relief operations because of voluntary company contributions in recent years. One reason may be the limited financial significance of the initiatives in question. If engagement were to increase significantly, a potential crowding out effect may become more likely.

What is the impact on coordination in the humanitarian sector?

A more general consequence of increasing corporate engagement in humanitarian relief concerns coordination. Large-scale disasters such as the tsunami have shown that coordination is already a significant challenge, and there are fears that these problems will only increase with the entry of new, business actors into the humanitarian realm. Many company representatives interviewed for this study are keenly aware of the general challenge coordination poses, and find it difficult to navigate the complex institutional environment: 'I find it difficult to determine who does what and why. It seems to me that institutions should become engaged based on their comparative institutional advantages. What would be important in my view is that there is better coordination – and less competition – so that we can really make a difference' (GPPI, 2006). The creation of meta-initiatives reflects the desire of companies to address these challenges. Thus far, there is no hard evidence pointing to increasing coordination challenges as a result of growing corporate engagement in

relief. The number of companies which currently engage directly in management and implementation is – at least when compared to the number of NGOs active in that domain – comparatively small.

However, several interviewees highlighted the difficulty of actually turning private sector intent into effective assistance, especially in the immediate aftermath of large-scale disasters. After the tsunami, institutions like OCHA were flooded with offers of help from the business community, most of it in-kind. It proved impossible for OCHA and others to effectively leverage that help because offers were unsuitable, or the necessary mechanisms and protocols were not in place to implement the offers. As a result, many post-tsunami evaluation reports detail the logistical difficulties that ensued when numerous unanticipated shipments of relief supplies (sometimes irrelevant to the task at hand) arrived at local airports and seaports, flooding the limited storage space available (for a detailed evaluation of the international response to the Indian Ocean tsunami, see Telford and Cosgrave, 2006). Despite huge efforts by companies such as DHL and TNT to handle logistics, bottlenecks at crucial arrival points occurred regularly. It became evident that greater linkage and coherence was needed between international humanitarian actors, corporate entities and local governments (*ibid.*).

Attempts were made to document corporate donations. For example, the UNDP Regional Centre in Bangkok created a private sector development assistance database (PS DAD) to document private sector contributions to post-tsunami relief, improve accountability and transparency and match supply with demand (see <http://tsunamitracking.org>). The PS DAD faced numerous challenges. Nonetheless, the final report shows that the pilot has been a valuable template for tracking private sector contributions specifically, and donor coordination more generally (UNDP, 2006).

What is the impact on humanitarian principles?

Finally, the increasing non-commercial engagement of companies in humanitarian relief also raises questions about the application of humanitarian principles. Again, given the relative novelty of the phenomenon, it is too early for a comprehensive assessment.

Our interviews with business representatives suggest that company practitioners are generally well aware of the key challenges they must confront in their engagement in humanitarian relief. However, only a very few interviewees were actually aware of humanitarian principles, or the debates around them in the humanitarian sector.

The principle of impartiality calls for non-discriminatory and proportional humanitarian action. Again, there is no empirical evidence for discriminatory behaviour related to non-commercial business engagement in disaster relief. However, business engagement in general tends to discriminate in

favour of natural disasters. Additionally, single-company initiatives tend to help their own staff or the community they are operating in. Those not profiting from this engagement might feel disadvantaged. Moreover, the fact that the rise of business engagement has been mainly linked to the Indian Ocean tsunami begs the question of proportionality. If business engagement is indeed motivated by branding concerns, proportionality might not be very high on the corporate agenda. However, we found no evidence that help is provided without considering need. Interviews suggest that one reason for partnering with traditional actors is their better needs-assessment capacity (GPPI interview, 2006).

What about independence and neutrality? Only autonomous humanitarian action renders principled action possible. The activities of single companies and meta-initiatives may not have much influence on traditional actors' independence. In partnerships, however, the corporate partner might want to have a say in how and where its funds will be used. Even though there is no evidence from the case studies and interviews, independent humanitarian action in partnerships cannot be taken for granted.

It is often claimed that only neutral humanitarian action enjoys the confidence of all. A priori, private sector actors engaged in humanitarian relief have no systematic interest in taking sides. On the contrary, the risk of being associated with a certain party or group is one of the reasons why corporate actors tend to shy away from engagement in post-conflict settings. Nonetheless, private sector actors might not be perceived as neutral on the ground. Their neutrality depends on their pre-disaster reputation in the affected community, as well as their ongoing behaviour and communication strategies during crises. Especially in partnerships, this reputation can affect the humanitarian partner, and may undermine or strengthen its credibility.

In sum, empirical evidence from the interviews and case studies does not suggest any *systematic* tension between non-commercial business engagement and fundamental humanitarian principles. This relates to the business desire for positive branding: positive branding requires principled action. This is not to say that, depending on the form of the engagement and the individual case, tensions between business engagement and humanitarian principles might not arise. However, the more important problem lies in a lack of awareness and guidelines.³²

Training on specific humanitarian principles as advanced by humanitarian NGOs or the UN is rare. However, there has been a movement towards the development of universal guidelines on humanitarian assistance. For example, in January 2006 the World Economic Forum launched the Humanitarian Relief

³² Business Roundtable and the International Business Leader Forum (IBLF) have started to address this: www.businessroundtable.org/taskforces/taskforce/doclist.aspx?qs=44F5BF159FA5D14488A12D239EA5B and <http://www.iblf.org/docs/EBTsunami.pdf>.

Initiative (HRI), which has three main aims, one of which is the 'development of a set of cross-sector and sector-specific guidelines and standards regarding private sector participation in humanitarian relief facilitated by the United Nations'.³³ While such a structured dialogue between companies and traditional humanitarian actors on humanitarian principles is still a relatively new phenomenon, the increasing incidence of meta-initiatives as well as professional development courses³⁴ presents an opportunity to inform companies about the principles of traditional humanitarian actors, and to facilitate their implementation.

3.3 Outlook

What can reasonably be said about the likely future development of the phenomenon of non-commercial business engagement? How likely is it that existing initiatives will be continued, or that individual initiatives will grow? How will the nature of non-commercial business engagement evolve in coming years?

Our analysis of existing initiatives and motives driving business engagement suggests that we should not expect further substantial growth. The incidence of large-scale crises (e.g. huge natural disasters along the lines of the 2004 tsunami) may result in another period of strong growth. However, without such cataclysmic events it seems unlikely that a large number of additional corporations will engage in humanitarian relief on a non-commercial basis. While individual companies may have found a business case for their engagement, direct financial benefits from this type of work are difficult if not impossible to demonstrate. Without a clear and compelling business case, large-scale corporate engagement on a non-commercial basis is unlikely. Furthermore, many corporate initiatives are conceptualised as flagship CSR programmes, which, as Vogel (2005) argues, are usually designed to brand a company as socially and environmentally friendly to set it apart from its competitors. The more companies – and especially direct competitors – become engaged, the

smaller the likely branding and reputation gains companies are able to reap from such work.

The scale of existing initiatives is not likely to grow substantially. As shown above, the dominant motive behind corporate involvement is the desire to build up brand equity and to invest in corporate reputation. It is likely that these benefits will not grow in line with increases in the size of the initiative.

Perhaps more importantly, there is a clear preference for in-kind and core competency-related business programmes, as opposed to direct cash contributions. As indicated earlier, programmes based on in-kind contributions and the direct engagement of company staff in humanitarian relief operations promise greater direct benefits for corporations, including better brand visibility and staff retention. 'Perhaps the real lesson learned in recent years is the paradigm shift in corporate responsibility from a strictly cash donation model to one that includes involvement and participation' (Bob Bellhouse, Executive Director of the Disaster Resource Network, quoted at <http://www.iblf.org/resources>).

Among companies already active in the arena, there also appears to be a trend towards more strategic and long-term planning, and a recognition of the need for consistent learning. This has resulted in at least two different developments. First, there have been attempts to facilitate coordination and learning, including meta-initiatives and initiatives such as Global Hand, a web-based match-making service which attempts to link corporate donors with traditional humanitarian actors, or IBM's universal database.

Second, there is growth in planning for long-term engagement and stand-by capacity. Many companies have recognised that, to make a difference, long-term engagement is critical. The tsunami experience demonstrated that, in order to respond quickly and effectively, it would be preferable to be able to rely on stand-by capacities, something which programmes such as the DRN seek to facilitate. Pre-positioning supplies and developing regional hubs from which to coordinate supply deliveries will improve the coordination of aid delivery and humanitarian response mechanisms.

³³ See www.enebuilder.net/focalpoint/e_article000593396.cfm?x=b11,o,w.

³⁴ Such as the Executive Education programme offered by INSEAD, targeted at company staff working in the humanitarian domain.

