

# Business Engagement in Humanitarian Response and Disaster Risk Management

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Companies play a significant role in the humanitarian system by providing commercial relief services and entering into non-commercial “partnerships” with humanitarian organizations. As the need for effective humanitarian response and private sector expertise grows, new opportunities exist for engagement between humanitarian organizations and companies. However, the debate on business engagement in the humanitarian system is a nuanced one, relying both on functional arguments that look critically at the possibilities of public-private collaboration and on normative arguments that center on the potential and risks of companies in humanitarianism. This study differentiates the benefits and risks of different models of engagement and offers steps for DG ECHO to consider when designing a policy towards engaging with the private sector.

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# Abbreviations and Acronyms

BCG	Boston Consulting Group
CSR	Corporate Social Responsibility
DFID	Department for International Development (UK)
DG ECHO	Humanitarian Aid and Civil Protection Department of the European Commission
DRM	Disaster Risk Management
DRR-PSP	Disaster Risk Reduction Private Sector Partnership
FTR	Family Tracing and Reunification
HNWI	High-Net-Worth Individual
ICRC	International Committee of the Red Cross
ICT	Information and Communication Technology
IFRC	International Federation of Red Cross and Red Crescent Societies
ISC	Indirect Support Cost
LET	Logistics Emergency Teams
MSF	Médecins Sans Frontières
MUSIAD	Islamic Association of Independent Industrialists and Businessmen (Turkey)
NGO	Non-Governmental Organization
ODI	Overseas Development Institute
OIOS	United Nations Office of Internal Oversight Services
PG	Partnership and Governance Services Department (WFP)
PGP	Private Sector Partnerships Division (WFP)
PMSC	Private Military and Security Company
PSA budget	Programme Support and Administrative budget (WFP)
PSAG	Private Sector Advisory Group (UNISDR)
PSPA	Private Sector and Public Affairs Service (UNHCR)
SME	Small and Medium Enterprise
TUSIAD	Turkish Industrialists' and Businessmen's Association
UK	United Kingdom
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNISDR	United Nations Office for Disaster Risk Reduction
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
USAID	United States Agency for International Development
WFP	World Food Programme

# 1. Background

Two forms of business engagement exist in the context of humanitarian response and disaster risk management: commercial engagement, in which companies are paid for their products and services, and non-commercial engagement in which companies partner with humanitarian organizations for reasons other than direct payment.

Companies, as commercial providers of products and services, have always played a significant role in the humanitarian system, in particular local companies in communities affected by crises. Humanitarian organizations regularly subcontract such firms in a commercial, for-profit manner to implement a vast array of humanitarian services, such as construction, logistics and security and monitoring services. They have been and remain critical in providing services that either humanitarian organizations are unable to provide themselves or companies are simply better placed for. One could call these companies that work with humanitarian organization on a commercial basis “traditional” actors in humanitarian response and disaster risk management.

At the same time, companies have long been involved in the humanitarian system in a non-commercial capacity, for example, as philanthropists that donate money to humanitarian causes or as partners to international and non-governmental organizations.

## Definitions

This study analyzes both commercial and non-commercial business engagement in humanitarian response and disaster risk management. These engagements are defined as follows:

- **Commercial engagements:** Those engagements in which a company is contracted or subcontracted directly by a donor or a relief agency to directly implement humanitarian or disaster risk management services on the ground. These engagements have a direct financial incentive for a company in the form of payment for the provided services.
- **Non-commercial engagements (“partnerships”):** For the purposes of this study, we use the definition of “partnerships” developed by the United Nations General Assembly, which describes partnerships as “voluntary and collaborative relationships between various parties, both public and non-public, in which all participants agree to work together to achieve a common purpose or undertake a specific task and, as mutually agreed, to share risks and responsibilities, resources and benefits.”<sup>1</sup> In non-commercial engagements, there are no direct financial incentives for the corporate partner.

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1 United Nations General Assembly (2011)

The analysis, however, excludes two specific types of business engagements that either have no impact on how humanitarian response and disaster risk management are actually implemented on the ground, as in the case of procurement, or do not fall under the definition of “partnership”, as in the case of traditional philanthropy:

- **Procurement.** Procurement of goods and services is an indispensable part of the humanitarian system as relief agencies and donors do not produce certain goods (eg food or medicines) or are unable to provide certain services (eg freighting or construction) required for their operations. As a result, humanitarian organizations procure these goods and services from the private sector. While procurement can thus be considered as a form of commercial engagement in humanitarian response or disaster risk management activities, we do not consider it as actual “business engagement” as the respective company is not directly involved in the actual implementation of humanitarian response and disaster risk management activities on the ground, but only enables its implementation by other humanitarian organizations. As such, when analyzing commercial engagement, this study focuses only on those commercial models which have a direct link to humanitarian and disaster risk management activities on the ground, namely subcontracting (relief agency – company commercial relationship) and contracting (donor – company commercial relationship). The “commercial business engagement” section of chapter 3 goes into more detail on these models.
- **Philanthropy.** Ad hoc donations by individuals, private foundations and companies are also a critical part of the humanitarian system. While, in some cases, corporate donations can represent a specific type of non-commercial business engagement, traditional philanthropic donations do not qualify as a partnership with respect to the definition provided above. Companies that donate money or goods on an ad hoc basis are neither actively engaged in humanitarian response or disaster risk management activities, nor do they share the risks, responsibilities, resources or benefits associated with partnerships. As such, this study does not focus on traditional philanthropy generally, but rather examines a specific type of philanthropic model in which a humanitarian organization and a company develop an actual partnership. The “resource mobilization partnerships” section in chapter 3 goes into more detail on this type of non-commercial engagement.

## Main trends

In light of two major trends impacting the humanitarian system, the desire of some humanitarian organizations to expand their work with the private sector has recently intensified. First, the need for more effective humanitarian response and better mitigating the risks of disasters in advance are increasing significantly due to climate change, natural disasters, population growth, conflict- and violence-driven causes and the displaced populations resulting from these factors. Consequently, the humanitarian system is struggling to respond, and while overall financing is increasing along with these needs, it is not keeping pace. This increases the attractiveness of the

private sector as an additional source of funding and a partner that would improve the effectiveness of response activities.

Second, innovative approaches to improving humanitarian response and disaster risk management often rely strongly on private sector expertise. For example, the increasing emphasis on cash and voucher programming relies on private sector structures and mechanisms such as bank cards and mobile cash transfers. The same holds true for innovative technologies and instruments for supporting disaster risk management action, such as early warning systems and new insurance products that provide opportunities for increasing the resilience of disasterprone areas. Moreover, new technologies developed by the private sector – such as social media, mobile applications and geographical information systems – are changing the way humanitarian organizations respond to sudden-onset disasters and providing new interfaces between humanitarian organizations and companies. This is reflected in, for example, a growing emphasis on skills-based volunteering of highly qualified and corporate experts in areas such as logistics or information and communication technology (ICT).

These are just a few of the many new roles that local and international companies are already playing in their work with humanitarian organizations – and their interest in these engagements is likely to grow. As a result of globalization, the development of global supply chains, international customer and employee bases and greater emphasis on the negative global externalities of business activities, companies are realizing more and more that there are tangible benefits to engaging in humanitarian work. As humanitarian crises become more frequent, more intense and more visible in the media, a number of companies have come around to the fact that engagement in humanitarian activities, including in disaster risk management and civil protection, not only promotes corporate social responsibility (CSR), but also can be a worthwhile investment for their bottom line.

The overlap of these humanitarian and business trends have created new opportunities for public-private collaboration in the humanitarian and disaster risk management sectors. But for humanitarian organizations, whether and how to engage with companies is a sticky issue. Detractors argue that due to the profit motive and accountability to shareholders, companies have little incentive to abide by accepted humanitarian principles and, as such, their role in humanitarianism should be limited to the provision of products and services that humanitarian organizations are unable to provide themselves. Moreover, there is a legitimate fear that increasing the number of actors in the humanitarian system will complicate coordination mechanisms that are already very complex.

The Humanitarian Aid and Civil Protection Department of the European Commission (DG ECHO) has requested this study to support its internal policy formulation on whether and how to work with the private sector in the areas of humanitarian response and disaster risk management. This study is based on a review of available literature, reports of relevant humanitarian organizations and interviews with selected experts and practitioners. Civil protection issues are addressed wherever possible, but due to the scarcity of well-documented good practice, the major focus of this study is private sector engagement in humanitarian response and disaster risk management. The resulting analysis does, however, draw implications with regard to

civil protection within the European Union, given that the framework conditions for both areas – humanitarian aid and civil protection – are similar.

The study is structured as follows: Chapter 2 provides some context on business engagement in humanitarian response and disaster risk management. Chapter 3 maps both commercial relationships and non-commercial partnerships between humanitarian organizations and companies in the humanitarian and disaster risk management sectors. It also provides a typology of different engagement models that identifies risks and benefits of each. Chapter 4 maps the policies of selected donors and implementing agencies with respect to partnerships with, and direct commercial engagement of, private sector partners in their humanitarian response and disaster risk management work. Chapter 5 concludes this study by providing ideas for DG ECHO moving forward.

# 2. Framing the debate on business engagement in humanitarian response and disaster risk management

While corporate engagement in humanitarian assistance and disaster risk management has always existed, the role of the private sector in humanitarian activities is only set to grow as new technologies developed by the private sector such as mobile applications, geographical information systems (eg, Google Earth) and cash-based or electronic voucher programs become more prominent. Moreover, the growing focus on resilience, civil protection and disaster risk reduction can benefit from new partnerships across traditional dividing lines between the private sector and humanitarian actors.<sup>2</sup>

As such, humanitarian organizations are faced with decisions on whether and how they work together with companies. This decision depends on different factors, including the interest of potential corporate partners in partnering. Companies tend to prefer, for example, engaging in response to natural and sudden onset disasters as they promise higher media coverage and thus potential marketing gains.<sup>3</sup> For the same reason, slow onset disasters and forgotten crises are less attractive for corporate partners, as are violent conflicts due to the security risks and the often little economic incentive to enter crises prone markets. This varying interest in different types of crises has to be taken into consideration. For example, by engaging companies in the more visible crises, new resources can be redirected to slow-onset disasters or “forgotten” crises.

Besides considering the actual interests of potential business partners, humanitarian organizations need to be aware of their operational capacities, be clear about how the private sector can further their organization’s mission<sup>4</sup> and determine

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2 UNICEF (2012a), para. 12. See also: European Commission (2012) and the Overseas Development Institute’s (ODI) work on resilience: <http://www.odi.org/projects/2359-resilience-humanitarian-livelihoods#outputs>, last accessed 2 July 2014.

3 Taylor et al. (2012), 38.

4 Hoxtell et al. (2013), 8

their role in ensuring that corporate engagement in the humanitarian system aligns with the established standards and principles.

## 2.1 Functional and normative issues regarding business engagement

Studies on the role of the private sector in humanitarian activities primarily address the following perspectives:

1. The private sector as a financial or in-kind donor towards humanitarian activities. This includes calculations on the overall contributions of businesses, private foundations and individual donors to the humanitarian system.<sup>5</sup>
2. Companies as strategic partners for humanitarian organizations in helping to implement humanitarian activities (eg, in the area of logistics) or to enable humanitarian organizations to better fulfil their mandates (eg, helping to design new products, like “smart food”). These studies focus on the different models of public-private partnerships between humanitarian organizations and companies. In addition, they provide good practices and case studies for successful collaborations.<sup>6</sup>

These studies have been quite successful in highlighting the benefits and risks for humanitarian organizations inherent in engaging with companies. Benefits can include, for example, larger and more diversified budgets, access to core corporate competencies in key sectors or access to or adaptation of new technologies for relief agencies. However, humanitarian organizations must be smart about engaging with companies as there are a number of risks as well, including, for example, reputational damage, company contributions not aligning to needs or clashing of operational cultures. These, and more specific risks, are explored in deeper detail in the following sections.

However, the studies underemphasize one key functional issue and two normative issues that humanitarian organizations must understand before engaging with the private sector. First, what has received little attention is the functional role that companies play *at the end of the humanitarian supply chain*, often far from the oversight of the original donor. These types of relationships range from being quite standard (eg, the subcontracting of companies to provide logistics or infrastructure services) to the more controversial engagement of companies to provide private security or third-party monitoring services in areas of difficult access.<sup>7</sup> As argued above, these “end of chain” engagements between implementing agencies and local companies have long been a part of the humanitarian system and are critical to consider when discussing the overall role that companies play in the humanitarian sector.

Second, with respect to normative issues, a few key criticisms leveled at companies should receive further attention, as they may also be applicable to humanitarian

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5 See, for example, Stoianova (2013)

6 See, for example, Oglesby and Burke (2012) and Kent and Burke (2011)

7 See, for example: Steets, Reichhold and Sagmeister (2012).

relief agencies. Critics of greater corporate engagement in the humanitarian sector make the case that the for-profit nature of companies makes them accountable only to shareholders and not to beneficiaries. Furthermore, they stress that it is already difficult enough to coordinate a very complex web of actors and that increasing numbers of companies will only further complicate these efforts. Similar concerns may also apply to non-profit actors, as NGOs also have their own interests to cater to – covering their own overhead and maintaining their reputation among individual donor audiences, for example. One indicator of this is that some large, global NGOs are being increasingly run like companies.<sup>8</sup> Moreover, difficulty in coordinating humanitarian assistance has always been and will likely remain an issue, particularly as increasing amounts of money are funneled into the humanitarian sector by an increasing number of donors, and as a result, more NGOs (as well as companies) are drawn to the sector.

Finally, the normative concern about adherence to humanitarian principles of humanity, neutrality, impartiality and independence is applicable to both non- and for-profit actors. While NGOs that adhere closely to these humanitarian principles often achieve better or more privileged access, non-profit actors are not immune to compromising on the humanitarian principles. As NGOs and international organizations pragmatically weigh situations on the ground, they must make decisions as to whether and how to provide assistance in circumstances of no or imperfect information, among other challenges. For example, observers have criticized the World Food Programme (WFP) in Syria for limiting its assistance to government-held areas that have relatively safe access (at the expense of also serving rebel-controlled areas).<sup>9</sup> This is just one of many examples of how many (if not most) humanitarian agencies struggle to provide principled assistance in conflicts.

But there is a perception that the compromising of humanitarian principles by international organizations and NGOs is due to humanitarian concerns and difficult circumstances, while companies compromise the principles to make higher profits. Although this may be the case in certain circumstances, NGOs can also have self-serving reasons to compromise principles, while companies may abide by them for reasons of altruism. Moreover, while the motivations of NGOs and companies for alleviating suffering and saving lives may differ, this doesn't necessarily reflect on the ability to deliver results. The overall impact of either of these issues on the humanitarian system is unclear. Unfortunately, there is no available research testing the hypothesis that companies compromise humanitarian principles in their humanitarian activities and, if it indeed is an issue, to what extent it has been occurring and what the implications have been.<sup>10</sup>

These issues illustrate that the debate on business engagement in humanitarian assistance is a nuanced one, relying both on functional arguments that look critically at the possibilities of public-private collaboration and on normative arguments that

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8 For example, Save the Children in Germany is run by former business executives.

9 See, for example: Abdulrahim (2014).

10 Interviewees for this study almost unanimously emphasized that while there is certainly a risk that companies do not abide by the humanitarian principles, they believe it isn't widespread, partially due to the fact that relationships between donors or implementing organizations and corporate partners often include clauses in service contracts or memoranda of understanding that explicitly require companies to abide by the principles. However, as most interview partners were individuals in donor organizations or NGOs responsible for engaging with corporate partners, there is likely to be a bias.

center on the potential and risks of companies in humanitarianism, from an individual organization's perspective as well as for the humanitarian system as a whole. The following sections aim to shed light on both the functional and normative aspects of corporate engagement in humanitarian assistance and disaster risk management.

# 3. A typology of business engagement in humanitarian response and disaster risk management

Fundraising from the private sector has significantly increased over the past decade, particularly due to greater financial contributions and other in-kind contributions from multinational corporations to relief operations following major natural disasters, such as the 2004 Indian Ocean Tsunami.<sup>11</sup> The boost in public-private partnerships, however, was caused by a gradual shift from seeing the private sector as a pure donor or subcontractor to also seeing the private sector as a more strategic partner.<sup>12</sup> In parallel with this shift, the private sector gradually understood that engaging in humanitarian response and disaster risk management does not only serve its public image, but its wider business interest, including brand building, access to new markets, staff motivation and becoming more resilient to disasters.

These shifts in perception have led to new types of partnerships that aim at combining the strengths of humanitarian organizations and businesses in order to create benefits for both the involved partners and their beneficiaries. Such collaborations range from partnerships that involve local companies in both design and implementation of relief programs, to partnerships that aim at changing policies with the support of the private sector. Nowadays, in fact, an almost limitless number of partnership models exist for how exactly humanitarian organizations and companies collaborate with one another and for what purpose. Due to dynamic partnership activities and the continually important commercial relationships between humanitarian organizations and companies, business engagement in humanitarian response and disaster risk management features a growing diversity.