Chapter 4

A profitable market? Commercial business engagement in humanitarian relief

For decades, non-profit actors have dominated humanitarian relief – executing needs assessments, heading project planning and implementation and carrying out monitoring or evaluation activities. But humanitarian relief has also always been a multi-billion-dollar market for companies. Businesses have long been engaged in this market, providing services not provided by not-for-profit actors and filling gaps where these traditional actors lack expertise – in the procurement and transportation of relief supplies such as machinery, electrical appliances or information technology products. WFP, for example, has long contracted logistic firms to move relief goods from one place to another (GPPI interviews, 2006).

Commercial business engagement in humanitarian relief is thus not a new phenomenon. More recently, however, humanitarian relief practitioners have reported that companies are increasingly competing openly with traditional humanitarian agencies for contracts from bilateral and multilateral donors to directly manage and implement relief projects (GPPI interviews, 2006). Besides the concern over possibly losing funds, practitioners say that they are confused by the current funding practices of key governmental donors – most notably USAID. In addition, they wonder whether humanitarian action based on commercial motivation is possible at all, or a contradiction in terms.

Yet it is still unclear how significant the rise of commercial providers in humanitarian relief is. This chapter therefore focuses on the significance of commercial engagement, its form and rationale, business motivation and the possible impact on the humanitarian sector and humanitarian principles. The analysis will look specifically at those commercial players believed to be competing with traditional humanitarian actors for humanitarian relief budgets by offering similar goods and services.³⁵

Our analysis is based on two sets of data: (1) governmental budget data from donors providing humanitarian funding to for-profit companies – to determine to what extent, if at all, governments have started channelling money allocated in humanitarian preparedness and relief budgets to companies; and (2) a scoping exercise, case examples of the respective companies and several in-depth interviews with practitioners from both NGOs and corporations.

³⁵ Interviewees from NGOs and IOs gave Crown Agents, Chemonics and others as examples (April and May 2006). Note that we are not looking at the big contracting agencies, such as Bechtel, Halliburton and KBR.

4.1 Donors and commercial business engagement in humanitarian relief³⁶

If companies are indeed attracting more funding from donors, we would expect to recognise this shift in public disaster relief budgets, with an increasing flow of governmental money going to corporations, rather than to traditional humanitarian agencies. Working from this premise, the next section of this study will analyse donor-funding regulations and, where adequate data is available, relevant funding flows.

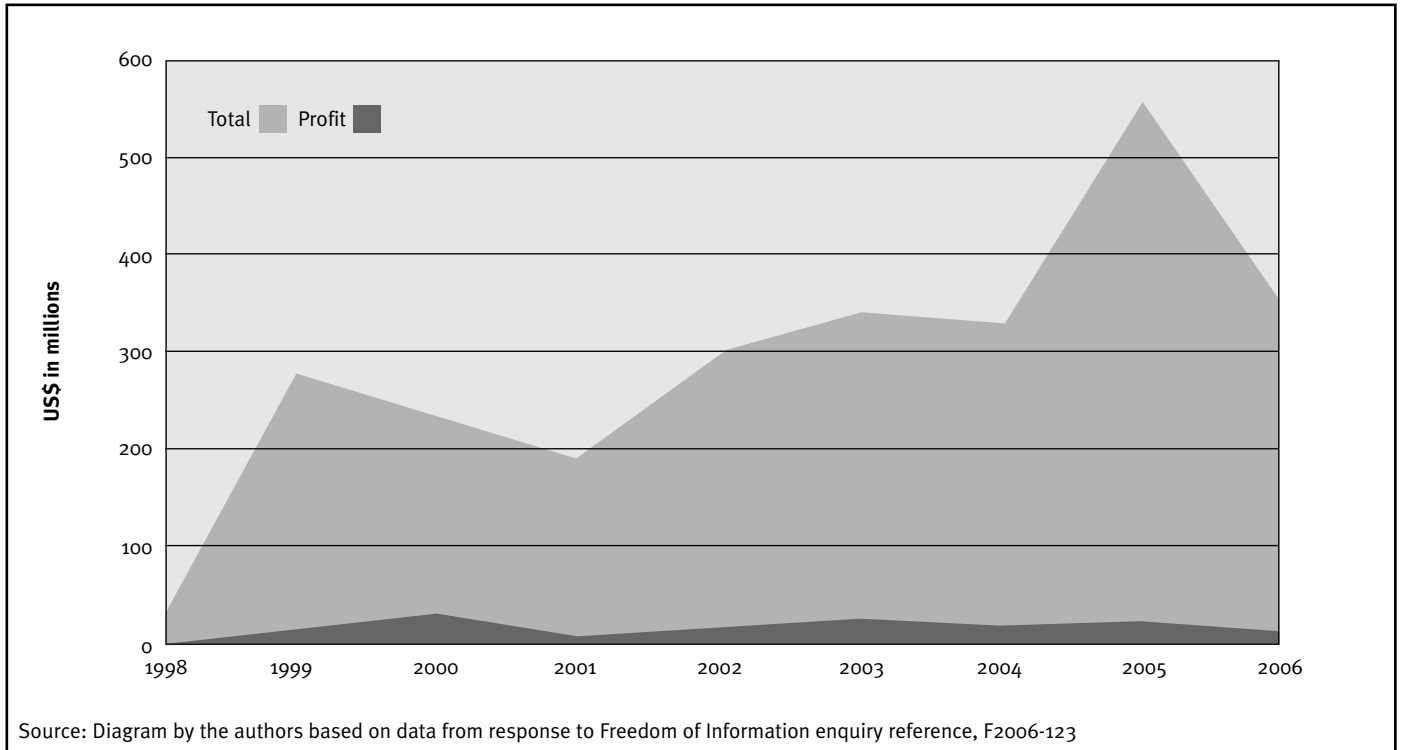
The focus is on flows from government donors, because companies commercially active in humanitarian action often depend heavily on government contracts. USAID provides up to 90% of funding for some companies and, of course, many NGOs get substantial funding from donors. Some companies also have contracts with traditional humanitarian actors, such as the UN or NGOs. However, the analysis of financial flows from them to companies would tell us nothing about concerns regarding competition, government funding practices and humanitarian principles. Moreover, most funds come from a handful of governments, in particular the United States, the UK, Sweden, ECHO, the Netherlands, Switzerland and Canada (OCHA – Financial Tracking Service, <http://ocha.unog.ch/fts/index.aspx>). It can reasonably be assumed that companies are unable to draw from the second largest source of funding, donations from private individuals, so, for the purposes of this study, it is sufficient to analyse government funding for commercial engagement in humanitarian action.

Most European donors provide emergency funding only for not-for-profit organisations. France, Sweden, the Netherlands, Norway and Germany, as well as ECHO,³⁷ do not channel disaster relief funds through for-profit actors. These entities have established guidelines that prohibit government donors from directly disbursing funds to commercial entities; government emergency money is exclusively expended on non-profit organisations. Non-profits commonly subcontract

³⁶ This study does not include commercial business engagement in reconstruction. There are two main reasons for this. First, the purpose of this paper is to look into new phenomena of non-commercial and commercial business engagement in humanitarian relief, and assess whether this phenomenon might add up to a significant trend. Corporate for-profit engagement in reconstruction is not a new phenomenon. Second, the supposed growing importance and associated critique of business engagement in reconstruction has been widely discussed – mainly in the context of the wars in Afghanistan and Iraq. This subject merits in-depth analysis, which is beyond the scope of this paper.

³⁷ E-mail interview with EU representatives of ECHO, conducted by the authors in June 2006 (see also http://ec.europa.eu/echo/whatsnew/calls_en.htm and http://ec.europa.eu/echo/partners/index_en.htm).

Figure 2: US commitments for disaster preparedness and relief (fiscal years 1998–2006)



the delivery of specific goods and services to commercial companies, but this is typically done only when they are themselves unable to supply these goods or services.

The United States and the United Kingdom have more flexible funding regulations, and are the only governments among those studied which allow humanitarian aid to be channelled through commercial players. This is not a recent initiative born of policy changes, but a well-established practice in both countries. A UK DFID procurement officer stated: ‘I do not recall a time when it was not allowed for for-profits to apply for aid. It was always whoever is in the best position to respond to a particular disaster or conflict tended to receive the aid without discrimination regarding the status of the organisation’ (GPPI interviews, 2007). There are some restrictions on the sources of funding for commercial players, but their overall market segment may still be significant, given that these countries are the most important humanitarian aid donors.

Yet, to date, for-profits appear to attract only a small fraction of US and UK donors’ disaster relief budgets. UK government data does not show what percentage of the humanitarian relief budget is allocated to companies. Thirteen per cent of overall bilateral aid is spent on humanitarian assistance. Indicated channels for humanitarian assistance include the European Community, the World Bank Group, regional development banks, the Commonwealth, the United Nations and bilateral entities,³⁸ but no further distinctions are made for the last group. Regarding total US commitments to humanitarian

³⁸ Response to Freedom of Information enquiry, reference F2006-123. Document on file with the authors.

preparedness and relief in the fiscal years from 1998 to 2006, the bulk of the money went to non-profit players (see Figure 2), whereas commercial actors receive only a negligible portion. Over the past eight years, there has been no significant change in the share captured by commercial actors.