However, despite the growth in the number and types of engagements between humanitarian organizations and companies, as well as in the amount of literature dedicated to this topic, definitions of different types of corporate engagements vary, often with little clarification as to why certain definitions are used. For example,

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<sup>11</sup> Stoianova (2013)

<sup>12</sup> Chapter 4 discusses this in greater detail from the perspective of different humanitarian organizations.

standard procurement relationships or even traditional philanthropic donations of money are often classified as a “public-private partnership.”<sup>13</sup> This makes it difficult to analyze and compare different data sources and findings, particularly in regards to the overall financial and in-kind contributions provided by the private sector. Even the term “private sector” is used loosely, sometimes referring only to companies and at other times referring to companies, private philanthropic foundations and individuals.<sup>14</sup>

In order to present the broad spectrum of business engagement in a clear and accessible way, this study breaks down relationships between humanitarian organizations and companies into two main categories: commercial and non-commercial forms.<sup>15</sup> As discussed in the introduction, procurement and philanthropy are not analyzed as they do not involve business partners in the actual implementation of humanitarian services or disaster risk management. For both commercial and non-commercial business engagement, the study identifies the most prevalent models of engagement and describes their key characteristics, risks and benefits. A summarizing table of these models, including benefits, risks and examples of each, can be found in the conclusion of this chapter.

### 3.1 Commercial business engagement

Commercial business engagements are defined as those in which a company is contracted or subcontracted directly by a donor or a relief agency to implement services or services that support humanitarian response and disaster risk management. These engagements have a direct financial incentive for a company, in the form of payment for the provided services.

Humanitarian response aims at alleviating the suffering and saving the lives of people in natural disasters and man-made conflicts, while disaster risk management and civil protection activities try to reduce the risks of natural and man-made disasters and the damage they may cause. Humanitarian response and disaster risk management can thus be seen as a market in which different organizations offer their services, financed by donors, to respond to the negative impacts of disasters and conflicts or to reduce the risks of such negative impacts.<sup>16</sup> Relief agencies that work on a non-profit basis dominate this market, but since the beginning, businesses have been engaged in the market as well to implement services and to provide desired goods on a commercial basis.

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13 See, for example: Zyck and Armstrong (2014).

14 This study focuses specifically on the role of companies in humanitarian and disaster risk management activities and, as such, does not include private philanthropic foundations or individuals. In this respect, “companies” and “private sector” are used interchangeably.

15 It should also be noted that some companies “go it alone” and develop their own initiatives. Such initiatives range from traditional philanthropy (eg, coordinating company staff donations) to full-fledged, company-run relief operations in disaster regions – for example, self-standing initiatives engaging through in-kind donations and by involving company staff in the management and implementation of relief operations. These initiatives will not be addressed in detail here, as this study focuses on relationships between humanitarian organizations and the private sector. However, these initiatives could represent an interesting opportunity for extracting lessons learned from the private sector in these areas.

16 Binder and Witte (2007).

# Different models

Commercial business engagement in humanitarian response and disaster risk management can take two different forms. First, like non-profit actors, businesses can provide humanitarian and disaster risk management services entirely on their own. If such companies are contracted by donors to implement their services, they distinguish themselves from humanitarian organization mainly in that that they offer services not to fulfill their charitable mandates, but to generate profits. Second, companies can be subcontracted directly by humanitarian organizations to provide services or goods that help humanitarian organizations to implement their programs.

Contracting and subcontracting differ in that contracting is based on collaboration between companies and donors, while subcontracting involves companies and relief agencies. Both types of engagement are also different with respect to the benefits and risks they bring to the humanitarian system, as outlined in the sections below.

## Model 1: Subcontracting (Relief agency - Company)

Subcontracting takes place if relief agencies lack the expertise, capacities, resources or infrastructure to provide required services and, as a result, subcontract companies to provide these services. Subcontracting thus describes the companies' direct and autonomous provision of humanitarian services and, as such, often happens at the end of the humanitarian supply chain. For example, a donor may provide funds to an international relief agency that then subcontracts the implementation of the planned program to an NGO that has knowledge of and access to the region in which implementation is supposed to happen. In turn, this NGO may subcontract a local company to provide all or some of the required services.

The services that are regularly subcontracted include logistics services, such as transportation of supplies and equipment, and the installation of infrastructure, for IT purposes in particular. Technical services – from mine clearance and debris removal to developing drinking water systems – and construction services – such as the construction of sanitary installations – are also commonly subcontracted. The subcontracting of security services, particularly the deployment of security personnel to guard the compounds, staff and operations of humanitarian organizations, has become increasingly important due to more-frequent attacks on humanitarian workers.<sup>17</sup> Monitoring and evaluation services, such as data collection and active monitoring of programs, have also become more widespread, in particular third-party monitoring in situations where access to project areas is restricted due to security risks, political access limitations or physical constraints, such as destroyed bridges.<sup>18</sup>

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<sup>17</sup> Stoddard, Harmer and DiDomenico (2009).

<sup>18</sup> WFP Third Party Monitoring Guidelines (June 2014). Not yet publicly available.

## Benefits

There are a number of arguments supporting the practice of subcontracting private companies. First, relief agencies can lack the expertise needed to provide particular types of goods or services because they do not belong to their portfolio – security services, for example. Second, subcontracting can be useful if relief agencies have the limited capacities and resources to provide certain services or, alternatively, if a company can offer the services more efficiently than the relief agency or an NGO – water supply or waste services in a refugee camp, for example. Third, subcontracting local companies can have a positive effect on local economies, particularly by encouraging the development of local infrastructure such as transport, warehousing or other technical services.<sup>19</sup> Finally, in areas with restricted access due to political or physical constraints, relief services can sometimes only be provided through private subcontractors that are already in the area – for example, third-party monitoring services or logistic services to transport relief goods to people in need in a conflict area.

## Challenges, risks and organizational requirements

While these arguments are in favor of the subcontracting of companies, there are also normative concerns and risks. First, humanitarian organizations are increasingly outsourcing large operations to private companies that operate outside security and coordination systems, and international organizations with a political or military agenda often rely on the very same private contractors as humanitarian organizations do, which can negatively impact the way humanitarians are perceived.<sup>20</sup>

Second, ensuring accountability and quality control becomes more difficult because a company's processes cannot be as easily monitored as the processes within a humanitarian organization. In addition to increased coordination costs, this can ultimately translate into higher transaction costs for humanitarian organizations.

Finally, as outlined above, subcontracting can detract from adherence to humanitarian principles or standards. Different measures for mitigating these risks exist, such as blacklists of non-recommended private sector partners or, more importantly, policies within humanitarian organizations that define strict principles and rules such as due diligence processes for the subcontracting of companies. But violations of humanitarian principles cannot be entirely prevented. However, a counter argument to this is that humanitarian organizations often use the subcontracting of companies to circumvent existing rules regarding security and human resources.<sup>21</sup>

These benefits and risks show that subcontracting is often based on efficiency arguments or takes place out of necessity when non-profit alternatives for providing the needed services do not exist. Subcontracting can thus have a positive overall effect on needs coverage, although it poses risks to humanitarianism. Thus, many humanitarian organizations use subcontracting only as a last resort to minimize the

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<sup>19</sup> Quinn (2010). But note that in this context, it is about procurement.

<sup>20</sup> Steets, Reichhold and Sagmeister (2012).

<sup>21</sup> Ibid.

risk of violating humanitarian principles.<sup>22</sup> However, unfortunately it is not possible to reliably determine the share of donor money that ends up with for-profit actors as a result of sub-contracting and more research is needed.

## Model 2: Contracting (Donor - Company)

Contracting occurs when donors allocate funds directly to for-profit-actors in order to implement humanitarian services. In this type of engagement, relief agencies do not play any role, and thus the supply chain does not involve the different levels of relief agencies, but only donors and companies. The services contracted depend on the priorities of the donor that provides the funds. The United States Agency for International Development (USAID), for example, engages in all sectors of humanitarian response and development and also collaborates with the private sector to achieve its goals in these areas.<sup>23</sup>

The overall number of companies that compete for the funds of donors in the humanitarian sphere is small compared to the number of non-profit actors.<sup>24</sup> The reasons for the low number are the funding constraints faced by companies: While non-profit actors can raise funds from both public sources and private sources, including individuals, for-profit actors can approach only public donors, since private donors naturally prefer to allocate funds to charitable organizations. Moreover, many public donors – including the Humanitarian Aid and Civil Protection Department of the European Commission (DG ECHO) – provide funds only to non-profit actors. This considerably limits the availability of funds for companies that try to compete with non-profit actors in the provision of humanitarian services. Commercial service providers therefore only play a significant role if public donors in their countries of origin commonly contract companies, such as in the United States and United Kingdom (UK). Hence, contracting is not as essential as subcontracting for the humanitarian system. It does not necessarily fill gaps; rather, it adds new service providers in addition to existing relief agencies.

### **Benefits, risks and organizational requirements**

There are a number of contested arguments both for and against commercial engagement of companies as direct contractors of donors in the humanitarian and disaster risk management sectors. First, while some argue that companies can play a role in helping to professionalize the humanitarian industry due to their effective

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22 For example, the Sphere Handbook (<http://www.spherehandbook.org/en/what-is-sphere/>, last accessed 1 July 2014) states that “an increased involvement of the private sector in humanitarian response [requires] similar guidelines and strategies as the civil–military dialogue.” Military involvement in humanitarian response is governed by the Oslo Guidelines. These expressly state that military involvement in humanitarian responses should be governed by humanitarian principles, avoid direct assistance as much as possible and only be used as a last resort. See: Kennedy (2013).

23 See USAID’s business forecast for a list of solicitations: <http://www.usaid.gov/work-usaid/get-grant-or-contract/business-forecast>, last accessed 1 July 2014.

24 Binder and Witte (2007), 6.

business practices,<sup>25</sup> others claim that commercial actors are not suitable for providing humanitarian aid because they focus on their specialization and not, like relief agencies, on a holistic understanding of the needs context. However, specialization can also be seen as an advantage that allows companies to provide certain services in a more cost- and time-efficient manner than relief agencies do.

Second, some contest whether contracting companies instead of allocating funds to relief agencies strengthens or weakens the position of donors. On the one hand, contracting to commercial actors allows donors to be more substantively involved in the management and direction of implementing funded projects because traditional humanitarian organizations offer the donor little substantive direct oversight.<sup>26</sup> Moreover, companies commercially active in humanitarian response often depend heavily on government contracts, a situation which can increase the influence of donors on contracted companies. For example, USAID provides up to 90 percent of funding for some companies.<sup>27</sup> However, some believe that because companies do not disclose budgets as relief agencies do, limited transparency prohibits donors from tracking the use of their funds. This contradicts those who believe that commercial contracts lead to greater accountability and transparency because the implementation of tasks can be prescribed and monitored more closely.

Third, some argue whether contracting companies represents an appropriate use of donor money and that using humanitarian budgets for contracting companies may not be in the interest of taxpayers, since, due to the for-profit nature of companies, funds are contributing to the bottom line of the company in addition to the provision of humanitarian services. Therefore, there would be inherent higher costs to contracting for-profit companies, which can represent an inefficient use of donor money. However, there is no available data on this, and more research is needed to conclude whether this is indeed the case.

## 3.2 Non-commercial business engagement (“Partnerships”)

For the purposes of this study, “non-commercial business engagement” is synonymous with “partnerships”, which we define as “voluntary and collaborative relationships between various parties, both public and non-public, in which all participants agree to work together to achieve a common purpose or undertake a specific task and, as mutually agreed, to share risks and responsibilities, resources and benefits.”<sup>28</sup> Partnerships in the context of this study are those engagements between companies and relief agencies or donors that implement services for supporting humanitarian response and disaster risk management and strategically combine the strengths of all involved partners. In particular, whereas humanitarian organizations can provide their unique knowledge of local contexts and humanitarian needs and standards, companies can provide their core expertise to help deliver more-timely and more-effective support and to

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<sup>25</sup> Binder and Witte (2007), 13.

<sup>26</sup> Stoddard (2009).

<sup>27</sup> Binder and Witte (2007), 19.

<sup>28</sup> United Nations General Assembly (2011)

foster the exchange of ideas that benefit businesses, humanitarian organizations, and communities. Unlike commercial relationships, partnerships do not include the remuneration of the company's services by the humanitarian organization.

## Different models

It is essential to avoid talking about “partnerships” in generalized terms and to differentiate between different types of engagements, in particular because an assessment of the benefits and risks of each type is helpful. Depending on the results that humanitarian organizations wish to achieve, there are five overarching models of non-commercial collaborations that exist, each of which has a number of specific sub-models to be discussed in the following sections:

- Resource mobilization partnerships;
- Implementation partnerships;
- Innovation partnerships;
- System coordination initiatives;
- Advocacy partnerships.

These five categories represent a convenient way to illustrate the different types of non-commercial engagements between humanitarian organizations and companies. But in reality, many partnerships are not restricted to one category and adopt elements of more than one model. For example, resource mobilization partnerships often include elements of advocacy partnerships, and implementation partnerships can also have characteristics of innovation partnerships.

## Common benefits and risks

The sections below will go into more detail on the specific benefits and risks of different models of business engagement in humanitarian response and disaster risk management. There are, however, a number of benefits and risks, from the perspectives of both humanitarian organizations (and ultimately their beneficiaries) and companies, that can be found across these different models. Benefits for humanitarian organizations can be divided in three broad categories:

- **Enabling benefits** that equip humanitarian organizations to better fulfill their mandates. This includes access to considerable financial and human resources in different areas of the world (such as those particularly at risk for disasters), management expertise, product development, specific knowledge about the regions in which they operate and the innovation potential of companies – particularly with respect to the development of new technologies and the improvement of research on disaster risk management strategies and actions such as early warning systems and risk modelling.
- **Implementation** benefits that directly contribute to the implementation of relief and disaster risk management activities, for example, in the areas of information

technology and communications, logistics, construction, food and beverages and insurance. Such expertise can serve to improve the timeliness and effectiveness of response and bring innovative approaches to the humanitarian system as a whole.

- **Behavioral benefits** that can prevent private actors from “doing humanitarianism wrong” by advocating among companies the value and necessity of humanitarian principles. In addition, efforts in this respect can increase the resilience of local communities by advising companies that operate in these communities on how to better prepare for and act in case of disasters.

From the perspective of the private sector, there are also benefits. In addition to brand visibility and potential reputational gains, non-commercial engagement can provide companies with a valuable means of attracting or retaining talented employees. Non-commercial engagement can also lead to accessing, understanding and testing new markets by engaging with humanitarian organizations or by acquiring new knowledge with respect to, for example, operating in difficult environments, which is a key strength of humanitarian organizations. In addition, companies have much at stake in the event of disasters: the well-being of their staff and families and disruptions to operations. As global economic losses related to natural disasters increase along with the frequency and intensity of these disasters, it can be in a company’s best interest to actively participate in disaster risk management activities – especially companies in the insurance and reinsurance industries.

However, there are common risks for humanitarian organizations in engaging with the private sector. First, non-commercial engagements by private sector partners are often motivated by the chance to improve their financial bottom line. These goals can be incompatible with those of the humanitarian community, which, above all, feature humanity, neutrality, impartiality and independence. Relatedly, a company’s desired role in humanitarian partnerships often does not align with the actual needs of humanitarian organizations and those of the beneficiaries they serve. Companies often prefer countries where they already have operations or where there is good visibility and public relations value for their efforts – a stance that favors engagement in sudden-onset disaster response activities, as opposed to conflict areas or disaster mitigation and preparedness activities. Moreover, there is a tendency among companies to work in countries with attractive markets, as opposed to countries with broken economies that may require assistance even more urgently.

Furthermore, there are also reputational risks for humanitarian organizations in the event that their corporate partners have poor reputations, as well as the risk of frustration among partners and eventual failure of the partnership due to inflated expectations, conflicting organizational cultures, lack of clarity of roles and responsibilities, or deficient partnership management. Moreover, the organizational costs of developing and maintaining partnerships with the private sector can outweigh their benefits. The effort required to implement necessary steps such as due diligence of potential partners, legal negotiations, partnership management and evaluation activities should not be underestimated.

Finally, one of the most important risks relates to the accountability of companies in a humanitarian system that has invested significant resources in reforming itself by

building up coordination structures. As private actors are not part of these structures, there is a risk that a proliferation of partnerships between humanitarian organizations that are within this system and companies that are not may undermine efforts to increase accountability.

## Model 1: Resource mobilization partnerships

Resource mobilization partnerships focus on engaging companies to provide resources directly or to mobilize external resources (eg, from customer bases) that can be used towards fulfilling humanitarian organizations' mandates. Resource mobilization partnerships can take a number of different forms, ranging from traditional cash donations and in-kind contributions of products like food, water or medicine, to more-innovative models developed by mobile technology firms and financial institutions that induce indirect cost reductions through the implementation of fee waivers. For example, following the 2010 earthquake in Haiti, MasterCard waived donation fees to organizations that included the United Nations Children's Fund (UNICEF), World Vision, and Save the Children.

As discussed above, it is necessary to differentiate between resource mobilization partnerships and traditional philanthropy, the latter of which is not considered to be a "non-commercial engagement" in the context of this study. While partnerships that

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### A RESOURCE MOBILIZATION PARTNERSHIP: THE KENYANS FOR KENYA (K4K) INITIATIVE

In 2011, the Kenyans for Kenya (K4K) initiative used mobile technology and social media platforms provided for free by Safaricom, Kenya's largest mobile provider, and other telecommunication and media companies to raise contributions in response to a drought that threatened the lives of at least 3.75 million Kenyans in arid and semi-arid lands.

The Kenya Red Cross Society, the organization behind the initiative, teamed up with Safaricom and other corporations to attract Kenyans and local companies and to aggregate their contributions in support of the Kenya Red Cross Society emergency response. Companies made cash and in-kind contributions as part of their CSR commitments. Other private sector partners, such as the Kenya Commercial Bank and major auditing companies, offered pro bono financial and auditing services. The K4K initiative exceeded its initial fundraising target, eventually raising more than \$10.5 million in cash and in-kind. The money enabled the Kenya Red Cross Society to respond to urgent humanitarian needs in the most-affected areas and to start preparing for mid- to long-term interventions. The K4K initiative was a success and revealed some of the untapped resources that reside in Kenya.\*

\* [https://www.kenyaredcross.org/index.php?option=com\\_content&view=article&id=379&Itemid=12](https://www.kenyaredcross.org/index.php?option=com_content&view=article&id=379&Itemid=12), last accessed 2 July 2014; Drummond and Crawford (2014), 8.

focus on resource mobilization often limit the role of business partners to providing or mobilizing resources, they differentiate themselves from standard fundraising by adopting a more strategic approach – for example, allowing corporate partners to advertise their engagement or by jointly designing campaigns to leverage funds from the general public over a longer period of time. As such, the humanitarian organization and the company share certain risks, benefits and responsibilities in the context of the partnership.

Resource mobilization partnerships that engage companies to mobilize external resources use different models – for instance, cause-related marketing or social media campaigns. A recent example of the latter is the partnership between the International Federation of Red Cross and Red Crescent Societies (IFRC), Apple’s iTunes store and Facebook that raised money in response to the devastation caused by Typhoon Haiyan in the Philippines in 2013. On Facebook, users were given the option to donate money directly from their News Feed, and on iTunes, users were invited to donate with a single click, and multiple donation options were available.<sup>29</sup>

## **Benefits**

For humanitarian aid organizations, resource mobilization partnerships can bring additional resources for their operations. Depending on the depth of the engagement with the corporate partner, additional benefits can include, for example, raised awareness of a humanitarian cause among broader audiences such as company staff or customer bases. Companies, on the other hand, can benefit from an enhanced commercial reputation, an increased motivation of existing, or attraction of new, staff members, as well as more tangible benefits, if their resources are directed at affected community in which they operate, or if the partnership indirectly results in an increase in revenue.

## **Challenges, risks and organizational requirements**

However, there are numerous challenges that come with these engagements that can make them problematic. First, as tangible benefits (eg, a business case) are often rare, resource mobilization partnerships are often unsustainable. Therefore, sustainability of resource mobilization partnerships depends on the business partners’ perceived intangible benefits, such as reputational gains, which can be more difficult to calculate.<sup>30</sup>

Second, while corporate contributions to humanitarian organizations can be significant after a disaster strikes (eg, Haiti in 2010), they tend to be inconsistent and often slow down or cease altogether once media coverage of the disaster fades. This can be problematic for humanitarian organizations that require resources to address forgotten crises or crises not prominently featured in the media.

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29 <http://www.ifrc.org/en/news-and-media/news-stories/asia-pacific/philippines/how-to-help-donate-to-typhoon-relief-on-facebook-and-itunes-63754/global-partnership-with-itunes-and-facebook-in-support-of-typhoon-haiyan-affected-communities/>, last accessed 2 July 2014.

30 Hoxtell et al. (2013), 53.

Third, while in-kind donations of products or services can fill response gaps, they are often supply-driven, making it difficult to link them to needs. Relief efforts can be hampered if, for example, donated items are outdated, unreliable, or incompatible with local customs and preferences. Collecting, storing and distributing these items can be costly, labor-intensive and time-consuming. Unwanted goods may produce logistic bottlenecks at airports and seaports and prevent priority supplies from passing through. In-kind donations of food in particular can have a detrimental impact on local markets.<sup>31</sup> As a result, there is a growing consensus in the humanitarian community that cash- or voucher-based programming is more effective and efficient than in-kind donations.<sup>32</sup>

Resource mobilization partnerships are often less demanding with respect to design, implementation or evaluation, and they require relatively little organizational resources. Occurring costs are often confined to indirect costs from staff salaries and expenses related to administration and communication. If partnerships mobilize external resources, extra costs occur – for example, costs for advertising campaigns, which business partners may compensate for if they have a strategic interest in the target groups in question.<sup>33</sup> Overall, while resource mobilization partnerships are valued for their direct provision of cash or in-kind goods to humanitarian organizations and for their relatively low internal administrative requirements to manage, they have the least potential to leverage the core expertise and complementarity of business partners.

## Model 2: Implementation partnerships

Implementation partnerships harness the expertise of companies through in-kind service provisions. The private sector partners utilize their core competencies to support humanitarian aid organizations in effectively and efficiently implementing humanitarian programs and disaster risk management activities. In this model, both humanitarian aid organizations and the private sector partners play active roles: The private sector partner provides expertise, while implementation is carried out by the private sector partner or by both partners, depending on the service. Companies usually join as benefactors. Small- and medium-sized enterprises (SMEs), however, may also join as beneficiaries – for example, to receive technical expertise and thereafter help their communities indirectly, by creating new jobs in particular.<sup>34</sup>

Implementation partnerships can be part of the response to crises and can occur across all areas of disaster management. From a preparedness standpoint, corporate partners can work with humanitarian aid organizations in implementing resilience programs. For example, CBRE, an American real estate company, has worked with UNICEF since 2012 on the Climate Positive program, as part of a three-year commitment to build cyclone-proof schools in Madagascar with eco-friendly methods.<sup>35</sup>

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<sup>31</sup> See, for this paragraph: Osman (2011).

<sup>32</sup> Drummond and Crawford (2014), 9.

<sup>33</sup> Hoxtell et al. (2013), 53.

<sup>34</sup> Hoxtell et al. (2013), 42.

<sup>35</sup> <http://www.theguardian.com/sustainable-business/syria-private-sector-humanitarian-support>, last accessed 18 June 2014.

Moreover, employee volunteering programs – when characterized by an agreement between a relief agency or donor and a company, as opposed to ad hoc volunteering initiatives following a disaster, are another model of implementation partnership. The European Commission has stressed the importance and potential value of employee volunteering for humanitarian response and disaster risk management activities,<sup>36</sup> in particular with its new “EU Aid Volunteers” initiative.<sup>37</sup>

## Benefits

For humanitarian organizations, the major benefit of implementation partnerships is the ability to harness private sector knowledge and expertise by utilizing their core competencies in the joint delivery of humanitarian services. Companies can reap reputational benefits and, more importantly, apply their core competencies to new situations and in new contexts. As a result, they may improve their services or provide access to new and potentially previously inaccessible areas through the partnership. SME’s on the ground may also directly benefit from receiving technical expertise.

Following an emergency, implementation partnerships can support response activities –by providing logistical support, for example, as was the case in the partnership between UNICEF and the UPS Foundation. Among other tasks, UPS mobilized its staff, warehouses, shipping and freight services to help UNICEF assemble and ship 50,000 child protection kits to Haiti following the earthquake in 2010.<sup>38</sup> In recovery efforts, implementation partnerships can utilize private sector expertise to get local industries back on their feet or to ensure that infrastructure (eg, sanitation) and other services are functioning. Jordan’s budding information and communication technology (ICT) industry, for example, aided the development of e-learning platforms that Syrian refugees could access with phones or computers.<sup>39</sup>

Implementation partnerships can emerge ad hoc in response to sector-specific, post-disaster needs, such as Mission 4636, which provided online translation and information processing services to people affected by the 2010 earthquake in Haiti.<sup>40</sup> But they can also be long-term and more-strategic collaborations and act as a standby mechanism for fast and efficient response. The Moving the World partnership, for

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36 European Union (2014), 3.

37 See the recommendations about how to integrate employee volunteering into European programs in the study: European Commission (2014)

38 Responding to an urgent need for the most basic of items such as shorts and shoes, the kits were distributed by UNICEF to unaccompanied children who were awaiting reunification with surviving parents or other relatives. See, for more information: <http://www.unicefusa.org/supporters/organizations/businesses/partners/ups>, last accessed 4 June 2014. On UPS/UNICEF activities in Mali in 2012, see: [http://www.unicef.org/infobycountry/mali\\_65574.html](http://www.unicef.org/infobycountry/mali_65574.html), last accessed 4 June 2014.

39 Zyck and Armstrong (2014). This was one recommendation for creating an enabling environment for greater humanitarian-private sector interaction in Jordan.

40 Mission 4636 was a Haitian initiative following the 2010 earthquake. Fifty countries worldwide contributed to the provision of online translation and information processing services that connected the Haitian people with each other and with the international aid efforts. Communications happened by phone and text messaging, either directly or by the free phone number 4636. After the earthquake, many cell-towers radio stations kept working, so people stayed connected to each other even when the government had collapsed. Mission 4636 also used local radio to share information within the country and to advertise the 4636 number. See, for more information: [www.mission4636.org/history/](http://www.mission4636.org/history/), last accessed 2 July 2014.

example, has used the expertise of TNT, a multinational logistics company, to improve WFP's aid delivery.<sup>41</sup>

## **Challenges, risks and organizational requirements**

Implementation partnerships are more complex than resource mobilization partnerships, and while this can lead to greater outcomes, there are also greater inherent risks and challenges. Because the operations and cultures of companies and humanitarian organizations are different, partnerships require an alignment of strategic interests, a clear division of responsibilities and the constant management of expectations in order to be successful. As such, they require considerable human, administrative and, potentially, financial resources from both partners. For humanitarian aid organizations, the administrative and organizational needs and costs associated with, for example, due diligence of potential partners, negotiation of terms with potential partners, internal legal approval and monitoring and evaluation activities should not be underestimated.

## **Model 3: Innovation partnerships**

Innovation partnerships are spurred by globally growing humanitarian needs that, in order to be met, require more-effective and -innovative humanitarian response and disaster risk management. In this respect, the explicit focus on the innovative potential of companies, combined with the experience of humanitarian organizations with regard to key issues affecting humanitarian assistance, is unique to innovation partnerships. Drawing on the knowledge and expertise of involved partners, these partnerships develop and implement technologies and instruments that can either help to address a specific problem or improve work processes within relief organizations.

## **Benefits**

The technologies and instruments developed by innovation partnerships can range from the development of new materials for resilient construction to the development of durable tents for refugee camps.<sup>42</sup> Most common are innovation partnerships that bring about benefits in the areas of transportation, logistics, ICT and banking. The latter includes partnerships with banks and telecommunication companies to develop

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41 In the partnership between WFP and transport and logistics giant TNT, emergency response is one of the main components. In ten years, TNT has responded to more than 30 emergencies by providing local transport support and has organized 19 airlifts to deliver food and relief items where most needed. Moreover, TNT employees have participated in 114 specialist assignments to support a more efficient aid delivery mechanism through transport optimization, fleet and warehouse management or customs support. Thirty-one TNT employees have been trained in humanitarian logistics. The partnership ended last year. See, for more information: <http://www.wfp.org/stories/tnt-and-wfp-celebrate-10-year-anniversary-partnership>, last accessed 3 June 2014.

42 Georgieva (2014).

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## AN INNOVATION PARTNERSHIP: MASTERCARD AND WFP PARTNER TO DELIVER “DIGITAL FOOD”

In 2012, WFP and MasterCard entered into a global partnership that connects MasterCard’s expertise in electronic payment systems with WFP’s expertise in delivering food assistance. With the partnership, MasterCard helps WFP strengthen its delivery of “digital food” in the form of cash and food vouchers via mobile phones or banking cards to people without regular access to financial services. Distributed vouchers are redeemable in local shops for food and other necessary items. The vouchers help boost local economies and allow beneficiaries to purchase what they need most, including fresh products that are not included in traditional food rations.

As part of the partnership, MasterCard supports WFP in building electronic vouchers in many countries, including Southern African countries, Central American countries, Yemen, Niger, Ethiopia, DR Congo, Bangladesh and Pakistan. WFP and MasterCard also set up electronic voucher systems in Lebanon and Jordan for Syrian refugees, replacing WFP’s traditional paper vouchers. Families receive a card loaded every month with \$27 per person, which can be redeemed against a list of items at participating local stores.

Alongside the “digital food” project, MasterCard supports WFP in creating an enhanced online donation mechanism that will enable more people to make donations through a wider variety of online payment methods.\* Overall, the partnership reflects WFP’s move away from physical food deliveries to vouchers and other innovative forms of assistance that are likely to have a stronger impact.

\* <http://www.wfp.org/partners/private-sector/meet-our-partners/mastercard>, <http://www.wfp.org/news/news-release/wfp-launches-e-cards-syrian-refugees-lebanon-mastercard%E2%80%99s-support>, or <http://www.wfp.org/stories/mastercard-and-wfp-team-deliver-digital-food>, all last accessed 2 July 2014.

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new financial transfer models, such as mobile money. For example, MasterCard’s partnership with WFP introduced the delivery of “digital food” in the form of electronic food vouchers and pre-paid credit cards. Tools for disaster risk management, such as early warning systems and risk-modeling, are also becoming more important for innovation partnerships, spurred by the growing research activities on how to reduce the risks of disasters.

Innovation partnerships can also aim to improve the timeliness of aid delivery, monitoring, results management and more-effective delivery of assistance. Improving work processes is usually achieved through knowledge transfer and capacity building. A common approach is skills-based or employee volunteering, which, unlike more traditional forms of volunteering on the ground following a disaster, supports senior-level management functions before a disaster strikes.<sup>43</sup> As recent studies show, skills-based and employee volunteering is becoming more common, particularly in European countries.<sup>44</sup> For example, WFP has been partnering with the Boston Consulting

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43 White (2012).

44 European Commission (2014)

Group (BCG) since 2003 to increase the effectiveness of WFP's strategy, operations and knowledge management. With the help of BCG, WFP introduced private sector-inspired advance financing tools that allow WFP to spend in advance to ensure funding and food are available quickly in the right place, thereby minimizing disruptions to projects caused by a non-linear resource supply.<sup>45</sup>

For companies, innovative products and processes are central to their success. Therefore, the incentive for innovation partnerships for companies is high, giving them the opportunity to explore the development of a new product, process or method.

### **Challenges, risks and organizational requirements**

By nature, innovation partnerships deliberately take risks that are inherent to an entrepreneurial spirit – the main ingredients for successful innovation. Therefore, these partnerships shoulder the burden of the potential failure to develop beneficial products and services.<sup>46</sup> In addition, innovation partnerships share similar risks as implementation partnerships with respect to a potential culture clash between partners and the relatively large organizational requirements for managing them.

### Model 4: System coordination initiatives

Coordination in emergencies is crucial to avoid duplication of work, to fill gaps in aid delivery and to ensure an effective and accountable response. Despite the creation of the Cluster Approach, in which the private sector does not play a relevant role, coordination in the humanitarian system remains a challenge. System coordination initiatives address this gap by bringing together diverse actors – companies, governments, other donors and relief agencies – to enhance coordination on particular issues that are not addressed by the Cluster Approach.<sup>47</sup> They exist on a global, regional or national level and will likely become increasingly important if the trend of rising number of actors in the humanitarian sphere continues.

In most cases, an international organization or donor takes on the role of convener and agenda setter in a system coordination initiative, while other actors, including companies, participate and engage in these initiatives. The Disaster Risk Reduction Private Sector Partnership (DRR PSP), for example, is a global partnership between the United Nations Office for Disaster Risk Reduction (UNISDR) and members of the private sector that mobilizes action to reduce the risks associated with disasters.

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45 Hart (2014); World Food Programme (2014a); <http://www.wfp.org/partners/private-sector/meet-our-partners/boston-consulting-group>, last accessed 3 July 2014.

46 Hoxtell et al. (2013), 57.

47 Binder and Witte (2007), 10.

## Benefits

System coordination initiatives enhance coordination and system-wide action in humanitarian response and disaster risk management by, for example, sharing lessons learned and facilitating structured dialogues. They also aim to take advantage of

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## SYSTEM COORDINATION INITIATIVES: UNISDR'S WORK WITH THE PRIVATE SECTOR

The United Nations Office for Disaster Risk Reduction (UNISDR) serves as the focal point in the United Nations (UN) system for the coordination of disaster risk reduction and for ensuring synergies among disaster reduction activities. UNISDR works with private sector partners in a number of ways, for instance through the Disaster Risk Reduction Private Sector Partnership (DRR-PSP), the Private Sector Advisory Group (PSAG) and the biennial Global Platform for Disaster Risk Reduction.

### **The Disaster Risk Reduction Private Sector Partnership (DRR-PSP)**

DRR-PSP is a global partnership between UNISDR and companies that aims to enable efforts to reduce the risk of disaster, facilitating an interactive exchange among its members, who hail from different sectors, including financial services, telecommunications, construction and materials and support services. Members of the initiative work in five working groups coordinated by one lead company and provide an opportunity for private sector partners to engage in advocacy, outreach and project activities in disaster risk management. To become a member, companies must sign the Statement of Commitment by the Private Sector for Disaster Prevention, Resilience and Risk Reduction and the Call for Action: Five Essentials for Business in Disaster Risk Reduction, both of which ask companies to integrate different aspects of disaster risk reduction – such as the commitment to promote and develop public-private partnerships for disaster risk reduction – into their business processes.