It remains unclear why the US and the UK allow humanitarian assistance money to be channelled through for-profits, while their European counterparts do not. Our interviews suggest that this is probably a question of different cultures, as Anglo-Saxons in general seem less suspicious of business. NGO representatives observed the same cultural ‘divide’ with respect to NGOs, believing that American and British NGOs are more open to partnerships with businesses than are European ones (GPPI interviews, 2006).

4.2 Results of scoping exercise

The scoping exercise includes commercial companies that fit the following profile: (1) a for-profit organisation, (2) whose *core competence* includes a direct link to humanitarian action, and (3) whose services (partially) overlap with services provided by non-commercial actors.

Mainly assembled through internet research and expanded on in interviews, the scoping exercise identified 37 companies which offer goods and/or services in humanitarian action on a commercial basis. In accordance with our analysis of financial flows, most commercial providers of humanitarian action are located where the money is – in the United States and the UK. The majority of these companies rely almost exclusively on

funds from USAID or DFID. Many of the firms also hold contracts with other US government agencies, notably with the State Department and Department of Defense. Most of the UK-based companies work with DFID and other UK government agencies. Many of the firms also act as consultants to host-country governments, mainly on economic and development policies (13); private sector firms (13); international organisations such as the World Bank, OECD and UNDP (26); and INGOs, including Care International and MercyCorps (13).

Most companies did not disclose their annual revenues. For those that did, annual turnover from humanitarian relief ranged from approximately \$20–50m per year.³⁹ As the companies were reluctant to share information regarding the source of their funding, and as they are mainly active in the blurred area between relief and development, it is difficult to determine whether their income is coming from development or relief budgets. However, as most of these companies are more active in development than in humanitarian relief, it is reasonable to assume that they are mainly paid out of development budgets.

The majority of companies moved into humanitarian relief in the 1990s. These companies are generally active in both natural disaster and post-conflict settings. A tiny majority of the firms moving into humanitarian relief activities do not have a developmental or related background. Our research suggests that some major economic consultancies, such as BearingPoint and Booz Allen Hamilton, are orienting themselves towards humanitarian action.⁴⁰

Some of these companies are operationally active in the field. The majority, however, provide advice to government agencies in donor and recipient countries and to international organisations and NGOs. Again, it is very difficult to track financial flows, but it seems that at least part of the money channelled through these companies does eventually go to traditional humanitarian agencies, implementing projects on the ground.

Thus, there is more often a cooperative relationship than a competitive relationship between non-profit and commercial actors. However, it is important to note that these two relationships are not mutually exclusive. It is perfectly possible that commercial and non-commercial actors simultaneously have a cooperative and a competitive relationship — a view held by some in the commercial sector, at least (GPPI interviews, 2006).

4.3 Analysis and conclusions

Having described the profile of commercial actors in humanitarian action through the scoping exercise, we will now analyse

³⁹ This equals a tenth of the income of SCF UK in 2005 on the lower end, and a tenth of the income of Care International in 2005 on the upper end of the scale.

⁴⁰ The consulting firm McKinsey & Company is also moving into humanitarian action. However, this engagement has been purely on a *pro bono* basis.

their significance, the forms and nature of their engagement, their motivation and their impact on the humanitarian sector and its principles. To address these and to control the results of the scoping exercise, we have conducted a small number of company case studies (see Appendix III).

4.3.1 Significance of commercial business engagement in humanitarian relief

The overall number of companies commercially active in humanitarian action is very small, especially compared to the number of traditional actors in the field. Most of these commercial actors still have a focus on social and economic development; only a handful of them, such as Chemonics, Management System International and PADCO, have expanded into the field of humanitarian relief since the late 1990s. It appears that, while these commercial players may provide the same services as traditional humanitarian actors, they focus on long-term projects and thus tend to arrive later on the scene, and engage more in social transformation than in immediate relief.⁴¹

However, given that business responds to market signals and incentives, it may be assumed that companies will try to enter the market more aggressively in coming years. Although humanitarian funds still account for only a fraction of development funds, they are growing at a higher rate (Development Initiatives, 2006). However, based on the analysis conducted in chapter 2, such growth is unlikely.

4.3.2 Forms and nature of commercial business engagement

First, the most important clients of these companies are typically US and UK government agencies, mainly USAID and DFID. Only a small number of commercial actors actually implement projects. Many operate instead as consultants to governments and other organisations, and subcontract the delivery of help to (local) NGOs.

Second, companies engaged in humanitarian relief are generally smaller in size and income than the major traditional actors.⁴² Others are subsidiaries of big construction firms, or have a core business unrelated to humanitarian action, both of which make intra-company cross-financing of humanitarian action possible. The fact that the commercial players active in humanitarian action are either cross-financed or are small businesses suggests that, despite its growth, the humanitarian market is difficult for development consultancies to enter and thrive in (see chapter 2).

The case studies conducted for this report further reveal that there is an apparent similarity between development

⁴¹ Interviews with representatives from these companies did not reveal whether the money for this engagement is coming from public humanitarian or developmental budgets or private budgets from their parent company.

⁴² Requirements to become a certified 8(a) firm are to be a small business, to be unconditionally owned and controlled by one or more socially and economically disadvantaged individuals and to demonstrate the potential for success. Certified 8(a) firms have easier access to government contracts.

consultancies and NGOs in respect to self-presentation. Several NGO representatives reported that it is difficult for beneficiaries to distinguish between for-profit and not-for-profit organisations providing relief (GPPi interviews, 2006). Both commercial and non-profit actors have similar marketing strategies and draw on the same public donors. One substantial difference, though, is that commercial actors do not have access to financial contributions from private individuals.

4.3.3 Business motivation

Information on the key motivations behind companies entering the market for humanitarian relief remains scarce. Interviewees often did not understand the purpose of our inquiries regarding their motivation for entering the market with a *commercial* approach. If at all, they answered by listing their strengths *vis-à-vis* the non-profits, or emphasised that a key rationale was to ‘help people in need’. However, as these companies are for-profit, it can be assumed that financial interest is a key inspiration for their engagement.

4.3.4 Impact on the humanitarian sector

Competition with NGOs?

The activities of commercial players in humanitarian relief are both competitive and complementary to those of traditional actors. Interviewees from non-profit organisations often emphasised the competitive nature of their relationship, whereas commercial actors tended to highlight complementary aspects. While commercial players provide similar services to non-profits, in most cases they do not enter the scene until traditional actors have already established themselves on-site. This suggests that the more specific and immediate tasks in providing relief, as opposed to reconstruction and long-term development, remain largely the domain of the traditional (non-profit) players. Interviewees from governments, business networks, NGOs and the ICRC all identified needs assessment as a core service provided by the UN or NGOs, with longer-term services falling under the competency of other actors (GPPi interviews, 2006). Companies tend to be active in long-term rather than short-term projects, they act as consultants to bilateral and multilateral organisations rather than working directly with beneficiaries on the ground, and they both subcontract humanitarian organisations and are subcontracted by them. So far, there is no evidence supporting the belief that there is increasing competition between commercial and non-profit actors for humanitarian budgets.

Transparency

One frequently voiced concern regarding company engagement relates to apparently non-transparent government funding practices in humanitarian relief. This concern relates mainly to the US government and the crises in Afghanistan and Iraq. It was indeed difficult to gather information on funding flows. However, this was mainly due to the reluctance of commercial actors to provide information on their income.

What is the impact on humanitarian principles?

Commercial actors do not explicitly mention the fundamental humanitarian principles of humanity, impartiality, independence and neutrality as guiding principles. However, most of the employees in companies that engage in humanitarian relief that were interviewed for this study appear to be well aware of these principles. Many had a developmental or humanitarian background before joining commercial companies. The explicitly stated principles guiding the work of these firms are customer-oriented and do not exclusively consider the interests of beneficiaries. This relates to the fact that these companies provide their services to bilateral or multilateral organisations or host governments, rather than directly to beneficiaries.

There might be a tension between a commercial business rationale and the principle of humanity, i.e. providing help solely based on need. As most companies rely heavily on government funding, they provide help where their clients want them to do so. The same argument holds for some major US-based NGOs, which also predominantly rely on government funding, such as Care International. Others, for example MSF France or World Vision, dispose primarily of private voluntary donations. This enables them to respond to neglected crises (see Development Initiatives, 2006: 41).

With respect to impartiality, there is no evidence that commercial actors discriminate against certain beneficiaries, nor is there any theoretical reason why they should do so. However, as with their non-commercial business counterparts, proportionality will not necessarily be high on the agenda. Yet companies that enter the humanitarian domain to make a profit are under less pressure to perform well. Businesses engaged on a non-commercial basis are subject to the scrutiny of several stakeholder groups: their humanitarian partners, the community they are working in, their investors and their consumers (as their engagement is directed towards them). Commercially engaged businesses, however, are only accountable to their contractors. Hence, their engagement is less visible to other stakeholders, and is therefore under less pressure to perform.