### **UNISDR's Private Sector Advisory Group (PSAG)**

In 2011, UNISDR launched its PSAG, a group of 19 individuals, mostly from the private sector, that has bimonthly conference calls and tries to meet at least

twice a year. PSAG serves as a catalyst for bringing together a wide range of private sector entities to ensure the safety of long-term investments and to plan ahead to protect industry and society from disasters and economic disruptions while ensuring business continuity. Specifically, the group aims to advise UNISDR by using its practical expertise in the field of disaster risk reduction; to complement UNISDR's disaster risk reduction efforts by bringing in new ideas; to assist UNISDR's capacity-building efforts in disaster-prone areas; to review and provide counsel on UNISDR's strategic publications; and to help UNISDR secure necessary funds from the private sector for future projects.

### **UNISDR's biennial Global Platform for Disaster Risk Reduction**

The first session of UNISDR's biennial Global Platform for Disaster Risk Reduction took place in 2007 and brought together governments, non-governmental organizations, UN organizations, financial institutions, the academic community and the private sector to address issues of disaster risk reduction and challenges in the implementation of the Hyogo Framework for Action, a 10-year plan to make the world safer from natural hazards. While there were only three representatives from the private sector at the 2009 session, the 2011 session showed that the private sector could play a much stronger role. The roundtable on what the private sector could contribute to risk reduction included 300 people from all sectors, making it the largest and one of the most dynamic roundtables at the event. The most recent session took place in 2013 and put the private sector center stage as a crucial partner in building the resilience of nations and communities in the face of disasters.\*

\* Interview. See also: <http://www.unisdr.org/partners/private-sector>, last accessed 3 July 2014.

economies of scale and to overcome the limitations of ad hoc emergency response.<sup>48</sup> As such, system coordination initiatives focus on changing policies and the behavior of actors within the humanitarian system. Ideally, they also lead to indirect benefits in the implementation of response activities and preparedness and mitigation efforts.

System coordination initiatives not only serve as an important forum for coordinating the response of numerous humanitarian actors, but also provide a clear access point for private sector engagement in the humanitarian field.<sup>49</sup> They promote the sharing of information and further knowledge of each other's sector, thus potentially helping to overcome the common challenges of public-private partnerships and to identify comparative advantages between the private sector and the humanitarian world. Finally, such initiatives can be utilized by traditional humanitarian actors to promote humanitarian values and to emphasize needs to private sector participants.

### **Challenges, risks and organizational requirements**

Because system coordination initiatives by nature include many actors from different sectors and geographic locations, their impact can be difficult to measure. To be considered legitimate by humanitarian organizations and to have the desired effects on the humanitarian system, system coordination initiatives must involve all relevant actors and should not overlap with the mandates of other initiatives. The costs and organizational requirements for the lead convening actors can be considerably high as a result of the numerous participants and long timeframes required to improve coordination.

## Model 5: Advocacy partnerships

Advocacy partnerships aim either to raise awareness of humanitarian challenges among the general public or the private sector, or to change the behavior of target groups. They include those partners that best help to get the desired message across to the chosen target group – for example, through television, poster campaigns, social media or specific events. While companies can provide resources and expertise on market analysis and advertisement strategies required for more-complex advocacy partnerships, media and celebrities are often used for simple messages delivered to broad audiences.<sup>50</sup>

### **Benefits**

For advocacy partnerships that address the general public, the desired behavioral changes range from low-level to more-substantial changes. Low-level changes can

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<sup>48</sup> Ibid.

<sup>49</sup> Oglesby and Burke (2012).

<sup>50</sup> Hoxtell et al. (2013), 49.

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## A SYSTEM COORDINATION INITIATIVE: DISASTER RISK SENSITIVE INVESTMENTS (R!SE)

The R!SE Initiative is a system coordination initiative, founded in 2014, that aims to make investments risk-sensitive and to contribute to the resilience of local communities and the global economy as a whole. R!SE was developed by both private and public institutions, is managed by the United Nations Office for Disaster Risk Reduction (UNISDR) and involves businesses, investors, insurance communities, the public sector, academia, and civil society.

R!SE plans to achieve its goals, among others, by creating a space for the dissemination of knowledge, good practices and experiences which will help investors to make risk-sensitive choices and build safer and more resilient societies. Besides facilitating exchange, the initiative will execute eight collaborative projects (“activity streams”) with the aim to deliver tools, recommendations and good practices to implement comprehensive disaster risk management for investments in the respective areas. Each activity stream is led by a partner organization, including companies. Pricewaterhouse Coopers, for example, heads the streams “DRM strategies” and “DRM industry standards”, while the Economist Intelligence Unit leads the stream “Risk metrics”, AECOM the stream “resilient cities”, and Willis the stream “Insuring resilience”.

With the aim of achieving its ambitious goals by 2020, the R!SE initiative stands at the very beginning of a long journey and has yet to prove that it can translate its ambitious goals into tangible results. The concept and initiation of R!SE, however, is an exemplary case of how companies and public actors can jointly develop a partnership and join forces to work towards a common goal.\*

\* [http://www.unisdr.org/files/37589\\_rseprogramsummary.pdf](http://www.unisdr.org/files/37589_rseprogramsummary.pdf), last accessed 28 August 2014.

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seek to sensitize individuals to certain issues, as achieved by World Humanitarian Day, which aims to spread the word about humanitarian challenges through social media and high-profile events. More-substantial changes can be achieved by using advocacy campaigns to convince inhabitants in at-risk areas to use the benefits of insurance or micro-insurance or by advising individuals on how to behave if natural disasters strike.<sup>51</sup>

Advocacy partnerships can also change behavior. For example, the International Committee of the Red Cross (ICRC) discusses humanitarian concerns with companies as a form of preventative action, given the fact that companies can have a massive positive or negative impact in situations of armed conflict or other situations of violence. Advocacy partnerships can take many forms, ranging from bilateral discussions with a company on a specific humanitarian issue, to the production of generic guidance or participation in multi-stakeholder initiatives led jointly by several societal groups (such as governments, civil society organizations and companies) with a view to responding

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51 Hoxtell et al. (2013), 50.

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## AN ADVOCACY PARTNERSHIP: WORLD HUMANITARIAN DAY

World Humanitarian Day is held on 19 August every year. The day was designated by the United Nations (UN) General Assembly and honors all humanitarian personnel and those who have died working for humanitarian causes. But it also celebrates the spirit that inspires humanitarian aid workers worldwide. Organizers chose 19 August because it is the date on which a brutal bombing at the UN headquarters in Baghdad killed 22 aid workers in 2003.

In 2014, the UN launched a campaign called “The World Needs More” in support of World Humanitarian Day. The idea is to turn words into aid. Companies, organizations and individuals can “sponsor” a word. Each time someone shares one of the sponsored words on Facebook or Twitter, \$1 of that sponsor’s donation is unlocked. Individuals can also simply donate money. World Humanitarian Day draws attention to the importance of alleviating human suffering that results from conflict and natural disasters.\*

\* <http://www.un.org/en/events/humanitarianday/> and [www.worldhumanitarianday.org](http://www.worldhumanitarianday.org), all last accessed 3 July 2014.

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to specific challenges. In doing so, the ICRC seeks to foster conditions that will diminish the chances of companies’ actions having negative impacts, such as human rights abuse or deteriorating conditions for local communities.<sup>52</sup>

### **Challenges, risks and organizational requirements**

The biggest risk of advocacy campaigns is that business partners may have blemished reputations in the issue area and consequently attract negative headlines that jeopardize achievement. Selecting partners carefully and practicing due diligence during screening procedures can mitigate these risks and are therefore integral parts of an advocacy campaign’s organizational requirements. An additional challenge is determining the overall impact of advocacy campaigns. In the past, the success of advocacy efforts was difficult to measure. However, with metrics like social media “shares” and “likes,” it is becoming easier to get a sense for the overall reach of such campaigns.

Finally, due to their typically short timeframes and the fact that companies, with their advertising and marketing expertise, often take the lead on developing such campaigns, organizational resource requirements on the part of humanitarian organizations are relatively small in comparison to the requirements of other models.

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52 Voillat (2012), 1094.

### 3.3 Conclusion

As the models above highlight, there are a number of benefits that humanitarian organizations can reap through different types of engagements with the private sector. A summary of the risks, benefits and organizational needs, as well as examples, of specific models can be found in Table 1 next page.

Each humanitarian organization must weigh the risks and benefits of these commercial and non-commercial models against each other to arrive at a cost-benefit analysis that also takes into account their respective normative points of view, as discussed in Chapter 2.

	<b>Models</b>	<b>Model-specific benefits</b>	<b>Common benefits</b>	<b>Model-specific risks</b>	<b>Common risks</b>	<b>Organizational needs</b>	<b>Examples</b>
<b>Commercial engagements</b>	Contracting of companies (donor-company)	Professionalization of humanitarian industry Greater donor control over projects (potentially)	Provide specialized services where no alternatives exist Provide certain services more efficiently due to specialization	Businesses lack of holistic knowledge of system Limited transparency Inefficient use of public money	Complicated quality control Greater coordination needs Compromised humanitarian principles (potentially)	Minimal	DFID contracting Crown Agents to improve its response mechanisms
	Subcontracting of companies (NGO-company)	Positive effects on local economies Increased access		Less connected to situation on the ground		Minimal	WFP Third Party Monitoring
<b>Non-commercial engagements ("partnerships")</b>	Resource mobilization partnerships	Larger and more diversified budgets	New financial, in-kind, or staff resources for relief agencies	Can be unsustainable or inconsistent Supply-(not needs) driven	Reputational Costs exceed benefits Companies' for-profit nature could threaten the cause Desired role of company not aligned with humanitarian needs Less attention to non-visible or forgotten crises or unattractive markets	Minimal to High	Kenyans for Kenya Initiative IFRC Social Media Fundraising (iTunes, Facebook)
	Implementation partnerships	Access to core corporate competencies in key sectors		Lack of strategic alignment Less accountability		High	OCHA and Ericsson ICT Partnership Save the Children - Prudence Foundation disaster response training
	Innovation partnerships	Access to or adaptation of new technologies for relief agencies Develop new products or services for the humanitarian response Improved work processes within relief agencies		Lack of strategic alignment Higher risk of failure		Medium to High	WFP and Mastercard "Digital Food" UNICEF-Thoughtworks rapid FTR
	System coordination initiatives	Enhanced coordination between all kind of actors Partnerships as access points for companies Sharing good practices, standards and needs		Difficult to measure impact		Medium to High	UNISDR Disaster Risk Reduction Private Sector Partnership OCHA World Humanitarian Summit Consultations
	Advocacy partnerships	Access to large customer bases (also for external resource mobilization) Greater awareness among companies and general public Changes in policy or behavior of target groups		Bad corporate reputation jeopardizing advocacy Difficult to measure impact		Low to Medium	ICRC Voluntary Principles on Security and Human Rights OCHA World Humanitarian Day

# 4. The policies and practices of selected humanitarian organizations for engaging with the private sector

Decisions by humanitarian organizations on whether to engage with companies can be based on one or more variables, including the necessity to collaborate, operational capacity, mandate, organizational culture, support of stakeholders and, in particular, leadership and vision at the top. In addition to particular risks associated with the policies and practices of donors and relief agencies with respect to engaging with businesses (detailed below), there are a number of common risks associated with corporate engagement.

First, collaboration with companies can lead to reputational damage for humanitarian organizations if the corporate partner has disreputable practices (eg, child labor or poor environmental policies). Robust due diligence processes for screening and selecting companies must be put in place at global and country offices to mitigate these risks. Moreover, to ensure the ethical conduct of corporate partners, humanitarian organizations should have policies in place for avoiding common conflicts (eg, impermissible logo usage) and weighing humanitarian versus corporate interests without jeopardizing the values of the organization or the principles of humanitarianism.

Second, a key risk to successful collaboration with companies, particularly when it comes to the implementation of partnerships, is not managing expectations. Companies make fast decisions and have a higher tolerance for risk, whereas humanitarian organizations can be inflexible and risk-averse. This clash of cultures can lead to frustration and mismanaged or abandoned partnerships. Such risks can be overcome by dedicated partnership managers and detailed agreements taking the form of a memorandum of understanding that clearly sets out the roles, responsibilities and timelines involved in implementation.

Finally, due to the risks detailed above and the necessary mitigation mechanisms, engagements with companies – above all, complex partnerships – inevitably result in high transaction costs for humanitarian organizations. In interviews for this study, only the United Nations High Commissioner for Refugees (UNHCR) claimed to have done a cost-benefit calculation of its corporate engagement activities. This is

not surprising, as it is extremely difficult to calculate organizational costs as well as the benefits of in-kind assistance or of the pro bono development of innovative goods and services. Moreover, there are few impact assessments which analyze the extent to which collaborations between humanitarian organizations and companies have actually led to valuable outcomes on the ground, particularly with respect to saving lives, alleviating suffering or protecting human dignity. Admittedly, this is difficult, if not impossible, to quantify.<sup>53</sup>

## Challenges in analyzing policies and practices of humanitarian organizations for engaging with companies

When looking at the different policies and practices across different organizations, three main challenges exist. First, the structure of different organizations makes it inherently difficult to determine the overall extent of an organization's activities with the private sector in humanitarian response and disaster risk management. Organizations that support or implement both humanitarian and development activities often do not draw a clear line between development and humanitarian response. Moreover, organizations often have a global headquarters and a number of national or regional offices. In many cases, the local offices operate with a certain amount of autonomy with respect to what types of non-commercial and commercial engagements exist. Unfortunately, these engagements or financial values are not publicized, and organizational annual reports do not parse or disaggregate this data.

Relatedly, it is often difficult for organizational staff or researchers to differentiate between activities that are non-commercial partnerships, traditional philanthropy, commercial engagement in the implementation of humanitarian services or simply traditional procurement of goods or services not directly related to humanitarian response. This is reflected in much of the existing literature – and in the debate within the humanitarian community – on corporate engagement. As discussed in Chapter 3, the absence of a clear-cut understanding of what constitutes such engagements makes it difficult to draw conclusions on the overall role that companies play in the humanitarian system. This is troubling not only for purposes of analyzing an organization's specific engagements with the private sector, but also for the overall transparency of actors and the accountability of funds in the humanitarian system.

Finally, it is often difficult to quantify an organization's overall resources dedicated to pursuing non-commercial or commercial engagements with companies. Very few organizations systematically assess the overall cost of these activities compared to their value. This is understandable, for in many cases, the staff working on these issues is also responsible for developing partnerships with civil society and managing relations with government donors. Moreover, these responsibilities are often added on to an existing portfolio of work, rendering it even more difficult to assess overall staff time dedicated to engagements with the private sector.

Taking these limitations into account, the following sections aim to provide a general overview of the policies and practices of selected humanitarian organizations,

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53 Ibid

including international organizations, non-governmental organizations and donor governments. The information was gathered from publicly available information and, wherever possible, supplemented by interviews. In light of the challenges detailed above, the types of information presented and the level of detail vary between organizations.

## 4.1 International organizations

### International Committee of the Red Cross (ICRC)

According to its mandate, the International Committee of the Red Cross (ICRC) seeks to develop a constructive dialogue with all state and non-state actors who have a stake in, or may have an influence on, situations of armed conflict. This broad mandate provides the ICRC with the foundation for engaging with companies in order to help them to understand their rights and to meet their obligations under humanitarian law.<sup>54</sup> In this context, the ICRC has had some notable achievements. For example, the ICRC convened governments, as well as experts from civil society and the private military and security companies (PMSCs), for an intense consultation process to promote respect for international law by PMSCs.<sup>55</sup>

Over the past 15 years, there has been a slow but steady evolution in the ICRC's thinking about the role of the private sector in the work of both the ICRC and the humanitarian system. In 1999, the organization slowly began to move beyond dialogue activities towards different types of partnerships with the private sector. This is evident in the organization's first strategy, which initiated a more systematic approach to involving the private sector in humanitarian response activities. This first strategy had five goals:<sup>56</sup>

- Promote humanitarian principles among business actors;
- Develop an increased capacity of analysis and a more holistic understanding of the humanitarian world within the ICRC;
- Develop competences through exchange with companies;
- Refine the relationship between the ICRC and its suppliers;
- Explore fundraising from, and partnerships with, companies.

In 2002, the ICRC released the Ethical Principles Guiding the ICRC's Partnerships With the Private Sector, which stressed two desirable ways of engaging with the private sector: promoting humanitarian principles and humanitarian dialogue with companies operating in conflict-prone areas, and second, seeking support from the private sector to enhance the ICRC's capacity to operate in an efficient manner by

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<sup>54</sup> International Committee of the Red Cross (2006).

<sup>55</sup> The result, the Montreux Document, is the first document of international significance to define how international law applies to the activities of PMSCs when they are operating in an armed conflict zone. It contains a set of good practices designed to help states take measures nationally in order to fulfil their obligations under international law. See: <http://www.eda.admin.ch/psc/The>, last accessed 3 July 2014.

<sup>56</sup> Voillat (2012)

recognizing that the expertise and financial capacity of the business community has great potential to help the ICRC achieve its humanitarian objectives.<sup>57</sup> The principles also defined a due diligence procedure for selecting corporate partners.