The independence to act according to humanitarian principles is thus not necessarily a given. This, again, relates not to companies being commercially motivated, but to them being dependent on government funding. They share this problem with equally dependent non-profit actors. However, as our analysis in chapter 2 has shown, commercial actors are less able to attract the individual private funds that enable them to act independently.

Finally, we could find no evidence establishing any systematic positive or negative relationship between commercial business engagement in humanitarian relief and the principle of neutrality. It might therefore be assumed that, as with other actors in humanitarian relief, the neutrality of commercial actors depends on the behaviour of the individual organisation.

Efficiency

Representatives from commercial as well as non-profit organisations are generally open to the argument that competition has the potential to increase the efficiency of humanitarian relief. Commercial actors often claim that they provide cheaper and more efficient services than their non-profit counterparts. However, here too no reliable data is available to assess the issues at hand. The greater effectiveness of commercial actors can neither be proved nor rejected.

4.4 Outlook

In sum, we should expect commercial engagement in humanitarianism to rise and fall according to the opportunities in the market. However, certain structural characteristics of the market, as discussed in chapter 2, will probably always limit

any such engagement. Furthermore, although commercial actors might be better able to present themselves as efficient and professional – a valuable selling point at times when donors demand more professionalisation – this will probably be convincing only in the short term. Our analysis in chapter 2 has shown that inefficiencies in humanitarianism partly stem from market imperfections, such as information asymmetry and particular incentive structures – something that for-profit and non-profit actors alike confront.

It seems unlikely that commercial actors will challenge the dominance of traditional non-profit actors in the field of humanitarian action. So far, commercial activity in humanitarian relief is a niche phenomenon. Taken together, corporate for-profit engagement in humanitarian action does not seem to have the potential to substantially transform humanitarianism as we know it today.

Chapter 5

Conclusions and policy recommendations

Over the past decade, the humanitarian domain has undergone a significant transformation. In many ways, it would seem that these developments have prepared the ground for more direct and extensive business engagement in humanitarian relief: commercial actors should naturally be attracted by the considerable financial size of the market; private firms possess the business management expertise and tools governments increasingly demand (Thomas/Fritz, 2006); and donors may also consider companies to be more responsive to their demands.

And yet, our review of business engagement in humanitarian relief, both on a non-commercial and a commercial level, reveals that business engagement in humanitarian relief is not significant, either with regard to the number of companies involved or the financial size of the contracts they manage. This does not imply that business engagement in humanitarian relief should be considered irrelevant. While still a niche phenomenon, the changing nature of business engagement in humanitarian relief is interesting and important, and gives rise to a number of challenges and policy recommendations for traditional humanitarian agencies, donors and businesses.

5.1 Policy recommendations: non-commercial business engagement in humanitarian relief

It is important for traditional humanitarian agencies – especially the large humanitarian relief NGOs and multilateral relief agencies (i.e. the UN) – to position themselves so as to maximise the potential benefits to be gained from collaborating with companies in humanitarian relief while, at the same time, minimising the risks. This requires an accurate assessment of the new opportunities such business engagement opens up.

5.1.1 Fundraising and giving

In the past, expectations among international agencies (particularly the UN) about the willingness of business to contribute financially to their work may have been too optimistic. In the UN, for example, partnership with business has become a synonym for fundraising (Witte and Reinicke, 2005). Our inquiries into partnerships in humanitarian action have shown that business prefers to contribute in-kind rather than in cash. Hence, except during times of exceptional crises (such as the tsunami), the private sector has not become a major source of cash for NGOs or the UN. Partnership-building should not, therefore, be considered a fundraising strategy; instead, it should be seen as a means to strategically acquire certain products or skills.⁴³

⁴³ A good example of such strategically important products and skills is the HELIOS software – a supply chain technology. The Fritz Institute provides humanitarian agencies with a royalty-free licence to use HELIOS for disaster relief and other emergencies. See http://www.fritzinstitute.org/prgTech-HELIOS_Overview.htm.

A realistic assessment of the willingness of companies to contribute to humanitarian relief missions must be matched with an appropriate assessment of the ability of traditional humanitarian agencies to absorb such contributions, most of which are in-kind. Partly due to the novelty of business engagement in humanitarian relief, the ‘interface capacity’ of many traditional humanitarian agencies with business is still under-developed. Businesses that are interested in giving should make use of existing coordination mechanisms, such as the Consolidated Appeal Process (CAP), the Central Emergency Relief Fund (CERF) and coordinating NGOs such as Global Hand or the World Economic Forum’s Humanitarian Relief Initiative. They should also be aware that cash contributions are most valuable when they can be used flexibly.

It is important that donors do not draw the wrong conclusions about the increasing non-commercial engagement of business in humanitarian relief. Voluntary business engagement can only be complementary to existing initiatives, not a substitute for them, as it will always vary in relation to economic cycles. The sustainability of corporate engagement, especially in bad economic times, is an important question, and one that has yet to be answered. Thus far, governments have not used non-commercial business engagement as a pretext for reducing their financial commitments to humanitarian relief – and they are well advised to maintain such a strategy.

5.1.2 Developing common rules/humanitarian principles

Collaboration with the private sector – irrespective of its form – can only be effective if it is based on common rules and principles. One of the hurdles to effective collaboration is a lack of understanding of corporate culture and, perhaps more significantly, the lack of effective protocols and procedures linking corporate partners into work on the ground. Obviously, a prerequisite for the development of effective protocols and procedures is a mutually understandable language. The work done by the WEF and OCHA in this regard is a step in the right direction.⁴⁴

Business should continue to invest in educating staff they deploy in humanitarian relief partnership missions, in particular on existing humanitarian principles. Companies could pool training capabilities through initiatives such as the Disaster Resource Network or via the Fritz Institute.

Traditional actors, on the other hand, should not compromise principles for the sake of partnership-building. To prevent possible tensions between corporate behaviour and humani-

⁴⁴ See for example the ‘Guiding Principles for Philanthropic Private Sector Engagement in Humanitarian Action Draft for Discussion (27 January 2007)’ jointly published by OCHA and the World Economic Forum (<http://ochaonline2.un.org/Default.aspx?tabid=1673>).

tarian principles, they should engage in raising awareness and should carefully select their corporate counterparts.

5.1.3 Building partnerships

As our analysis has shown, non-commercial business engagement will probably remain a niche phenomenon in humanitarian action. Nonetheless, business engagement in relief operations has attracted significant attention, and has given rise to frequently controversial debate among NGOs and within the UN about the value of building partnerships with companies. Our research indicates that partnerships can help to fill gaps in humanitarian action. But they require time and resources to develop and maintain. Traditional humanitarian actors and businesses should be aware of the limits of partnerships – they are by no means a panacea. For example, cooperation with private sector actors in humanitarian action will probably remain limited to natural disaster settings. Similarly, companies should not try to emulate what traditional humanitarian agencies have been doing for decades, but should aim instead to supplement these efforts with their particular corporate strengths. The case studies suggest that business engagement in humanitarian relief is most effective and sustainable when it builds on the core competences of the company.

The most effective partnerships are those that develop stand-by capacity. During or immediately following disasters, partners do not have the time for strategic reviews and the necessary evaluations to examine whether cooperation makes sense in terms of actual outcomes, outputs and impacts.

Finally, as with traditional humanitarian agencies, companies need to familiarise themselves with their partners' culture. Efficiency in the humanitarian realm cannot be measured only in terms of the quality and speed of the services delivered, but must also encompass inclusiveness, empathy with the victims and compliance with humanitarian principles.

5.1.4 Partner selection

As our analysis has demonstrated, partner selection has frequently proved difficult. Companies tend to favour large, established partners with a proven track record. However, selecting a smaller partner organisation might be an advantage when it comes to flexibility. Compared to the big players, smaller humanitarian organisations may be capable of setting up a partnership faster, because they have lower levels of bureaucratisation. Meta-initiatives may be valuable for identifying reliable partners in the humanitarian relief domain, irrespective of size and standing. Careful partner selection is important with respect to the company's reputation on the ground. To be perceived as neutral, only a business partner that is not associated with any party or previous misbehaviour should be selected.

5.1.5 Making a difference

Companies should try not to limit their operations to high-profile

or highly-visible regions. While being active in high-profile emergencies may lead more quickly to positive media coverage and greater recognition of the activity, a sustainable positive brand image is based on credibility. Thus, in the long term, company engagement will only pay off if businesses prove a reliable partner, responsive to humanitarian need as well as media attention.

5.2 Policy recommendations: commercial business engagement in humanitarian relief

Our analysis in chapter 4 leads us to conclude that commercial players are not significant competitors for money and attention in humanitarian relief. Given the structure of the humanitarian market, it appears unlikely that this situation will change in any fundamental way in the coming years.

Companies that have started engaging in the humanitarian relief arena must become more transparent. In our research, we encountered difficulties in gathering information on the activities of these firms. To establish themselves as accepted players in the humanitarian domain, companies will need to make a more coordinated effort to inform the public about their work. Government donors have to press for humanitarian relief that is most beneficial to those in need, irrespective of the legal status of the organisation providing it. Through systematic evaluations, government donors should determine where commercial providers – as they claim to do – can indeed generate more value for money without undermining humanitarian principles.

5.3 Conclusions

The role of business in humanitarian relief is becoming more prominent, but it remains a niche phenomenon. At the same time, it is also clear that much more research is required in order to solidify the preliminary findings of this study. Two areas in particular require more attention, from researchers and practitioners alike:

- Possible ways to evaluate outcomes and impacts of partnerships. So far, very few partnerships in the humanitarian relief domain have been evaluated. To some extent this is a consequence of a lack of will. But evaluation practitioners also point to methodological difficulties. While standard project and programme evaluation tools and techniques have improved significantly over the past few years, no effective partnership evaluation frameworks have been developed. Such frameworks should help to determine whether individual relief projects have been effective and efficient. In addition, they should assist in determining the specific added value of the partnership approach.
- An assessment of the extent to which business engagement impacts on accountability and transparency in the humanitarian sector. Accountability and transparency are increasingly becoming leading tenets of humanitarian action. The difficulty of acquiring information from many business actors

with respect to financial flows heightens concerns about the transparency and accountability of corporations. However, so far, there have been no systematic investigations into how business engagement – whether on a commercial or a non-commercial basis – impacts on these principles.⁴⁵

⁴⁵ The Global Accountability Report Index covers the world's 30 most powerful organisations – including transnational corporations. See www.oneworldtrust.org.

Research on business engagement in humanitarian relief is in its infancy. Most significantly, research efforts in this field suffer from a lack of reliable data. This data gap needs to be filled. All those engaged in the humanitarian domain – NGOs, governments and businesses – should contribute to this effort.

Appendix I

Results of scoping exercise of non-commercial business engagement in humanitarian relief

Corporate participants	Name of initiative	Founding year	Type of initiative	Sub-type of initiative	Industry sectors	Budget	Partners	Disaster context	Contribution
<i>Deutsche Post World Net</i>	Airport Emergency Team	2004	Meta Initiative	Business-NGO	Logistics, Transport	N/A	World Economic Forum	Natural disaster	Logistics (shipping)
<i>Disaster Resource Network</i>	N/A	2001	Meta Initiative	Business-NGO	non-profit private foundation	N/A	World Economic Forum	Natural disaster	Coordination of aid delivery
<i>Fritz Institute</i>	Humanitarian Impact Initiative/ Corporations for Humanity	2002	Meta Initiative		Disaster Relief	N/A	Various	Assessment/Study	Consulting
<i>Global Partnership for Preparedness (GPP)</i>	N/A	N/A	Meta Initiative	Business-NGO	Disaster mitigation	N/A	Various	Natural disaster	Coordination of aid delivery
<i>Private & Public Businesses, Inc.</i>	N/A	1996	Meta Initiative	Business-NGO	Consulting	N/A	Various	Natural Disasters	Coordination of aid delivery
<i>Alcoa</i>	N/A	N/A	Partnership	Business-NGO	Industrial goods	N/A	International Rescue Committee	N/A	N/A
<i>American Express</i>	N/A	N/A	Partnership	Business-NGO	Credit cards	N/A	International Rescue Committee	N/A	N/A
<i>AstraZeneca</i>	N/A	2005	Partnership	Business-NGO	Pharmaceuticals	USD 750k	International Federation of Red Cross/Red Crescent	Disaster preparedness	Logistics
<i>AstraZeneca</i>	N/A	2005	Partnership	Business-NGO	Pharma	USD 300k	Rotary Club of Australia	Natural disaster	Infrastructure
<i>BASF</i>	BASF Katastro phenhilfe e.V.	2004	Partnership	Business-UN	Chemistry	N/A	UN-Habitat	Natural disaster	Infrastructure (buildings)
<i>Bloomberg</i>	N/A	N/A	Partnership	Business-NGO	Finance	N/A	International Rescue Committee	N/A	N/A
<i>Boston Consulting Group</i>	N/A	2003	Partnership	Business-UN	Consulting	N/A	WFP	Natural disaster	Fundraising/ Consulting
<i>BP</i>	N/A	2004	Partnership	Business-Government	Energy	USD 250k	Government agencies	Natural disaster	Education
<i>BP</i>	N/A	2004	Partnership	Unilateral/ Business-general	Energy	USD 7m	Some sort given to International Red Cross	Natural disaster	Immediate aid

(continued)

Appendix I (cont)

Results of scoping exercise of non-commercial business engagement in humanitarian relief

Corporate participants	Name of initiative	Founding year	Type of initiative	Sub-type of initiative	Industry sectors	Budget	Partners	Disaster context	Contribution
<i>Brandix Lanka</i>	N/A	2006	Partnership	Business-UN	Apparel	USD 13k	UNDP	Natural disaster	Infrastructure (water)
<i>Bristol-Meyers Squibb</i>	N/A	2004	Partnership	Business-NGO	Pharmaceuticals	USD 7m	Various aid groups and NGOs	Natural disaster	Medicine
<i>Broetje Orchards</i>	N/A	N/A	Partnership	Business-NGO	Food	N/A	International Rescue Committee	N/A	N/A
<i>Brunswick Corporation</i>	N/A	2006	Partnership	Business-UN	Boats	USD 330k	UNDP	Natural disaster	Transportation (boats)
<i>Business Roundtable</i>	Partnership for Disaster Response	2005	Partnership	Business-NGO	Wide range of disaster response and recovery projects	N/A	Various professional disaster relief organisations	Natural disasters	Disaster relief
<i>Capital Group</i>	N/A	N/A	Partnership	Business-NGO	Finance	N/A	International Rescue Committee	N/A	N/A
<i>Citigroup</i>	N/A	2004	Partnership	Business-UN	Finance	N/A	OCHA	Natural disaster	Infrastructure (transport/communication)
<i>Coca-Cola</i>	The Global Water Challenge	2005	Partnership	Business-UN-NGO	Beverages	USD 2.2m (initial)	United Nations Foundation, UNDP, UNICEF	Natural disaster	Infrastructure (water)
<i>Deloitte Touche Tohmatsu</i>	N/A	2005	Partnership	Business-UN	Consulting (14,000 hours)	N/A	UNDP	Natural disaster	Aid Facilitation (Transparency)
<i>Deutsche Post World Net</i>	N/A	2004	Partnership	Business-Business	Logistics	USD 2.8m	eBay, Ein Herz für Kinder (NGO)	Natural disaster	Logistics
<i>Deutsche Post World Net</i>	N/A	2004	Partnership	Business-UN	Logistics	N/A	OCHA	Natural disaster	Logistics (transport-air) for disaster response
<i>Deutsche Post World Net</i>	N/A	2004	Partnership	Business-UN	Logistics	N/A	UNDP	Natural disaster	Logistics for disaster preparedness
<i>Deutsche Post World Net/DHL – DHL Disaster Response Teams</i>	N/A	2004	Partnership	Business-UN	Logistics, Transport	N/A	UN OCHA, UNDP	Natural disaster	Logistics
<i>Ericsson</i>	Ericsson Response Program	2000	Partnership	Business-UN	Telecommunications	N/A	UN OCHA	Conflict and natural disasters	Communication services and awareness-raising

<i>Ericsson</i>	Ericsson Response Program	2006	Partnership	Business-NGO	Telecommunications	N/A	Télécoms Sans Frontières	Conflict	Communication services
<i>Ethos Water</i>	N/A	2004	Partnership	business-NGO	Water	N/A	Operation USA	Natural disaster	Water
<i>FedEx</i>	Disaster Giving Program	1995	Partnership	Business-NGO	Logistics	>USD.1m per year cash and in-kind services	Red Cross	Natural disaster	Logistics
<i>Goldman Sachs</i>	N/A	N/A	Partnership	Business-NGO	Consulting	N/A	International Rescue Committee	N/A	N/A
<i>IDT</i>	N/A	N/A	Partnership	Business-NGO	Telecommunications	N/A	International Rescue Committee	N/A	N/A
<i>J.P. Morgan Chase</i>	N/A	N/A	Partnership	Business-NGO	Finance	N/A	International Rescue Committee	N/A	N/A
<i>Johnson & Johnson</i>	N/A	N/A	Partnership	Business-NGO	Health Care	N/A	International Rescue Committee	N/A	N/A
<i>KPMG</i>	N/A	N/A	Partnership	Business-NGO	Consulting	N/A	International Rescue Committee	N/A	N/A
<i>Microsoft</i>	Project Profile	1999	Partnership	Business-UN	IT	N/A	UNHCR	Refugees	Technology
<i>Motorola/Motorola Foundation</i>	N/A	2004	Partnership	Business-NGO	Telecommunications	USD 1m	CARE International	Bangladesh (flooding), DRC (implement and evaluate projects, security), Peru (medical care)	Communication services
<i>Nestlé</i>	N/A	2004	Partnership	Business-UN	Water	N/A	UNHCR	Refugees – Ethiopia	Infrastructure (water)
<i>Nike</i>	Together for Girls	2004	Partnership	Business-UN	Apparel	N/A	UNHCR	Refugees, Kenya	Sporting Apparel
<i>Nortel</i>	N/A	N/A	Partnership	Business-NGO	Telecommunications	N/A	CARE International	N/A (not active yet)	Fundraising
<i>Pepsi Co.</i>	N/A	N/A	Partnership	Business-NGO	Beverages	N/A	International Rescue Committee	Conflict and natural disasters	Provision of immediate aid (water, sanitation)
<i>PepsiCo</i>	N/A	N/A	Partnership	Business-NGO	Beverages	N/A	International Rescue Committee	Natural disaster	N/A
<i>Pfizer</i>	N/A	2004	Partnership	Business-UN	Pharmaceuticals	N/A	UNICEF, WHO	Natural disaster	Logistics
<i>PriceWaterhouse Coopers</i>	N/A	2004	Partnership	Business-UN-NGO	Accounting/Consulting	N/A	United Nations Foundation, UNDP, UN OCHA	Natural disaster	Technology (tracking)
<i>PriceWaterhouse Coopers</i>	N/A	2005	Partnership	Business-UN	Finance	N/A	UN	Natural disaster	Aid Facilitation (Transparency)
<i>Procter and Gamble</i>	N/A	2005	Partnership	Business-USAID	Cleaning products/ consumer goods	USD 600k	USAID	Natural disaster	Immediate Aid (Water)