In 2005, in order to diversify ICRC's funding sources and to ensure the independence of its activities, the idea to raise money among companies became more popular within the ICRC.<sup>58</sup> In its Resolution 10, entitled "Movement Policy for Corporate Sector Partnerships," the ICRC Council of Delegates emphasizes the desire to maximize the Movement's opportunities for working with the corporate sector while ensuring the protection of the ICRC's values, reputation and integrity. In this respect, the policy further sets criteria for selecting corporate partners, proposes an assessment process to screen companies against these criteria and defines terms for corporate partnerships.<sup>59</sup> Specifically, the corporate partner must in no way be engaged knowingly or deliberately in activities running counter to (i) the Movement's objectives and Fundamental Principles, (ii) principles of international humanitarian law and (iii) internationally recognized standards as embodied in the Universal Declaration of Human Rights of 1948, the Declaration on Fundamental Principles and Rights at Work of 1998, the Convention on the Elimination of all Forms of Racial Discrimination of 1965 and the Convention on the Elimination of Discrimination against Women of 1979. Moreover, the ICRC's policy prohibits partnering with a company that:

- undermines the ability of the Movement to operate. Specifically if one party to an armed conflict considers the corporate partner's activities as partial and controversial.
- is involved in the manufacture or sale of arms and ammunition.
- has, as its core business, the manufacture or sale of products publicly recognized as deleterious to health.
- through its business practices, materially contributes to armed conflicts or natural disasters.
- does not respect materially the local or national laws and regulations of the countries where it operates or has major public controversies in the country where the partnership takes place.

While these principles remain the key guiding policy of the ICRC vis-à-vis its relations with the private sector, the rationale for engaging with companies and the rhetoric of the ICRC about this topic changed again, in 2013. The organization is now much more explicit in stressing the need for humanitarian organizations and businesses to work together to find creative solutions and emphasizes as well that the ICRC itself is looking to deepen its engagement with companies.<sup>60</sup> In particular, the ICRC is slowly starting to feel the pressure to raise additional funds beyond government donors.<sup>61</sup>

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57 [http://www.icrc.org/eng/assets/files/other/guidelines\\_for\\_partnerships.pdf](http://www.icrc.org/eng/assets/files/other/guidelines_for_partnerships.pdf), last accessed 3 July 2014.

58 The goals are set out in: International Committee of the Red Cross (2011).

59 All information on criteria for engaging with the corporate sector found in this paragraph from: <http://www.icrc.org/eng/resources/documents/resolution/council-delegates-resolution-10-2005.htm>, last accessed 3 July 2014.

60 International Committee of the Red Cross (2013), 3.

61 Interview.

## Models

While the ICRC has put appropriate policies in place to enable different types of relationships with the private sector, its engagements have thus far been limited to financial and in-kind resource mobilization efforts as well as advocacy partnerships. Cash donations to the ICRC resulting from partnerships with companies remain fairly insignificant. In 2005, donations from companies covered less than 0.5 percent of the ICRC's annual contributions – a percentage that has remained unchanged through 2012.<sup>62</sup>

The ICRC's most developed partnership model is its Corporate Support Group, which is advertised as “an exclusive partnership with selected companies” and an “innovative and long-term partnership between the ICRC and a group of selected Swiss companies.”<sup>63</sup> The main goal of the Corporate Support Group is to raise financial contributions from these ten companies for the ICRC's endowment fund, managed by the Foundation for the ICRC. However, the Corporate Support Group is going beyond financial contributions and increasingly includes in-kind contributions as well as elements of innovation partnerships.<sup>64</sup> For example, since 2008 the Credit Suisse Group and the ICRC have been exchanging know-how in the fields of risk, communications and human resources. Moreover, since 2010, Holcim and the ICRC have been sharing their expertise in areas of mutual interest such as crisis and risk management, water supply and infrastructure development.

Finally, the ICRC has long participated in advocacy partnerships as well. For example, the ICRC supported a multi-stakeholder process that developed the Voluntary Principles on Security and Human Rights, which offers practical guidance to companies for maintaining the safety and security of their operations, while ensuring respect for human rights and humanitarian law. The Voluntary Principles also provide an opportunity for governments, companies and non-governmental organizations to engage in mutual learning. In addition, the ICRC developed a set of Implementation Guidance Tools, which are targeted towards staff responsible for corporate security and the human rights commitment to respect these principles.<sup>65</sup> Moreover, while the ICRC is supportive of companies active in conflict areas, they underline the responsibility of these companies to minimize the risk of doing harm and the ICRC works with them to operate responsibly.<sup>66</sup>

Taken together, the sequence of the ICRC's policies towards the private sector and the few models that the organization has implemented show an increasing awareness within the ICRC of the potential role the private sector can play in improving the effectiveness of its humanitarian activities. While the 2005 strategy suggests that this issue has taken on some relevance within the ICRC, the lack of an updated policy after 2005, the relatively undeveloped and outdated representation on the ICRC website of key trends vis-à-vis the private sector in the humanitarian sector, and the absence of

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62 International Committee of the Red Cross (2011), 7; International Committee of the Red Cross (2012).

63 International Committee of the Red Cross (2011).

64 Interview.

65 See: <http://www.icrc.org/eng/resources/documents/news-release/2011/voluntary-principles-news-2011-09-15.htm>, last accessed 3 July 2014.

66 Interview.

any significant new partnerships beyond the fairly limited role played by the Corporate Support Group also indicate that the private sector is not, as of yet, a key priority for the ICRC.<sup>67</sup>

## Organizational needs and costs

At present, 20 staff members within the ICRC work on mobilizing funds from individuals, foundations, internet platforms and companies. Five focus specifically on fundraising from companies, though they are also placing more importance on collaborations which go beyond fundraising, in particular, innovation partnerships.<sup>68</sup>

## United Nations Children's Fund (UNICEF)

Of the various United Nations agencies, funds and programs, the United Nations Children's Fund (UNICEF) has the most advanced strategy for working with the private sector and, as such, utilizes a wide variety of different engagement models. UNICEF's position is that "Today's complex global challenges require partnerships across sectors and societies to achieve equitable and sustainable results for children."<sup>69</sup>

In 2009, UNICEF developed its "strategic framework for partnerships and collaborative relationships," which sets out the organization's policies on engaging with the private sector, as well as with governments, civil society organizations, other UN entities, and research institutions.<sup>70</sup> With respect to companies, this strategy stressed the need for a broad portfolio of engagements with the private sector in the areas of resource mobilization, program implementation, advocacy and the development of innovative solutions. In 2011, UNICEF developed an internal guide that builds upon this strategy by placing greater focus on resource mobilization partnerships, innovation, and advocacy-driven partnerships to advance children's rights within the context of a sustainable business agenda.<sup>71</sup>

The 2009 strategic framework also clarifies ethical considerations when screening corporate partners. UNICEF only partners with companies committed to the core values of UNICEF, the United Nations, and the Convention on the Rights of the Child, in conformity with the principles of good governance, including transparency, accountability and sound financial management. UNICEF will not formally partner with organizations or other entities in breach of core United Nations norms, including with entities involved or complicit in the violation of human rights and those posing serious risks to the reputation of UNICEF. Potential new partnerships are subject to

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67 For example, the description of companies' motivation to support the ICRC is basic and addresses little with respect to innovation or resilience benefits for companies or the ability to leverage and improve corporate core competencies – issues that other comparable organizations (eg, within the UN) have used effectively in their corporate engagement strategies.

68 Interview.

69 UNICEF (2012a), para. 1.

70 UNICEF (2009b).

71 UNICEF (2012a), para. 38.

a detailed due diligence screening process and UNICEF considers the implications of new engagements for the different parts of the organization, including National Committees.<sup>72</sup>

In 2012, UNICEF reviewed the implementation of this strategic framework and consequently updated its strategy by introducing more-robust tools and guidance for the development and management of partnerships, by simplifying internal processes, by developing a results-focused approach to its partners and by emphasizing comparative advantages as a key prerequisite for new relationships.<sup>73</sup> In response, the updated strategic framework now considers the contribution of corporate partnerships to results instead of, for example, inputs and suggests that UNICEF must invest strategically in multi-stakeholder partnerships, while leveraging its internal capacity for designing and managing partnerships more effectively.

Despite these developments, one of the biggest challenges for UNICEF is to ensure the ethical conduct of companies and to ensure that its reputation and moral authority are not jeopardized in a way that could affect the organization or the effectiveness of its programs towards beneficiaries. To mitigate this risk, UNICEF has a robust due diligence procedure in place, updated after a review in 2010, that can nevertheless be adapted, if absolutely necessary, to quickly respond to humanitarian emergencies.<sup>74</sup>

## Models

UNICEF takes a diversified approach in its partnership strategy and has a large number of corporate partners. As such, the organization has not only developed numerous resource mobilization and implementation partnerships, but also designed more-advanced innovation and advocacy partnerships as well. As emphasized in its updated strategic framework, resource mobilization remains a very important part of UNICEF's partnership work, and the organization is moving towards a more proactive and selective approach in choosing its partners.<sup>75</sup> The organization utilizes a number of models for raising funds, ranging from traditional cash philanthropy to more-complex, cause-related marketing initiatives. For example, the airline EasyJet raised more than \$1.6 million in six months through its passengers' generous contributions to the Change for Good program. Overall, private contributions are largely raised through UNICEF national committees and country offices and totaled \$1.2 billion in 2012. However, it is unclear from UNICEF's annual report what percentage of these funds came from individual donors, businesses or private foundations.<sup>76</sup>

In addition to raising funds, UNICEF is also quite advanced with respect to in-kind resource mobilization. For example, its partnership with Deutsche Post World Net provides logistics services in emergencies, and its collaboration with Google focuses on emergency preparedness and community mapping.<sup>77</sup>

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<sup>72</sup> Ibid.

<sup>73</sup> UNICEF (2012a).

<sup>74</sup> Interview.

<sup>75</sup> UNICEF (2012a), para. 38 f.

<sup>76</sup> UNICEF (2012b).

<sup>77</sup> UNICEF (2009a), para. 51

UNICEF also leverages its private sector partners in the implementation of its activities. In recent years, UNICEF's partnership agenda has expanded from resource mobilization to include a growing number of core-business partnerships that benefit from private sector expertise. For example, as a part of UNICEF's Standby Arrangements, the organization maintains a partnership with a private water systems firm, Veolia Waterforce, which aims to fill a crucial gap in water supply expertise and in provision of equipment like water treatment units and water analysis labs.<sup>78</sup> In addition to working with multinational and international corporations, UNICEF, as part of its equity approach, strives to engage with partners at subnational and community levels.<sup>79</sup>

One of the most interesting areas of UNICEF's work with the private sector is its innovation activities. UNICEF has set up an innovations team that focuses on both enabling processes of innovation within UNICEF and developing new products and resources, particularly with design, logistics and technology companies.<sup>80</sup> Moreover, a network of 14 Innovation Labs around the world bring together the private sector, academia, and the public sector to develop solutions for key social issues and to ensure that innovations occurring on the ground are being shared and replicated elsewhere.

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## AN INNOVATION PARTNERSHIP: UNICEF AND RAPID FAMILY TRACING AND REUNIFICATION (FTR)

In partnership with UNICEF, ThoughtWorks, an international IT-consulting company, launched the RapidFTR initiative and developed an open-source mobile phone application and data storage system that seeks to speed up current inefficient and paper-driven practices to document separated children in an emergency. The software helps humanitarian workers at country level to collect, sort and share information about missing children so that they can reunite with their families. RapidFTR is not a program on its own, but rather a program-driven tool that records key information about the child's identity, including a photo and information about his or her separation. The data is then uploaded to a central database accessible by those responsible for child welfare. RapidFTR is designed to help both in the immediate aftermath of a crisis and during ongoing recovery efforts. The software was first piloted in a Congolese transit refugee camp in Uganda in 2012, then used in the 2013 South Sudan internally displaced person(s) crisis, and most recently deployed in the Philippines after Typhoon Haiyan hit the country. UNICEF wants RapidFTR to become a standard tool in emergency supply kits in the future.\*

\* <http://rapidftr.com/>, [http://unicefstories.org/2013/12/31/rapidftr-an-app-for-reuniting-families-in-disaster-situations/?relatedposts\\_hit=1&relatedposts\\_origin=21570&relatedposts\\_position=1or](http://unicefstories.org/2013/12/31/rapidftr-an-app-for-reuniting-families-in-disaster-situations/?relatedposts_hit=1&relatedposts_origin=21570&relatedposts_position=1or), <http://www.theguardian.com/global-development/poverty-matters/2013/dec/27/rapidftr-disaster-situation-app-reuniting-families>, all last accessed 3 July 2014.

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78 UNICEF (2009a), para. 50.

79 Interview. See also: UNICEF (2012a), para. 12.

80 The members of the team have recently been recognized as some of the most influential people in the world by Time magazine.

Finally, UNICEF also engages in advocacy partnerships. Together with the UN Global Compact and Save the Children, for example, UNICEF released the Children's Rights and Business Principles, which offer concrete guidance on what the corporate sector can do to support and promote children's rights. In developing these principles, UNICEF undertook a consultation process that gathered input from the private sector, and the organization continues to work with companies in understanding and implementing the principles.<sup>81</sup>

## Organizational needs and costs

Because UNICEF's private sector engagement activities are undertaken by its global headquarters as well as throughout its national committees, a total estimate of organizational resources dedicated to working with the private sector is not available. However, an audit of UNICEF for the 2012 financial year found that on average, over 30 percent of the total \$1.2 billion raised by national committees from private sources (including individuals, companies and foundations) was used to cover national committee costs and for contributing to their financial reserves.<sup>82</sup> The audit, however, also praises UNICEF for its robust accounting framework and financial processes.

## World Food Programme (WFP)

Over the past decade, the World Food Programme (WFP) has placed considerable emphasis on engaging with the private sector in the fight against hunger, and much like UNICEF, its partnership activities are very advanced and diverse. While WFP's first private sector collaboration occurred in 2002 with the logistics giant TNT, formal approval for the organization to move into fundraising from the private sector first took place in 2004. In 2008, WFP adopted its first Private Sector Partnership and Fundraising Strategy. Following an independent evaluation of the strategy in 2012,<sup>83</sup> WFP adopted the next year its new private sector partnership and fundraising strategy that covers 2013 to 2017, developed in partnership with the Boston Consulting Group (BCG).<sup>84</sup> The three priorities of the strategy are to increase the value of partnerships for capacity development; to increase the resources received through partnerships for fundraising; and to enhance WFP's ability to partner effectively at all levels with the private sector.

According to WFP's Corporate Partnership Strategy (2014 to 2017), which provides the overarching vision and approach for WFP's partnership work, WFP's priority is not simply to extend its partnerships but also to partner more strategically to obtain greater value from partnerships.<sup>85</sup> Partnership managers within WFP have also

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<sup>81</sup> [childrenandbusiness.org/](http://childrenandbusiness.org/), last accessed 3 July 2014.

<sup>82</sup> United Nations (2012).

<sup>83</sup> Markie et al. (2012).

<sup>84</sup> World Food Programme (2013a).

<sup>85</sup> World Food Programme (2014c), para. 4 and 12.

emphasized quality over quantity, particularly by identifying existing partnerships that can be scaled up rather than taking on new partnerships. As such, decisions on new partnerships are also made with respect to the potential for scalability.<sup>86</sup> In a similar vein, WFP's Strategic Plan for the years 2014 to 2017, which defines the organization's strategy in the coming years, highlights the need to identify partnerships more strategically by better defining WFP's role and the value added in the larger field of actors, as well as the need for new forms of engagement to support WFP's focus on food assistance.<sup>87</sup>

The 2013 strategy also clarifies WFP's ethical screening criteria for potential new partners. WFP will not engage with private entities that are complicit in human rights abuses, tolerate forced or compulsory labor or the use of child labor, are involved in the sale or manufacture of anti-personnel land mines or cluster bombs, or that violate United Nations Security Council sanctions. Moreover, WFP's private partners must aim to advance and support WFP's mandate and values, and must demonstrate a commitment to meeting the principles of the United Nations Global Compact. Finally, WFP may decline an engagement with a private entity if that entity could be seen to compromise WFP's neutrality.<sup>88</sup>

## Models used

WFP has a large portfolio of partnerships with the private sector, including cash and in-kind resource mobilization, implementation partnerships for leveraging private sector expertise in their programmatic delivery and innovation partnerships for enabling the WFP to better pursue its mandate in more-effective ways.

WFP's resource mobilization partnerships are among the most advanced in the world, utilizing traditional fundraising models as well as social networks and other online services. For instance, WFP first partnered with Zynga, a social-gaming powerhouse, in 2010 to support WFP's operations in Haiti following the earthquake. The company continues to raise awareness and funds for WFP's operations by engaging its more than 240 million monthly active users. To date, players have provided more than 9 million meals for school children.<sup>89</sup>

Between 2008 and 2012, WFP invested \$7.4 million in developing the capacity to engage with the private sector. It raised \$549 million in cash and received \$104 million as in-kind gifts from the private sector.<sup>90</sup> In 2013, funding from governments amounted to 93 percent of WFP's total budget, financial institutions and pooled funding to 5 percent and private sector funding to 2 percent. In 2013, donations from the private sector totaled \$88.4 million, an increase of 37 percent over 2012.<sup>91</sup> The organization

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<sup>86</sup> Interview.

<sup>87</sup> World Food Programme (2013b).

<sup>88</sup> Ibid. These criteria are also included in the "UN Guidelines on Cooperation between the United Nations and the Business Sector" accessible at: <http://business.un.org/en/assets/83f0a197-b3b8-41ba-8843-d8c5b5d59fe1.pdf>. Last accessed 25 August 2014.