(continued)

Appendix I (cont)

Results of scoping exercise of non-commercial business engagement in humanitarian relief

Corporate participants	Name of initiative	Founding year	Type of initiative	Sub-type of initiative	Industry sectors	Budget	Partners	Disaster context	Contribution
<i>Rolls Royce</i>	N/A	2004	Partnership	Business-UN	Cars	N/A	UNDP	Natural disaster	Logistics/ Technology
<i>Rolls Royce</i>	N/A	2006	Partnership	Business-Government	Cars	USD 320k	Government agencies	Natural disaster	Health
<i>Rolls Royce</i>	N/A	2006	Partnership	Business-Government	Cars	USD 74k	Government agencies	Natural disaster	Education
<i>SAS Group</i>	N/A	2004	Partnership	Business-general	Aeronautics	N/A	Save the Children	Natural disaster	Transportation (airlifts)
<i>Time Warner</i>	N/A	N/A	Partnership	Business-NGO	Communications/Media	N/A	International Rescue Committee	N/A	N/A
TNT	Moving the World	2002	Partnership	Business-UN	Logistics, Transport	USD 10m (2005)	WFP	Natural disaster/ famine relief	Logistics (Air and Supply Chain)
<i>UPS Foundation</i>	N/A	N/A	Partnership	Business-NGO	Logistics, Transport	N/A	Various professional disaster relief organisations	Conflict and natural disasters	Logistics
<i>Vodafone Group Foundation</i>	N/A	2004	Partnership	Business-NGO	Telecommunications	USD 19m (5 years)	United Nations	Natural disaster Foundation, Voxiva	Technology (Early warning)
<i>AstraZeneca</i>	N/A	2004	Single company engagement	Unilateral/ Business-general	Pharmaceuticals	USD 2m	N/A	Natural Disaster	Medicine
<i>IBM</i>	IBM Crisis Response	2004	Single company engagement	Unilateral/ Business-general	IT	USD 3.2m	Various but no consistent partner	Natural disaster	Technology and aid facilitation (communication)
<i>Microsoft</i>	N/A	2004	Single company engagement	Unilateral/ Business-general	IT	USD 400k	N/A	Natural disaster	Technology services
<i>Pfizer</i>	N/A	2004	Single company engagement	Unilateral/ Business-general	Pharmaceuticals	USD 50m	N/A	Natural disaster	Medicine/ infrastructure

Appendix II

Results of scoping exercise of commercial business engagement in humanitarian relief

Company	What they do	Headquarters	Main clients	Establishment/ existence in humanitarian field	Setting*	Relationship with NGOs	Motivation for selling this service	Female- owned	Size**	Annual revenue
<i>Agulhas Development Consultants Ltd.</i>	Economic and institutional development; policy making	UK	DFID, EU, host governments, ODI, UN	N/A	Conflict	Professional	N/A	N/A	Services in over 45 countries	N/A
<i>AIS Development</i>	Economic development; environmental management	New Mexico, US	USAID	1960s	Conflict and natural disaster	Professional	N/A	Yes	N/A	N/A
<i>American Manufacturers Export Group</i>	Procurement services; technical assistance	Houston, US	Private sector clients, USAID	1983; approx. 1996 humanitarian field	Conflict and natural disaster	Professional and competitive	N/A	Yes	Services in over 90 countries	N/A
<i>Associates in Rural Development</i>	Economic development; environmental management	Burlington, US	Asian Development Bank, CARE, host governments, Mercy Corps Int'l, UN, USAID, World Bank	1977	Conflict and natural disaster	Professional and competitive	N/A	Yes	28 field offices abroad	N/A
<i>ATOS Consulting Limited</i>	Information technology; financial services; infrastructure management	London, UK	DFID	N/A	Conflict	Professional	N/A	No	Over 60 UK offices	N/A
<i>Bankable Frontier Associates</i>	Economic development; financial services	Cambridge, US clients	DFID, private sector	N/A	N/A	Professional	N/A	No	1,600 staff	N/A
<i>Birks Sinclair & Associates Ltd</i>	Economic and institutional development	Durham, UK	DFID, EC, World Bank	N/A	N/A	Professional	N/A	N/A	Services in over 40 countries	N/A
<i>CDM International</i>	Disaster assistance; economic and institutional development; environmental management; health services	Cambridge, US	African/Asian Development Bank, CARE, DFID, host governments, Save the Children, UN, USAID, WHO, World Bank, World Vision	1960s as subsidiary to CDM; approx. 1980 humanitarian field	Conflict and natural disaster	Competitive	N/A	No	N/A	N/A

(continued)

Appendix II (cont)

Results of scoping exercise of commercial business engagement in humanitarian relief

Company	What they do	Headquarters	Main clients	Establishment/ existence in humanitarian field	Setting*	Relationship with NGOs	Motivation for selling this service	Female- owned	Size**	Annual revenue
<i>Checci and Company Consulting</i>	Economic and institutional development	Washington D.C., US	Asian Development Bank, host governments, USAID, World Bank	1951	Conflict	Competitive	N/A	No	Services in over 145 countries	N/A
<i>Chemonics</i>	Disaster assistance; economic and institutional development; environmental management; financial services; health services	Washington D.C., US	USAID (90%) humanitarian field	1975; approx. 2001 natural disaster	Conflict and competitive	Professional and conflict activities	Meet need for post-staff; services in 135 countries	No	Over 2000	USD250m total; USD 20-30m in humanitarian USD50m for all projects in Crisis Prevention & Recovery department
<i>Creative Associates International, Inc</i>	Institutional development	Washington D.C., US	USAID (90%), World Bank	1977	Conflict	Competitive	N/A	Yes	200 staff; 14 field offices abroad	USD73m total in fiscal year 2003
<i>Crown Agents</i>	Disaster assistance; economic and institutional development; financial services; procurement	Sutton, UK	DFID, EC, host governments, UN, World Bank	1833	Conflict and natural disaster	Professional	N/A	N/A	1,000 staff; approx. 40 field offices abroad; services in over 110 countries	USD37m total in fiscal year 2003
<i>Cui PRODEST</i>	Conflict management; disaster assistance	Rome, Italy	Host governments, US Department of State, UN, USAID, World Bank	N/A	Conflict and natural disaster	N/A	N/A	No	2000 staff	N/A
<i>Development Alternatives Inc.</i>	Disaster assistance; environmental management; economic and institutional development; financial services; health services; policy making	Bethesda, US	African Development Bank, host governments, private sector clients, USAID, World Bank	1970	Conflict and natural disaster	Competitive	N/A	No	2800 staff; services in over 150 countries	N/A

<i>Development Associates</i>	Economic and institutional development; health services	Arlington, US	African/Asian Development Bank, host governments, UN, USAID, US Department of State, WHO, World Bank	1969	N/A	Professional and competitive	N/A	N/A	7 field offices abroad; services in over 100 countries	N/A
<i>DPK Consulting</i>	Institutional development; technical assistance	San Francisco, US	Asian Development Bank, host governments, UN, USAID, World Bank	N/A	Conflict	Professional and competitive	N/A	No	N/A	N/A
<i>Emerging Markets Group</i>	Economic and institutional development; financial services; health services	Brussels, Belgium	DFID, EU, USAID, World Bank	1991	Conflict	Competitive	N/A	No	N/A	N/A
<i>Enterplan Ltd</i>	Economic and institutional development	Reading, UK	African/Asian Development Bank, DFID, EU, host governments, private sector clients, USAID	1985	Conflict and natural disaster	Professional	N/A	No	Services in over 100 countries	N/A
<i>Environmental Resources Management Group</i>	Environmental management; health services; institutional development	UK	Asian Development Bank, DFID, EU, private sector clients, UN, World Bank	1971	N/A	Professional	N/A	N/A	over 2500 staff; 100 field offices in 39 countries	USD425.4m total in fiscal year 2005
<i>Futures Group International/Constella Futures</i>	Health services; policy making; technical assistance	Washington D.C., US	Host governments, private sector clients, USAID	1971	Conflict	Professional	N/A	N/A	Services in over 100 countries; 46 field offices in 34 countries	N/A
<i>Genesis Analytics (Pty) Ltd.</i>	Economic and institutional development	South Africa	DFID, host governments, OECD, private sector clients, USAID, World Bank	N/A	Natural disaster	Professional	N/A	N/A	N/A	N/A
<i>International Resources Group</i>	Disaster assistance; economic and institutional development; environmental management	Washington D.C., US	African/Asian Development Bank, CARE, Mercy Corps, private sector clients, UN, USAID, WHO, World Bank	1978; approx. 1996 humanitarian field	Conflict and natural disaster	Professional and competitive	N/A	No	Services in more than 137 countries	USD52m total in fiscal year 2003

(continued)

Appendix II (cont)

Results of scoping exercise of commercial business engagement in humanitarian relief

Company	What they do	Headquarters	Main clients	Establishment/ existence in humanitarian field	Setting*	Relationship with NGOs	Motivation for selling this service	Female- owned	Size**	Annual revenue
<i>InterWorks LLC</i>	Disaster assistance; economic and institutional development; environmental management	Madison, US	CARE, private sector clients, Save the Children, UN, USAID, WFP, World Bank	1990	Conflict and natural disaster	Professional and competitive	Belief in humanitarian causes; ability to be flexible, entrepreneurial, innovate as a for-profit	N/A	9 staff; services in over 105 countries	N/A
<i>Management Systems International</i>	Disaster assistance; economic and institutional development; environmental development	Washington DC, US	African/Asian Development Bank, CARE, host governments, private sector clients, USAID, UN, World Bank, World Vision	1981	Conflict and natural disaster	Professional and competitive	N/A	Yes	90 staff	USD20m total
<i>Oxford Policy Management</i>	Economic and institutional development; policy making	Oxford, UK	DFID	N/A	N/A	Professional	N/A	No	N/A	N/A
<i>PADCO AECOM</i>	Disaster assistance; economic and institutional development; financial services	Washington DC, US	Host governments, private sector clients, USAID, UN, World Bank	1965; 2002 humanitarian field	Conflict and natural disaster	Professional and competitive	Meet need for post- conflict activities	No	100 staff in DC, 100 staff in dozen offices abroad (PADCO)	Over USD 55m total in fiscal year 2005 (PADCO)
<i>PMTC International Ltd</i>	Economic and institutional development; environmental management	Bedfordshire, UK	CARE, DFID, EU, UN	1993	N/A	Professional	N/A	No	14 staff in UK, 10 staff in two offices abroad	N/A
<i>QED Group</i>	Economic and institutional development; health services; policy making; technical assistance	Washington DC, US	USAID, US Department of State, World Bank	N/A	Conflict	Professional	N/A	Yes	N/A	USD6.7m total

<i>Segura Consulting</i>	Economic development	Bethesda, US	Host governments, private sector clients, USAID, World Bank	N/A	Conflict	Professional	N/A	N/A	N/A	N/A
<i>Social Development Direct Ltd</i>	Disaster assistance; economic and social development; health services	London, UK	Host governments, NGOs, international agencies	N/A	N/A	Professional	N/A	N/A	N/A	N/A
<i>The IDL Group</i>	Economic and institutional development; environmental management	Bristol, UK	DFID, international agencies, private sector clients	1993	Conflict and natural disaster	Professional and competitive	N/A	No	16 staff	N/A
<i>The Law and Development Partnership</i>	Economic and institutional development	London, UK	DFID, EU, UN, World Bank	N/A	Conflict and natural disaster	Competitive	N/A	N/A	1 office abroad	N/A
<i>The Services Group Inc. (TSG)</i>	Economic development	Arlington, US	African/Asian Development Bank, host governments, private sector clients, USIAD, World Bank	approx. 1980s	Conflict	Professional	N/A	N/A	Over 100 staff; services in 120 countries	N/A
<i>The Verulam Group</i>	Economic and institutional development	UK	DFID, EU	1995	Conflict and natural disaster	Professional	N/A	N/A	15 staff; 3 offices abroad	N/A
<i>Triple Line Consulting Ltd.</i>	Economic and institutional development	London, UK	CARE, DFID, EU, USAID, UN, WTO	N/A	Conflict and natural disaster	Competitive	N/A	Yes	8 staff	N/A
<i>Voxiva</i>	Information technology; technological assistance and support	Washington DC, US	Host governments, USAID, World Bank	N/A	Conflict and natural disaster	Professional	N/A	No	3 offices abroad	N/A
<i>WYG International</i>	Economic development	UK	DFID, host governments	late 1980s disaster	Natural	Professional	N/A	N/A	2037 staff; over 50 field offices in 23 countries	USD270m turnover in 2005

*The classifications used are conflict and natural disaster. Here, conflict is also used to describe post-conflict settings.

**Size is measured by the number of staff, offices and countries in which the company has been active since it was established.

Appendix III

Case studies of business engagement in humanitarian relief

In order to gain a better understanding of the structure, management and contribution of the initiatives under review, five case studies were conducted. In selecting the five cases, a number of criteria were applied. First, given that the discussions should illustrate the full breadth of business engagement in humanitarian action, a balance of types of initiative (single-company initiatives, partnerships, meta-initiatives) was chosen. The cases also reflect the diversity of industries engaged in humanitarian action, while still highlighting the special contribution made by logistics and IT/telecommunications firms. Despite the fact that most initiatives focus on relief after natural disasters, an example of post-conflict aid is also considered, in order to provide a comprehensive picture of the types of business engagement. Finally, while most of the initiatives are relatively new, one longer-term initiative was included to give perspective on how such initiatives evolve over time. As indicated above, the role of small- and medium-sized companies is not covered in our research. Many small-business initiatives are set up to help with disaster relief if the companies are already based where a disaster strikes, but in looking for trends we chose to focus on large firms, which are most likely to have an impact on the humanitarian sector.

Case 1: Deutsche Post World Net/DHL Partnership with the United Nations: 'We deliver help'

DHL is a subsidiary of Deutsche Post World Net, an international express and logistics provider. Its partnership with UNDP and OCHA was launched in December 2005. In coordination with OCHA, Disaster Response Teams are deployed for up to three weeks, to manage airport logistics and in the immediate aftermath of major sudden-onset disasters. Currently, there is a Singapore-based Team for Asia and the Pacific Region and a Miami-based Team for Latin America. A Team for the Middle East and Africa is planned.⁴⁶

The partnership with UNDP is still in development, but potential future projects include disaster preparation, public education, emergency logistics planning and tracking relief supplies.⁴⁷ The DHL Disaster Response Team's first deployment was in May 2006, when Bakornas, the Indonesian government relief agency, asked the Disaster Response Team to provide logistical support and expertise in the aftermath of an earthquake in Java.⁴⁸

Rather than providing direct financial support to humanitarian relief missions, DHL seeks to support its humanitarian relief

⁴⁶ Interview by the authors with representative of Deutsche Post World Net, May 2006.

⁴⁷ Interview by the authors with representative of Deutsche Post World Net, May 2006 and Deutsche Post World Net, 2005.

⁴⁸ Interview by the authors with a representative of Deutsche Post World Net, October 2006.

partners, such as the UN, primarily by contributing its core competency in transport and logistics. According to Deutsche Post World Net, giving in-kind through expertise and employee volunteers has kept the fixed costs, after the initial set up, relatively low.⁴⁹ The partnership is also 'the perfect way to demonstrate our strong commitment to Corporate Social Responsibility', according to Monika Wulf-Mathies of Deutsche Post World Net (see Deutsche Post World Net, 2006). It has reportedly enhanced productivity and decreased staff turnover. The partnership allows DHL to increase brand visibility and to work with the UN, which it chose as a partner due to the UN's 'credibility and legitimacy and, of course, its global reach'.⁵⁰

Disaster Response Teams are deployed when circumstances are deemed appropriate for involvement by DHL, and an invitation is extended from the host government. Involvement is restricted to major sudden-onset natural disasters because of the likelihood of airports becoming overwhelmed. The Disaster Response Teams are too new to distil lessons from them, and no independent evaluation of DHL's partnership with the UN has been conducted.