<sup>89</sup> <http://www.wfp.org/zynga>, last accessed 3 July 2014.

<sup>90</sup> World Food Programme (2013a), para. 14.

<sup>91</sup> World Food Programme (2014b), para. 47.

aims to raise \$1 billion in commitments per year from the private sector within five to ten years.<sup>92</sup>

WFP's most-well-known engagements with the private sector are its implementation partnerships in the area of logistics. Logistics cluster operations led by WFP are supported by logistics emergency teams (LETs) consisting of four of the world's leading logistics and transport companies (TNT, UPS, A.P. Møller-Mærsk, and Agility) by providing access to a global network of transportation and logistics expertise.<sup>93</sup> Moreover, WFP's "R4 Rural Resilience Initiative", a partnership with Oxfam America which also includes the private sector, integrates community-based disaster risk reduction, asset-creation programs, risk transfer – including an innovative insurance for-work mechanism – and live-lihood strengthening.<sup>94</sup>

WFP also effectively uses innovation partnerships – for example, with companies like Royal DSM – both to jointly develop "smart" food products that are ready to use in emergency situations and to build innovative capacity in WFP's nutrition programming. Moreover, to test a comprehensive disaster risk reduction and climate change adaptation approach, WFP, Oxfam America and global reinsurer Swiss Re engage in the Rural Resilience Initiative (R4), an innovative partnership that allows cash-poor farmers and rural households to pay for index insurance with their own labor, so that they can both manage and take risks to build resilient livelihoods.<sup>95</sup>

In the area of information and communication technology (ICT), WFP also plays a key decision-making role in a partnership called emergency.lu to help the humanitarian and civil protection community respond to large-scale disasters. The partnership aims to fill the communications gap at the onset of large-scale disasters by leveraging tools and services from the private sector, such as satellite infrastructure and capacity; communication and coordination services; satellite ground terminals for short- and long-term deployment; communication terminals to extend satellite connection to the ground; and transportation of equipment to the disaster area.<sup>96</sup>

WFP is also engaging in advocacy partnerships. For example, the singer Shakira and Activia, one of the largest yogurt brands in the world, teamed up with WFP to make the music video for "La La La (Brazil 2014)," which draws attention to WFP's school meals program. After watching the video, viewers can go to the Activia or WFP website to read more about the partnership and make donations.<sup>97</sup> In addition, WFP places considerable on the private sector in disaster risk reduction and management activities, in particular, with respect to food and nutrition security and resilience.<sup>98</sup>

In addition to its many non-commercial engagements, WFP also enters into commercial engagements with companies by subcontracting different types of services,

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92 Aly (2013).

93 <http://www.logisticsemergency.org/>, last accessed 3 July 2014.

94 <http://documents.wfp.org/stellent/groups/public/documents/newsroom/wfp247914.pdf>, last accessed 29 August 2014.

95 <http://www.wfp.org/news/news-release/scaling-innovative-climate-change-adaptation-and-insurance-solutions-senegal>, last accessed 5 June 2014.

96 Hall (2012).

97 <http://www.wfp.org/stories/shakira-la-la-la-celebrating-football-supporting-school-meals>, last accessed 3 July 2014.

98 <http://documents.wfp.org/stellent/groups/public/documents/newsroom/wfp247914.pdf>, last accessed 29 August 2014.

including third-party monitoring services. In fact, WFP recently developed guidelines on third-party monitoring in areas of difficult access. In case of cost efficiency, quality or risk transfer considerations, WFP will subcontract a private company to assume responsibility for some of the monitoring activities typically conducted by WFP or its implementing partners.<sup>99</sup> These guidelines also outline steps for WFP staff to mitigate the risks of sub-contracting corporate partners, in particular by designing comprehensive screening and selection mechanisms for partners to ensure they are in good standing in their communities and will respect humanitarian principles, by writing detailed terms of references and by providing training to the corporate partner.<sup>100</sup>

## Organizational needs and costs

The new Partnership and Governance Services Department (PG) provides the strategic focus for partnerships across WFP and includes the Private Sector Partnerships Division (PGP) and the Government Partnerships Division. PGP is primarily responsible for developing and managing fund mobilization and partnerships with the private sector and is currently staffed with 36 full-time personnel around the world. In 2011, staff from PGP was deployed from headquarters to decentralized locations. WFP recruiting policy was relaxed to allow the employment of fund mobilization specialists as external recruits on two-year contracts that would not be subject to rotation but have the possibility of renewal – a policy that is now in effect.<sup>101</sup> PGP costs averaged 8 percent of the funds raised in 2013.<sup>102</sup>

## United Nations Organization for the Coordination of Humanitarian Affairs (UNOCHA)

OCHA is mandated to bring together humanitarian actors to ensure a coherent response to emergencies and, as such, plays a key role in setting the terms of private sector engagement in humanitarian activities. In 2007, OCHA and the World Economic Forum released the Guiding Principles for Public-Private Collaboration for Humanitarian Action, which aimed to communicate key humanitarian principles to companies and to share with the humanitarian community lessons learned from previous engagements. The principles were the product of broad consultations with the humanitarian community and the private sector, but they were not designed to supersede or replace agency and sector specific guidelines and standards.<sup>103</sup> In this respect, the guidelines were meant to be informative and not binding.

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<sup>99</sup> WFP Third Party Monitoring Guidelines, June 2014. Not yet publicly available.

<sup>100</sup> Ibid.

<sup>101</sup> Markie et al. (2012), para. 112.

<sup>102</sup> Interview.

<sup>103</sup> <http://www.un.org/partnerships/Docs/Principles%20for%20Public-Private%20Collaboration%20for%20Humanitarian%20Action.pdf>, last accessed 3 July 2014.

In 2010, OCHA released a brief that outlined its stance on public-private partnerships in the humanitarian sector and the organization's role in making the best use of resources provided by the private sector, which OCHA does mainly by:

- Promoting the channeling of cash donations through established mechanisms and funds, including the Consolidated Appeal Process, Central Emergency Response Fund (CERF) and country-based pooled funds;
- Leveraging specific public-private partnerships (PPPs) that aim to improve the humanitarian response system as a whole;
- Guiding private sector parties interested in partnering with humanitarian organizations to the most relevant counterpart.<sup>104</sup>

In its strategy for the years 2010 to 2013, OCHA expressed the need to systematically engage the expanding number of stakeholders – including the private sector – involved in humanitarian preparedness and response.<sup>105</sup> Moreover, in 2012, OCHA commissioned a review of its private sector engagements from an external management consultancy firm, which identified the risks and challenges that OCHA must address to focus and sustain its private sector outreach. The review recommended that in light of OCHA's role as a convener for part of the international humanitarian system, the organization should develop and support a limited number of partnerships that address areas in which business innovation can bring new solutions and resources to systemic challenges falling within OCHA's mandate.<sup>106</sup>

Also in 2012, OCHA launched its Partnerships and Resource Mobilization Branch to support and steer the organization's partnerships with UN member states, intergovernmental organizations and the private sector.<sup>107</sup> The goal of this branch vis-à-vis companies is to explore the most important avenues OCHA can use to ensure that new technologies, innovation potential and human resources of the private sector can be channeled where it is needed most and, overall, to lower the barriers of private sector engagement in humanitarian and disaster risk management activities.<sup>108</sup> This overall outlook is further supported by OCHA's work plan for 2014 and 2015.<sup>109</sup>

At present, despite the structural changes and general guidance measures undertaken by OCHA as described above, OCHA does not have a formalized strategy for engaging with the private sector. Rather, its current stance is based on the principles and the brief mentioned above, as well as the biennial United Nations Secretary-General's Report to the General Assembly "Towards Global Partnerships" and the consultation process for the upcoming World Humanitarian Summit.<sup>110</sup> Moreover, its ethical criteria for screening potential new partners are taken from the "UN Guidelines on Cooperation between the United Nations and the Business Sector" which prohibits engaging with private entities that are complicit in human rights abuses, tolerate forced

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104 UN OCHA (2010a).

105 UN OCHA (2010b).

106 UN OCHA (2012a).

107 UN OCHA (2012b).

108 Ibid.

109 UN OCHA (2013).

110 Interview.

or compulsory labor or the use of child labor, are involved in the sale or manufacture of anti-personnel land mines or cluster bombs, or that violate United Nations Security Council sanctions. Private partners must also aim to advance and support OCHA's mandate and values, must demonstrate a commitment to meeting the principles of the United Nations Global Compact and must not jeopardize the neutrality of OCHA.<sup>111</sup>

## Models used

As part of the UN Secretariat, OCHA does not have any resource mobilization partnerships for leveraging funds for itself. However, OCHA does act as a type of broker by guiding private sector donations to respective funds, such as the Consolidated Appeal Process, CERF and country-based pooled funds.<sup>112</sup>

With respect to implementation partnerships, OCHA has formed relationships with a number of private sector organizations to improve its coordination systems, information management and humanitarian fundraising. For example, in 2001, Ericsson, a telecommunications company, and OCHA established a partnership agreement for the provision of a wide range of emergency telecommunications services during disaster response.<sup>113</sup> Another example is OCHA's partnership with Deutsche Post DHL to support relief efforts by providing logistical expertise for incoming air shipments of relief goods during an emergency.<sup>114</sup>

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## A SYSTEM COORDINATION INITIATIVE: THE WORLD HUMANITARIAN SUMMIT

The World Humanitarian Summit is an initiative by UN Secretary General Ban Ki-moon that seeks to develop stronger partnerships and to find innovative ways to tackle humanitarian challenges. The goal of the two-year consultation process that will lead up to the global summit in Istanbul in 2016 is to build a more inclusive and diverse humanitarian system by bringing together all key stakeholders so that they can share best practices and find new ways to make humanitarian action more effective. The summit will focus on reducing vulnerability and managing risk, serving the needs of people in conflict and improving humanitarian effectiveness. Participants will include community groups, national governments and regional organizations, humanitarian and development organizations, businesses, militaries, academic institutions and faith-based organizations.\*

\* [http://www.worldhumanitariansummit.org/whs\\_about](http://www.worldhumanitariansummit.org/whs_about), last accessed 4 July 2014.

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111 "UN Guidelines on Cooperation between the United Nations and the Business Sector" accessible at: <http://business.un.org/en/assets/83f0a197-b3b8-41ba-8843-d8c5b5d59fe1.pdf>. Last accessed 25 August 2014.

112 <http://business.un.org/en/entities/33>, last accessed 4 July 2014.

113 UN OCHA (2010a).

114 Ibid.

With regard to system coordination initiatives, OCHA is managing the two-year consultation process leading up to the World Humanitarian Summit, which will take place in 2016.

Finally, with respect to advocacy campaigns, OCHA partners with a number of companies, particularly from the entertainment industry, to coordinate and participate in the annual World Humanitarian Day.

## Organizational needs and costs

OCHA has a team of four professional staff who manage four large, strategic partnerships with companies providing in-kind resources, primarily in the logistics and ICT sectors. According to OCHA's internal calculations, the value of these in-kind services to OCHA and the humanitarian community exceed the costs incurred by OCHA to manage them.<sup>115</sup>

## United Nations High Commissioner for Refugees (UNHCR)

The efforts of the United Nations High Commissioner for Refugees (UNHCR) to work with the private sector began in the early 1990s. In 1999, the Private Sector and Public Affairs Service (PSPA) was created to generate private sector resources to fund UNHCR's operations and to raise the profile of UNHCR as a brand name.<sup>116</sup> Its 2011 resource mobilization strategy identified four different types of income sources that contribute to the increase of available resources for UNHCR: individual donors, corporate donors, foundations and high-net-worth individuals (HNWI).

In 2012, UNHCR's private sector fundraising activities were audited by the United Nations Office of Internal Oversight Services (OIOS) which made a number of recommendations for improving both the organization's engagement with the private sector and its internal processes, including with respect to fundraising processes and clearer rules for due diligence and the usage of the UNHCR logo, among other suggestions.<sup>117</sup>

UNHCR implements a selective partnership approach, focusing on developing a few long-term and strategic partnerships. While the development of these partnerships in the past was usually in response to humanitarian emergencies, the organization is now much more proactive in finding, screening and approaching specific companies and in proposing partnership activities.<sup>118</sup> As with OCHA, UNHCR's ethical criteria for screening potential new partners are taken from the "UN Guidelines on Cooperation between the United Nations and the Business Sector" which prohibits engaging with private entities that are complicit in human rights abuses, tolerate forced or compulsory labor or the use of child labor, are involved in the sale or manufacture of anti-personnel

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115 Interview.

116 [http://www.un-ngls.org/spip.php?page=article\\_s&id\\_article=811](http://www.un-ngls.org/spip.php?page=article_s&id_article=811), last accessed 4 July 2014.

117 OIOS - Internal Audit Division (2012).

118 Interview.

land mines or cluster bombs, or that violate United Nations Security Council sanctions. Private partners must also aim to advance and support UNHCR's mandate and values, must demonstrate a commitment to meeting the principles of the United Nations Global Compact and must not jeopardize the neutrality of UNHCR.<sup>119</sup>

## Models used

UNHCR's Private Sector Fundraising Unit, located within the Division of External Relations, is mandated to raise funds from the private sector. In 2012, the private sector contributed \$130.1 million to support UNHCR's work, including \$30 million from corporations, approximately 19 percent of it in-kind.<sup>120</sup> While the global direction and priorities are set in Geneva, UNHCR assigns a considerable portion of the implementation of private sector fundraising activities to the national and regional levels.<sup>121</sup>

UNHCR has many resource mobilization partnerships, ranging from cash and in-kind donations to cause-related marketing campaigns.<sup>122</sup> For example, in the "Brighter Lives for Refugees" campaign launched in February 2014, the IKEA Foundation donates €1 for every LEDARE brand LED light bulb purchased in more than 300 IKEA stores during the two-month campaign period. Funds raised bring sustainable lighting and energy to refugees living in camps in Ethiopia, Chad, Jordan and Bangladesh.<sup>123</sup>

UNHCR's multi-year global partnerships with the IKEA Foundation and UPS Foundation not only provide UNHCR with funding and in-kind donations, but also have implementation and innovation components. For example, IKEA helped to build more durable, safe and dignified housing in refugee camps in Ethiopia, while UPS's capacity-building projects and delivery of aid supplies during emergencies were instrumental during the 2011 Libyan crisis, as well as the 2012 Mali and South Sudan emergencies.<sup>124</sup>

UNHCR has also placed a premium on innovation partnerships with companies. The UNHCR Innovation Initiative, launched in 2012, is an inter-departmental initiative to foster creative problem solving, experimentation and new kinds of partnerships when responding to delivery and programmatic challenges in field operations. The initiative made significant progress in 2013, launching projects in UNHCR field operations as well as at headquarters, including UNHCR Innovation Labs, the Innovation Fellowship program, UNHCRIdeas.org, the Innovation Fund, Innovation Outreach and new partnership development. For example, UNHCR launched the Population Data Viz project with Red-speak, a design and marketing company, to improve the presentation of monitoring and evaluation data with the aim of better communicating refugee needs.<sup>125</sup>

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119 "UN Guidelines on Cooperation between the United Nations and the Business Sector" accessible at: <http://business.un.org/en/assets/83f0a197-b3b8-41ba-8843-d8c5b5d59fe1.pdf>. Last accessed 25 August 2014.

120 UNHCR (2013).

121 UNHCR - Executive Committee (2009).

122 <http://www.unhcr.org/pages/4a0d8c0b6.html>, last accessed 4 July 2014.

123 UNHCR (2014).

124 UNHCR (2013).

125 For more examples, see: UNHCR - Executive Committee (2014).

## Organizational needs and costs

At present, UNHCR has a number of established structures to manage its relationships with the private sector. A dedicated private sector partnerships unit based in London manages UNHCR's partnerships in close collaboration with a network of regional offices and national association partners in key markets. To reduce the risk of reputational damage from partnering with certain companies, a Geneva-based Corporate Partnership Governing Board ensures that UNHCR enters a formal partnership with a corporation only after an in-depth background check has been carried out.<sup>126</sup>

While it is difficult to calculate the overall organizational resources that UNHCR dedicates to all of its engagements with the private sector, an audit of UNHCR's private sector fundraising service determined that, in addition to a head of service and a deputy head of service, the service has 58 approved professional, national and general service staff, 27 of them remaining vacant at the time of the audit.<sup>127</sup>

## 4.2 Non-governmental organizations

### Oxfam

Oxfam is a development organization that, among other tasks, delivers immediate life-saving assistance to people affected by natural disasters or conflict and helps to build their resilience to future disasters. To describe the importance of partnerships for its programming, Oxfam uses state-of-the-art language that advertises the benefits of partnering and acknowledges the importance of different actors to overcome poverty. Oxfam defines partnerships as relationships between different actors that focus on, for example, mutual empowerment and achieving results. They are meant to increase the collective knowledge, skills, reach and experience applied to an issue or a challenge.<sup>128</sup>

With its partnerships, Oxfam pursues different purposes: Partnerships should strengthen organizational and institutional capacity and bring together different actors to work on common problems. Moreover, they should generate and share knowledge, as well as promote innovation and alternative solutions that can be brought to scale. For all its partnerships, Oxfam has defined six principles: shared vision and values, added value, mutual respect for institutional integrity and autonomy, transparency and mutual accountability, clarity on roles and responsibilities, and a commitment to joint learning.<sup>129</sup> While these principles serve as screening criteria for potential new partners, Oxfam also does not accept donations from organizations that have a bad record on social, financial and environmental conduct or whose operations impact negatively on development in poor countries.<sup>130</sup>

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126 <http://www.unhcr.org/pages/4a0d8c0b6.html>, last accessed 4 July 2014.

127 OIOS - Internal Audit Division (2012).

128 Oxfam (2012)

129 Ibid.

130 <https://www.oxfam.org.au/about-us/what-we-do/legal-and-ethical-responsibilities/ethical-standards/>. Last accessed 25 August 2014

Despite these purposes and principles, partnerships with the private sector are less important for Oxfam than are engagements with local civil society. Moreover, if Oxfam collaborates with the private sector, it happens more often for a development purpose than for the provision humanitarian aid. The scale and scope of partnerships with companies in the humanitarian field ultimately depend on the priorities of an Oxfam country office.

## Models

Recurring types of engagement across different country offices are implementation partnerships, in which companies provide logistics or communication support, as well as basic resource mobilization partnerships. Moreover, Oxfam takes part in the “R4 Rural Resilience Initiative”, a partnership with WFP as well as private sector actors, which brings micro-insurance to smallholder farms.<sup>131</sup>

For Oxfam America, advocacy partnerships that try to establish certain companies as champions are highly relevant as well. In such a partnership, Oxfam asks companies, for example, to push for the protection of human rights in a conflict or to be more vocal about a conflict and its causes, which can increase general awareness and put pressure on political parties.<sup>132</sup>

Besides engaging in non-commercial relationships, Oxfam regularly subcontracts companies to provide products and services, such as the transportation of relief supplies, but usually only if local civil society organizations are unable to provide these products or services. The reason for the preference of civil society organizations over companies lies in the fact that by engaging civil society, Oxfam can strengthen local communities in an indirect way.

## Organizational needs and costs

The organizational needs and costs of Oxfam’s collaboration with companies are difficult to determine, for the level of engagement with the private sector varies considerably among the different Oxfam country organizations. Moreover, the partnership portfolios cover both development and humanitarian work and thus cannot be clearly separated. Oxfam America has, for example, a private sector department with 16 people working in it. This department is, however, bigger than the private sector teams of most other Oxfam offices.<sup>133</sup>

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131 <http://www.oxfamamerica.org/static/oa4/psd-brochure-web.pdf>, last accessed 29 August 2014.

132 Interview.

133 Interview.

## Save the Children

Save the Children is the world's biggest independent non-governmental organization for children in need and has a dual humanitarian and development mandate. It is composed of Save the Children International and 30 national member organizations working in 120 countries. While each Save the Children member is independent and governed by its own board and CEO, there is also an international board that oversees the international activities of the movement. In 2013, the combined revenues of the organization amounted to over \$1.9 billion, 14 percent of which came from corporations and foundations.<sup>134</sup>

A network of teams around the world, supported by the Global Corporate Partnerships Advisory Group, designs and executes partnerships on global, multinational and national levels. Save the Children has a robust and vigorous partnership assessment procedure in place to guarantee that corporate partners are committed to social responsibility, innovative and sustainable change, and the values and goals of the organization.<sup>135</sup> This includes ethical criteria for screening potential partners. Specifically, partners must commit to the Guiding principles of the Convention on the Rights of the Child (UNCRC), including the principles of non-discrimination, children's participation and the best interest of the child. Any potential partner's reputation should also be consistent with the vision, mission and values of Save the Children. Finally, the partner must also not be politically affiliated or otherwise compromised on its neutrality and impartiality and it should not be known or suspected to be involved in any illegal or criminal activity.<sup>136</sup>

## Models

The organization focuses on building long-term, mutually beneficial, strategic partnerships with the private sector, most of which are resource mobilization partnerships. In these engagements, Save the Children works with corporate employee giving departments in designing corporate contributions, workplace giving and matching gifts to their emergency preparedness and response programs; and with marketing teams on cause-related marketing campaigns and licensing programs that leverage the power of their combined brands and consumer research to bring in contributions to Save the Children's causes. In 2011, for example, Bank of America Merrill Lynch donated over \$200,000 to the Save the Children's Emergency Fund. The fund allows Save the Children to respond quickly when an emergency strikes or to scale up its work when an existing situation deteriorates and children's lives are in danger.<sup>137</sup> In 2011, the chocolate brand Thorntons partnered with Save the Children on a cause-

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134 Save the Children International (2013b).

135 [http://www.savethechildren.org/site/c.8rKLIXMGIpI4E/b.6229509/k.2848/Partnering\\_with\\_Save\\_the\\_Children.htm](http://www.savethechildren.org/site/c.8rKLIXMGIpI4E/b.6229509/k.2848/Partnering_with_Save_the_Children.htm), last accessed 4 July 2014.

136 [http://resourcecentre.savethechildren.se/sites/default/files/documents/sciu\\_partnership\\_policy\\_final.pdf](http://resourcecentre.savethechildren.se/sites/default/files/documents/sciu_partnership_policy_final.pdf). Last accessed 25 August 2014.

137 <http://www.savethechildren.org.uk/about-us/who-we-work-with/corporate-partnerships/our-partners/bac-merrill-lynch#sthash.jD1FXm2S.dpuf>, last accessed 4 July 2014.

related marketing initiative that raised more than \$75,500 by donating a fixed amount from the sale of certain chocolate bars to fund safer schools, classroom equipment and teacher training in Haiti.<sup>138</sup>

Save the Children also engages in implementation partnerships, co-designing programs on the ground with corporate partners and working with Community Affairs and Human Resources departments to craft opportunities for employee engagement at the global and local levels through single-day volunteerism and several-month fellowship programs. In 2013, for instance, Save the Children and the Prudence Foundation, the charitable arm of the insurance company Prudential in Asia, announced a three-year partnership, which is set to benefit more than one million children and adults by helping communities to be better prepared with vital skills before disasters strike. The partnership helps the organization to deliver its disaster preparedness training to communities and schools in the Philippines, Vietnam and Indonesia.<sup>139</sup>

Save the Children also works with the private sector to drive innovation in product, process and services. For example, Save the Children International requested Deloitte UK's assistance in planning how to scale up and scale down its local operations when there is a crisis in-country. As part of the Deloitte Humanitarian Innovation Program, consulting professionals at Deloitte UK worked on a pro bono basis with Save the Children to develop a strategy to improve its response decisions.<sup>140</sup>

Finally, Save the Children often integrates advocacy components into its partnerships. In addition to utilizing cause-related marketing for fundraising and advocacy, Save the Children also partners with Unilever, for example, to generate the public and political will to eradicate child and mother mortality through its EVERY ONE campaign. In addition to financial support, Unilever provides its marketing and communications prowess to get the word out.<sup>141</sup>

## Organizational needs and costs

Currently, Save the Children is undergoing a transition to become one global movement in order to achieve more-efficient and -coordinated programming and policies. By 2015, Save the Children aims to complete the process of speaking out with one voice and delivering its international programs through one infrastructure, managed by Save the Children International.<sup>142</sup> It remains to be seen how this restructuring will impact the strategy of the organization as a whole and what it will mean for the organizational needs and costs of its national chapters vis-à-vis engaging with the private sector.

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138 <http://www.savethechildren.org.uk/about-us/who-we-work-with/corporate-partnerships/our-partners/thorntons#sthash.E2drL28V.dpuf>, last accessed 4 July 2014

139 <http://www.savethechildren.org.uk/about-us/who-we-work-with/corporate-partnerships/our-partners/prudential/prudence-foundation#sthash.A2f6sMek.dpuf>, last accessed 4 July 2014.

140 <http://www2.deloitte.com/global/en/pages/about-deloitte/articles/humanitarian-innovationprogramdeloittecasestudiesscalinghumanita.html>, last accessed 4 July 2014.

141 <http://www.savethechildren.net/about-us/our-corporate-partners/unilever-foundation-and-save-children>, last accessed 4 July 2014.

142 Save the Children International (2013a).

## Médecins Sans Frontières (MSF)

Médecins Sans Frontières (MSF) is the largest humanitarian actor in terms of budget, next to the ICRC. What sets MSF apart from other humanitarian organizations is its aim to limit the amount of government funding it receives. On average, only 10 percent of all MSF funding is raised from governments and institutional donors, with 87 percent coming from individuals and, accordingly, only a small share from corporations.<sup>143</sup> The focus on individual giving stems from the fact that MSF puts a premium on independence – one of the humanitarian principles – in order to be perceived as a neutral actor by beneficiaries and other parties in emergencies and conflicts. As a result, collaboration with other actors, including engagement with businesses, is subordinated to the aim of staying independent from actors that primarily follow their own interests.

Nevertheless, MSF has become increasingly aware of the potential of the private sector for improving humanitarian response and is therefore exploring opportunities to work more closely with the private sector, without compromising humanitarian principles and its independence in particular. This search for a proper balance, between staying independent and leveraging the potential of the private sector for its work, has recently expressed itself in two developments.

First, the need to secure the necessary funds to meet MSF's operational ambitions for the coming years has led to the development of a global fundraising strategy for the MSF movement. The strategy defines, on the one hand, the types of companies and sectors with whom MSF does not want to engage, such as the tobacco industry, the arms sector and pharmaceutical companies. On the other hand, the strategy defines basic principles of engagement that serve as ethical guidelines to steer MSF's cross-sector collaboration. Second, MSF is currently looking for a Global Partnerships Senior Officer to help maximize private income from global corporations and foundations by more strategically building upon the various types of relationships developed by sections at national levels.<sup>144</sup>

### Models

MSF's partnership activities have, to date, focused on resource mobilization – on cash contributions, in-kind donations and on partnerships that raise funds among the staff of large companies. Besides this basic non-commercial collaboration with companies, which often only qualifies as philanthropic giving, MSF has not engaged in other partnership models. Due to the autonomous structure of its different networks, MSF also did not pursue any global corporate partnerships.<sup>145</sup>

While MSF will continue to focus on fundraising among individuals and on working as an independent entity, it wants to gradually expand its portfolio of resource mobilization partnerships and to explore new types of engagements with companies, thus complementing its current partnership portfolio with other partnership models, in

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143 Stoianova (2013).

144 Interview.

145 Interview.

particular with innovation and implementation partnerships that center on knowledge sharing between different partners and on learning from each other. MSF also wants to explore opportunities that more often engage employees of corporate partners in its work.<sup>146</sup>

MSF's "Corporate Gift Acceptance Policy" lists the ethical considerations the organization must take into account when considering whether to accept corporate donations. MSF will not accept contributions from corporations and their respective corporate foundations whose core activities may be in direct conflict with the goals of the medical humanitarian work of MSF, or in any way limit MSF's ability to provide humanitarian assistance. Moreover, MSF will not except donations from companies that derive a significant portion of their income from the production and/or sale of tobacco, alcohol, arms, pharmaceuticals (including: medicines, medical equipment, therapeutic foods, diagnostic and biotechnical materials, and research), and/or mineral, oil, gas, or other extractive industries.<sup>147</sup>

While MSF is slowly increasing its non-commercial engagement with private sector partners, it does not intend to change its position with regard to subcontracting companies to implement humanitarian services on the ground. MSF implements all humanitarian programs on its own and, while standard procurement takes place, does not plan to engage companies as subcontractors.<sup>148</sup>

## Organizational needs and costs

MSF is a decentralized organization; therefore, it is difficult to assess the overall needs and costs for working with the private sector. On the international level, however, the organizational needs remain limited, with just one person in charge of managing relations with the private sector. The decision to hire a second partnership manager, however, indicates that the organizational needs are increasing in order to intensify MSF's engagement with the private sector.

## 4.3 Governments

According to the Global Humanitarian Assistance Report 2013, worldwide humanitarian assistance amounted to \$17.9 billion in 2012. The United States (US) government was, by far, the largest donor (\$3.8 billion), followed by European Union (EU) institutions (\$1.9 billion) and the United Kingdom (UK) (\$1.2 billion). Turkey, an emerging donor, ranked fourth, with a total contribution of \$1 billion.<sup>149</sup> Due to their importance as funders, the US, UK and Turkish governments have the potential to shape the humanitarian system, including the ways in which the system engages the private sector in providing humanitarian aid. Donors' approaches towards the private

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<sup>146</sup> Interview

<sup>147</sup> Interview. See also: <http://www.doctorswithoutborders.org/support-us/corporate-support/corporate-gift-acceptance-policy>, last accessed 25 August 2014.

<sup>148</sup> Interview.

<sup>149</sup> Buston and Smith (2013).

sector, however, differ from each other and from the approaches of other humanitarian donors.

The US and UK governments have always been at the forefront of collaborating with the private sector on a commercial basis, unlike DG ECHO and other donors from the European mainland. The reason for this openness towards commercial business engagement can partly be explained by cultural characteristics. Anglo-Saxon countries tend to be less suspicious of business motives than countries from continental Europe.<sup>150</sup> In both the US and UK, however, non-commercial business engagement has been put on the humanitarian agenda primarily by non-governmental organizations and international organizations. Even though the US and UK donors increasingly acknowledge the importance of partnerships with businesses in their strategies and communications, their actual partnership portfolios remain limited and usually focus on development rather than on humanitarian assistance and disaster risk reduction.

In Turkey, the collaborative relationship between the government, faith-based businesses and the religious segment of a civil society is a unique feature of Turkey's humanitarian assistance,<sup>151</sup> thus illustrating that emerging donors find their own ways of collaborating with the private sector, leading to new approaches that are different from those of traditional donors like the US and UK.

## The United Kingdom - Department for International Development (DFID)

The UK's efforts to fight global poverty are led by the Department for International Development (DFID), which delivers its resources to people in need through a range of partners, including multilateral institutions, civil society organizations and the private sector. Companies can collaborate with DFID through both non-commercial and commercial relationships.

DFID allocates only about 6 percent of its funds to emergency response, disaster prevention and preparedness, and reconstruction relief and rehabilitation. The remaining 94 percent are used for cross-cutting projects or for development projects.<sup>152</sup> Therefore, DFID's approach and policies towards engaging with the private sector are primarily geared at development issues – for example, boosting wealth creation and fighting poverty. In particular, the debate about non-commercial business engagement within DFID focuses on the role of companies in development. As a result, partnerships in the humanitarian domain are still the exception, although recent strategies indicate a growing awareness of the opportunities of private-public collaboration in humanitarian assistance and disaster risk management.<sup>153</sup> For example, a recent study shows that DFID is aware of the need to increase resilience of companies in order to improve disaster risk management, which could happen, among others means, through advocacy partnerships.<sup>154</sup>

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150 Binder and Witte (2007), 20

151 Binder (2014)

152 <https://www.gov.uk/government/organisations/department-for-international-development>, last accessed 11 June 2014.

153 DFID (2011a).

154 PricewaterhouseCoopers (2013).

## Models

DFID has primarily been involved in resource mobilization partnerships that focus on development but that also touch upon humanitarian issues. For example, DFID activated its Rapid Response Facility in August 2012 in order to respond to the cholera outbreak in Sierra Leone. Within 72 hours of activating the Rapid Response Facility, and with the support of the private sector, life-saving support could be provided to two million people by expanding emergency water and sanitation activities.<sup>155</sup>

Unlike non-commercial business engagement, commercial engagement has always been an important component of DFID's work. Crown Agents, for example, has been contracted until 2015 to provide the UK government with expertise and capacity to respond globally to disasters and emergencies using the quickest possible mechanism. According to DFID, allowing companies to win contracts ensures that goods and services are obtained in the most cost-effective way. Moreover, contracting provides valuable business opportunities for local providers in developing countries.<sup>156</sup>

Commercial suppliers of humanitarian products and services can bid and participate in contract opportunities that DFID advertises on DFID's supplier portal. These contracts are open to any company or other body anywhere in the world and – although British companies still win 90 percent of large contracts – DFID does not give UK companies preferential treatment. To the contrary, small- and medium-sized enterprises are particularly encouraged to bid for DFID's contracts in order to better integrate local companies in humanitarian relief.<sup>157</sup>

## Policies

Policies that have been drafted by the UK government on humanitarian assistance in recent years emphasize the growing importance of the private sector – for example, as a provider of additional funding or as a partner that pushes for new solutions to make humanitarian aid more effective.<sup>158</sup> A recent study commissioned by DFID even recommended a change in DFID's institutional understanding in response to the changes in the humanitarian system: In an ever more interconnected world with growing humanitarian challenges and new actors in the humanitarian system, partnerships become crucial to combine scarce resources and to provide effective assistance. A resulting recommendation was that DFID should become a “network enabler,” developing new and dynamic partnerships with existing partners, emerging nations, NGOs, the private sector, faith groups and diasporas.<sup>159</sup>

While DFID's general policies increasingly acknowledge the importance of the private sector and have already been translated into action by different partnerships as described above, other policies of DFID target specific issues that are relevant

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155 Ibid.

156 <https://www.gov.uk/government/publications/dfid-procurement-current-frameworks>, last accessed 4 July 2014.