Case 2: TNT's 'Moving the World' programme

Launched in 2002, 'Moving the World' brought together the logistics company TNT – a division of TPG, a Dutch mail and logistics company, with annual revenues of approximately \$14.4 billion (2003) – and WFP (see Maitland, 2004; for a short description of the partnership see also Witte and Reinicke, 2005: 25). TNT selected WFP as a partner organisation because of its experience in logistics, its global reach and its positive brand image. It was also a good organisational fit (WFP's executive director has a corporate background that reportedly facilitated communication and understanding).⁵¹ Through the partnership, TNT has agreed to contribute €5 million a year (approximately \$6.3 million) for five years, and jointly cooperate in five areas: school feeding support, private sector fundraising, emergency response, logistics and transparency and accountability.

An extension to the partnership is anticipated once the agreement officially expires in 2007 (see Tomasini and Wassenhove, 2004, and Samii, 2004). However, while public evaluations from WFP have commented favourably on experiences with TNT, WFP also notes that it is searching for additional logistics partners to complement TNT's role in providing warehousing space, office equipment and airport

⁴⁹ Interview by the authors with a representative from Deutsche Post World Net, 18 May 2006. No detailed numbers were available from Deutsche Post World Net.

⁵⁰ Interview by the authors with representative from Deutsche Post World Net, 18 May 2006.

⁵¹ *Ibid.*

handling assistance (WFP website – <http://documents.wfp.org/stellent/groups/public/documents/eb/wfpo80322.pdf>).

The key motivation behind the partnership, according to TNT executives, is to make a contribution to ending world hunger.⁵² TNT recognises that, as a logistics company, it can offer more by leveraging its core business expertise and assets in a partnership, than by simply donating money (see Maitland, 2004). However, the partnership has also been a strategic response to growing stakeholder pressure to demonstrate CSR. Indeed, when TNT began initial planning for its engagement with WFP, most of its main competitors were already engaged in such CSR activities (see Tomasini and Wassenhove, 2004).

Through the partnership, TNT also seeks to increase cohesion between the three business units (mail, logistics, express) operating under its name, improve brand image, motivate staff and attract prospective employees. Finally, it hopes to gain a competitive edge by expanding on its core competencies, protecting its supply chain and ensuring the quick recovery of business operations in the event of a disaster. TNT treats the partnership like a business unit, with a budget, targets and quarterly progress reviews (see Maitland, 2004). To ensure the long-term commitment of TNT, each member of the executive board sponsors part of the programme (see Maitland, 2004; Tomasini and Wassenhove, 2004).

Case 3: Management Systems International (MSI)⁵³

MSI is a privately owned consulting firm based in Washington. Founded in 1981, the firm currently has approximately 90 employees and annual revenues of approximately \$20 million. Besides offering management services in private sector development, governance and environmental issues, MSI also provides services to USAID under the Instability, Crisis, and Recovery Program (ICRP). MSI's programme includes early warning and analysis of conflicts, and the design of conflict-sensitive programmes in areas such as health, democracy and governance. In addition to the ICRP, MSI works in cooperation with the USAID Office of Conflict Management and Mitigation (CMM) in the disarmament, demobilisation and reintegration of ex-combatants. It also provides mediation and negotiation services, as well as training for USAID staff and local NGOs on conflict-sensitive programming.

Besides USAID, the firm's other major clients include multilateral organisations, universities, NGOs and private corporations. MSI's partners in the planning and implementation of projects are other development consultancy firms such as ASID, Cui PRODEST, Louis Berger Group and Vision Latina; universities and research institutes; and NGOs such as International Alert and Mercy Corps. Information on the

⁵² Interview by the authors with an NGO representative, June 2004.

⁵³ This case example is based on information from the company's homepage (www.msiworldwide.com), as well as on information provided by the Windfalls of War Project of the Center for Public Integrity (www.publicintegrity.org/wow/bio.aspx?act=pro&ddlc=36).

principles and motivations underlying MSI's work is not available, as statements were not clear from their website homepage and MSI did not afford us an interview.

Case 4: Planning and Development Collaborative International (PADCO)⁵⁴

Founded in 1966, PADCO is an international development consulting firm and an operating company of AECOM, a consortium of major architecture and engineering firms. PADCO is based in Washington, and employs approximately 200 people in approximately a dozen country offices. It has annual revenues of over \$55 million. Its main clients are USAID, the World Bank, the Asian Development Bank, other bilateral and multilateral donors, national and local governments and private sector companies. Its areas of expertise are (1) conflict resolution, comprising peace-building, reconciliation, early warning, conflict prevention, dispute resolution and mediation; (2) democracy and governance; (3) humanitarian response and reconstruction, including response to natural and man-made disasters and complex emergencies, disaster mitigation, community-based reconstruction and field-based grants management; (3) sustainable economic development; and (4) urban services.

PADCO works for USAID under the Managing African Conflict (MAC) programme, which began in 2003 and runs until 2008. Under this contract, PADCO provides services in conflict prevention, mitigation and response for USAID missions throughout Africa. These services mainly comprise training and technical assistance to intergovernmental, governmental and non-governmental actors in the field. Beyond this general conflict resolution engagement in Africa, PADCO managed a project in Senegal in 2004–2005. The project included an assessment period as well as a technical assistance, or capacity-building, phase. Another conflict resolution project took place in Uganda 2004–2005, in which PADCO assisted the Ugandan government in the preparations for peace talks. Finally, PADCO has a two-year community-based peace and reconciliation initiative in Burundi.

In the field of disaster response and reconstruction, PADCO had two major projects throughout 2004 and 2005. The 2005 'Caribbean Regional Community Revitalization' project in Tobago and the Bahamas was a disaster mitigation project. It included recovery activities such as housing repair, housing construction and land stabilisation to mitigate the risk of future landslides and flooding after Hurricane Ivan. The 'Grenada and Jamaica Community Revitalization I and II' project was a two-year initiative running during 2004–2005. Here, PADCO repaired damaged houses, managed community clean-up and undertook land and watershed rehabilitation efforts. It also assisted in restoring health clinics and primary

⁵⁴ This case example is based on information from the company's homepage (www.padco.aecom.com) and on an interview with a representative of PADCO conducted by the authors in July 2006.

schools, providing the latter with equipment and furniture. PADCO presented workshops and training programmes on the financial management and construction of housing, on community clean-up initiatives, and on disaster preparedness and mitigation. In addition, the firm negotiated and awarded subcontracts and grants to contractors and NGOs for renovation and repair services. In Grenada and Jamaica, PADCO partnered with local NGOs, local building contractors, community-based organisations, ministries and government-sponsored emergency response organisations.

PADCO bases its work on the principles of integrity, fairness and responsibility.⁵⁵ The motivation underlying PADCO's engagement in humanitarian assistance is allegedly the same as those inspiring traditional actors, although hints of strategic marketing are detectable in official statements. 'We are in business to help meet the needs of the millions of victims worldwide and provide the finest professional services that can be contracted for recovery from both man-made complex and natural disasters'.⁵⁶

Case 5: CDM International

CDM was established in 1947 as a professional partnership, and later developed into a consulting, engineering, construction and operations firm. CDM is a subsidiary of Camp Dresser & McKee Inc., along with CDM Construction Inc. and CDM Federal Programs Corporation, and is at present employee-owned. CDM has headquarters in Cambridge, Massachusetts, and provides

⁵⁵ See www.padco.aecom.com/About/39/47/index.jsp.

⁵⁶ Interview with a representative of PADCO conducted by the authors in July 2006.

consulting, project management, sustainable development, engineering, construction and related services. Compared with MSI and PADCO, CDM is less involved in the implementation of projects (with the exception of its engineering and construction work), than in programme planning and design. Its main clients are businesses and industries, development agencies, bilateral and multilateral donors, government ministries, public agencies and US government agencies. One of CDM's areas of expertise is disaster relief and reconstruction in humanitarian emergencies such as earthquakes, floods, hurricanes, landslides, droughts, epidemics, famines and crises resulting from armed conflict. The firm provides human resources and management capacities to respond to these disasters. Further services include short-term emergency relief, long-term recovery through large-scale infrastructure reconstruction, programme management, procurement and institutional capacity-building. Following the 2000 flooding in Mozambique and Madagascar, CDM took the lead on a joint project with the USAID Office for Foreign Disaster Assistance to undertake a flood-related water, sanitation and health needs assessment. CDM deployed water, sanitation and health specialists to perform assessments, compile data and identify the number of affected people. Similar projects were launched in response to food shortages in Ethiopia and after Hurricane Mitch in Nicaragua in 1998.

CDM does not refer to any humanitarian or related principles on its website. It simply states that CDM is 'committed to ethical conduct in our business practices' (see www.cdm.com/code_of_ethics.htm). Detailed information concerning principles and motivations could not be collected, as CDM did not give us an interview.

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Humanitarian Policy Group
Overseas Development Institute
111 Westminster Bridge Road
London SE1 7JD
United Kingdom

Tel. +44 (0) 20 7922 0300
Fax. +44 (0) 20 7922 0399

E-mail: hpg@odi.org.uk
Websites: www.odi.org.uk/hpg
and www.odihpn.org