157 DFID (2013), 118.

158 DFID (2011b).

159 DFID (2011a).

for contracting companies. Recently, these policies have increased their scrutiny of how contractors are performing and press for the highest levels of performance and cost effectiveness – for example, by increasing the use of framework agreements, introducing contracts centered on actual achievements, and increasing performance-based payment contract mechanisms. In accordance with this development, DFID published a “statement of priorities and expectations for suppliers” that requires partner companies to conform to local laws and to respect principles on good corporate behavior. Moreover, it sets out additional ethical criteria such as commitment to transparency, accountability and the need to align with key DFID priorities such as value for money and the requirement that suppliers reflect DFID’s international development goals. The statement has already been signed by 300 suppliers.<sup>160</sup>

## United States - United States Agency for International Development (USAID)

The US government channels its funding for development and humanitarian assistance through the United States Agency for International Development (USAID), which plans and implements its programs in coordination with other US government institutions, multilateral and bilateral organizations, private companies, academic institutions and NGOs.<sup>161</sup> One of USAID’s strategic goals is to provide humanitarian assistance and, in particular, to save lives, to alleviate suffering and to minimize the economic costs of conflict, disasters, and displacement.

USAID differs from most donors in that it not only funds humanitarian relief and disaster risk management, but also implements activities on its own. For example, USAID monitors emerging crises, develops programs to help local communities to prepare for disasters and deploys humanitarian experts to crisis areas, including engineers, doctors, epidemiologists and logisticians. USAID also stores emergency relief supplies in regional hubs around the world, to be quickly distributed in case of emergencies.<sup>162</sup>

## Models and Policies

Besides implementing activities on its own, USAID also works with companies on a commercial basis to provide humanitarian relief and to reduce the risks of disasters. First, USAID purchases services from companies if, for example, it has to ensure a timely delivery of the required commodities. Second, USAID awards grants to companies for the implementation of programs that meet needs in emergencies and conflicts – by installing early warning systems, for example.

Different policies, processes and tools ensure that contracting companies is fair and effective. USAID’s acquisition and assistance award process, for example, defines

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<sup>160</sup> DFID (2013).

<sup>161</sup> Ibid.

<sup>162</sup> <http://www.usaid.gov/what-we-do/working-crises-and-conflict/responding-times-crisis/how-we-do-it>, last accessed 4 July 2014.

eight steps for a thorough contract process, including market research, solicitation and evaluation. Moreover, different tools provide information to make contracting transparent, notably the agency business forecast that serves to inform potential contractors about competitive opportunities. Despite these policies, processes and tools, USAID has been criticized for its contract practices for preferring US contractors over foreign contractors or for helping US firms to access foreign markets under the label of humanitarian assistance.<sup>163</sup>

Besides contracting companies to provide humanitarian services, companies are also regularly involved in USAID's partnerships. While the majority of its partnerships deal with development issues – such as building markets or supporting entrepreneurs – partnerships that deal partly with humanitarian problems exist. For example, the

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## AN EMERGING DONOR: TURKEY\*

Several new donors have emerged in the humanitarian field over the past decade, each of which conceptualizes humanitarian assistance in its own way, including its approach towards the private sector. Turkey's humanitarian assistance, for example, is based on the collaborative relationship between the government, faith-based businesses and the religious segment of civil society.

Unlike in most traditional donor countries, business organizations heavily influence the country's humanitarian assistance, such as the Turkish Industrialists' and Businessmen's Association (TUSIAD) or the Islamic Association of Independent Industrialists and Businessmen (MUSIAD). MUSIAD, for example, supports and lobbies the Turkish government regarding foreign economic policy and humanitarian assistance and finances like-minded humanitarian NGOs, such as the Humanitarian Relief Foundation. Next to the conservative business community, the Gülen Movement, which aims at promoting the idea of social service, is the Turkish civil society's driving force in the humanitarian sector, funding its own like-minded charities, including Kimse Yok Mu. Both Kimse Yok Mu and the Humanitarian Relief Foundation are strongly involved in the Syrian cross-border response.

These three humanitarian actors – the government, the conservative business community, and the Gülen Movement – together with their operational partners (in particular faith-based NGOs), finance and implement Turkish humanitarian assistance. This setup differs considerably from humanitarian assistance in traditional donor countries, in particular, through the strong involvement of the businesses community that does not simply act as a partner or contractor, but also acts as a donor and voice in defining the humanitarian agenda.

\* Case study based on: Binder (2014)

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163 Interview.

resource mobilization partnership Feed the Future focuses on food security and agriculture and has, among others, introduced nutrient-packed foods to millions of mothers and children around the world. For Africa alone, the partnership ensured \$7 billion in private sector commitments.<sup>164</sup>

USAID invites organizations to submit proposals for public-private partnerships through its annual Global Development Alliance Annual Program Statement. To be successful, proposals are required to mobilize private sector resources, a condition that adds a resource mobilization component to all of USAID's partnerships. With its partnership activities, USAID particularly aims to solve complex problems facing governments, businesses and communities. Depending on their focus, USAID partnerships can therefore fall under all partnership categories, ranging from implementation partnerships to system coordination partnerships.

## 4.4 Conclusion

While there are a number of benefits and risks for donors and relief agencies when it comes to engaging with the private sector, developing a clear and accepted policy for strategically engaging with the private sector in either commercial or non-commercial relationships can mitigate many of these risks while maximizing the benefits. The strategy should not only make clear what the desired organizational and humanitarian outcomes are and what role the private sector can play in different types of engagement to help achieve these outcomes, but also serve to generate internal buy-in and support from organizational stakeholders. Moreover, in the case of non-commercial partnerships, it is essential that the necessary internal resources are dedicated to implementing the strategy in global and country offices, as appropriate. One of the key pitfalls experienced by organizations aiming to work more effectively with external partners is the lack of dedicated staff capacity or, particularly, the lack of expertise in areas such as donor relations, corporate culture and partnership management.

For donors, the risks associated with corporate engagements are similar to the risks faced by relief agencies, namely reputational risks, the risks of failed expectation management, and the risk of increasing transaction costs. They should also invest in the development of strategies and ensure that the required resources and management support for implementing these strategies are in place. Even though strategies aimed at guiding engagement with the private sector do exist, it often remains unclear what partnership models a donor wants to promote and in what way. This is highlighted, for example, by the sometimes-blurred distinction between the desire either to mobilize resources from companies or to contract them to implement humanitarian services – or both. Moreover, donors often focus on both development and humanitarian response, but fail to clearly pinpoint in their strategies the difference in their approach to both areas.

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<sup>164</sup> <http://www.usaid.gov/news-information/press-releases/may-19-2014-feed-future-initiative-reduces-hunger-and-poverty-millions-boosts>, last accessed 4 July 2014.

# Humanitarian organizations and their business engagements

	Organization	Most prevalent types of business engagement	Partnership examples
<b>International Organizations</b>	International Committee of the Red Cross (ICRC)	Resource mobilization partnerships Advocacy partnerships Subcontracting of companies (NGO-company)	ICRC Corporate Support Group Voluntary Principles on Security and Human Rights
	United Nations Children's Fund (UNICEF)	Resource mobilization partnerships Implementation partnerships Innovation partnerships Advocacy partnerships Subcontracting of companies (NGO-company)	Rapid Family Tracing and Reunification (FTR) Children's Rights and Business Principles
	World Food Programme (WFP)	Resource mobilization partnerships Implementation partnerships Innovation partnerships Advocacy partnerships Subcontracting of companies (NGO-company)	WFP-Zynga partnership WFP and the Logistics Emergency
	United Nations Organization for the Coordination of Humanitarian Affairs (UNOCHA)	Implementation partnerships System coordination initiatives Advocacy partnerships	World Humanitarian Summit World Humanitarian Day
	United Nations High Commissioner for Refugees (UNHCR)	Resource mobilization partnerships Implementation partnerships Innovation partnerships Subcontracting of companies (NGO-company)	UNHCR and UPS partnership UNHCR and Ikea partnership
<b>Non-governmental organizations</b>	Oxfam	Resource mobilization partnerships Implementation partnerships Advocacy partnerships Subcontracting of companies (NGO-company)	Advising companies on human rights compliance
	Save the Children	Resource mobilization partnerships Implementation partnerships Innovation partnerships Advocacy partnerships Subcontracting of companies (NGO-company)	Save the Children and Deloitte partnership
	Médecins Sans Frontières (MSF)	Resource mobilization partnerships	
<b>Donors</b>	The United Kingdom - Department for International Development (DFID)	Resource mobilization partnerships Subcontracting of companies (NGO-company)	Rapid Response Facility
	United States - United States Agency for International Development (USAID)	Resource mobilization partnerships Subcontracting of companies (NGO-company)	Feed the Future

# 5. Possible ways forward for DG ECHO

This study has presented a number of ways in which the private sector is contributing to humanitarian response and disaster risk management activities in both non- and for-profit capacities. It has also presented an analysis of the policies and practices of some of DG ECHO's largest implementing partners with respect to engaging with companies. From these analyses, a few things are clear. First, corporate engagement in these areas will not only continue – it is also likely to grow in both numbers and diversity. Second, of the implementing partners we analyzed, all of them either have developed or are currently developing strategies for engagement with companies.

While the study team was not tasked with providing specific recommendations for DG ECHO with respect to what its policies could look like with respect to working with the private sector, the findings of this study suggest some options for moving forward which also take into account the fact that regulations governing the activities of DG ECHO are not conducive to working with the private sector in either commercial or non-commercial forms. With respect to the former, while DG ECHO does enter into procurement relationships in the areas of, for example, air transport and logistics, the organization does not contract companies to directly implement humanitarian services – a practice which is much more controversial than standard procurement, but is very common among DG ECHO's implementing partners (see chapter 2). DG ECHO also does not currently engage in any directly identifiable non-commercial forms of cooperation with companies (“partnerships”).

DG ECHO is, however, actively promoting the role of, for example, insurance in disaster risk management efforts<sup>165</sup> as well as employee volunteering.<sup>166</sup> Moreover, in 2011 the European Commission published a communication on Corporate Social Responsibility which stresses the important role companies can play in the humanitarian operations of the European Union.<sup>167</sup> Having an internal discussion on the experiences, successes and failures of existing efforts in these areas could provide a foundation upon which to address the following ideas for moving forward.

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<sup>165</sup> Georgieva (2014)

<sup>166</sup> European Commission (2014)

<sup>167</sup> European Commission (2011)

## **1. Address the “blind spot” of commercial engagement in humanitarian response and disaster risk management activities**

While regulations governing DG ECHO’s work are not conducive to the contracting of companies to implement humanitarian programs, its implementing partners have no such limitations and are subcontracting for-profit companies to provide a vast array of different services at the end of the humanitarian supply chain. However, there is a lack of even the most basic information on the scale of subcontracting by humanitarian implementing partners as well as a lack of analyses of the risks and benefits of these engagements. This lack of transparency is problematic because it makes it difficult to understand the true dynamics of business engagement in humanitarian programming on the ground and it reduces overall accountability towards beneficiaries as well as donors, including DG ECHO.

To make an informed decision on whether and how to engage with the private sector, more research on these engagements is needed. Efforts in this respect would also have positive side-effects on increasing transparency of “where the money ends”.

## **2. Conduct a risk-benefit analysis of different types of corporate engagement in humanitarian response, disaster risk management and civil protection**

For any relief agency or donor, there is always going to be a risk of working with the private sector, whether in a non-commercial or, especially, commercial capacity. In particular, by opening itself up to private sector collaboration, there is a risk that DG ECHO stakeholders or partners may question the organization’s commitment to humanitarian principles. While this is a risk to be taken seriously, evidence presented in this study shows that organizations can successfully mitigate these risks through transparency in their private sector engagements as well as through the development of strategies in the areas of, for example, due diligence screening and relationship management. Moreover, when analyzing risk, it is also important to realize that there is a risk in not partnering with companies as well, particularly if doing so can improve the ability of DG ECHO to serve its beneficiaries more effectively.

In order to have a more informed position on which models of engaging with companies could be conceivable for DG ECHO, DG ECHO should consider conducting a tailored risk-benefit analysis of the different models of engagement presented above. This would have the added benefits of rationalizing and differentiating the debate on business engagement in humanitarian response, disaster risk management and civil protection. While the general added-value and risks of different types of engagements are summarized in Table 1, and elaborated upon in the respective sections in chapter 3, the ultimate benefits and risks of each of these models, as well as the organizational requirements to implement them effectively, are very much dependent upon the proposed design of each engagement as well as DG ECHO’s strategy as a whole.

Finally, while the consideration of these functional aspects of corporate engagement would be a necessary initial step, it is also important to recognize

that there is a limited amount of evidence on good practice, risks and benefits, and ultimately, decisions on whether and how to partner with companies need to be made on a normative basis from DG ECHO's unique perspective.

This study could hopefully serve as a first step to conduct such a risk-benefit analysis. In particular, the risks and benefits inherent to different types of business engagement should be analyzed from DG ECHO's perspective. Such an exercise could help to better understand what models are conceivable for DG ECHO and how DG ECHO could mitigate or avoid the risks of different types of business engagements.

### **3. Develop DG ECHO's normative stance on corporate engagement in humanitarian response, disaster risk management and civil protection**

DG ECHO should consider taking an informed normative stance on the role of companies in humanitarian response, disaster risk management and civil protection. Even though DG ECHO has collaborated with the private sector in different situations and has stressed its importance,<sup>168</sup> an institution-wide and visible normative stance is missing, leaving it unclear to external stakeholders and partners what role DG ECHO ascribes to the private sector in humanitarian response, disaster risk management and civil protection.

Such a stance does not necessarily mean a change in regulations; rather, it would be an explicit acknowledgement by DG ECHO of both the valuable roles the private sector can play in humanitarian response and disaster risk management and the risks involved in doing so. Taking into account the dual mandate of DG ECHO – humanitarian aid and civil protection – the normative stance should acknowledge the potentials and risks of private sector engagement for humanitarian aid and apply lessons learned in this area to its civil protection activities. It should not happen the other way around. While civil protection and humanitarian action in response to natural disasters are quite similar, the latter is more politically sensitive. Thus, any rules with respect to engaging with companies should be developed first in the more difficult area of humanitarian response and, subsequently, applied to the less controversial area of civil protection.

Once DG ECHO develops its normative stance, it should formulate a policy that defines its approach towards the private sector. The policy should be developed in consultation with different stakeholders, in particular, the European Parliament, other Commission services, NGOs, thematic experts, the private sector, and other European donors that engage with the private sector, such as DFID. Based on these consultations and the resulting policy, DG ECHO would have a clearly defined basis for engaging the private sector in humanitarian response, disaster risk management and civil protection.

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<sup>168</sup> For example, the communication "A renewed EU strategy 2011-14 for Corporate Social Responsibility" (European Commission, 2011) states on page 15 that "the search for synergies with the private sector will become an increasingly important consideration in [...] EU responses to natural and man-made disasters".

## **4. Open up dialogue with other donors such as the US, the UK and Turkey regarding their engagements with the private sector**

The governments of the US, the UK and Turkey and their humanitarian assistance departments have considerable experience working with companies as both partners and commercial contractors. DG ECHO should open up a dialogue with these donors to discuss their experiences in working with companies. Despite DG ECHO's regulation to not allocate funds to companies, a dialogue could be useful in many ways. First, the US, UK and Turkey have long-standing relationships with private companies and can share lessons learned and good practices, which may provide valuable information for the future efforts of DG ECHO to define or redefine its normative and functional stance on business engagement in humanitarian response and disaster risk management. Second, the mentioned donors have vast experience in contracting companies and are aware of the risks that come along with private engagement in humanitarian response. Finally, the UK and US donors have recently tried to diversify their partnership portfolios, in particular beyond resource mobilization partnerships. This knowledge can be used to find complementarities between different donors and to identify partnership opportunities with a clear added-value that DG ECHO could pursue.

## **5. Contribute to shaping the discussion on corporate engagement in humanitarian response, disaster risk management and civil protection**

Despite the fact that business engagement in humanitarian response and disaster risk management is, in some cases, either necessary or beneficial and, in other cases, controversial, the debate among experts and practitioners on many of the issues highlighted in this study is still deficient. This is unfortunate, particularly considering both the number of current engagements and the projections that these will only increase along with humanitarian needs in the future.

DG ECHO, perhaps together with other coordinating bodies such as the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA), should play an active role in promoting such a debate – for example, by fostering a discussion on principles and standards of business engagement in these areas or serving as a broker for knowledge and good practice on these issues. Such activities would also be consistent with DG ECHO's 2014 Management Plan, which stresses the need to address weaknesses and key gaps in the international response system, to review and innovate ways of working and to promote various policies and initiatives with regard to improving aid effectiveness and enhancing response as well as resilience efforts.<sup>169</sup> In this respect, DG ECHO could consider acting as facilitator for system coordination initiatives – which include actors from both the public and private sectors – in the area of humanitarian aid or enter into advocacy partnerships with one or more companies, for example, in the area of disaster risk management or insurance.

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<sup>169</sup> European Commission/DG ECHO (2014).

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# Annex I: List of interviewees

**Hiba Frankoul**, Partnerships Manager, Strategic Partnerships, Private Fundraising and Partnerships, UNICEF (June 2014)  
**Helena Fraser**, Chief, Private Sector Section, Partnerships and Resource Mobilization Branch, UNOCHA (May 2014)  
**Anne-Marie Grey**, Chief, Leadership Giving Section, UNHCR (April 2013)  
**Mark Hopkinson**, New Business Development, Private Sector Fundraising Service, UNHCR (June 2014)  
**Chris Jochnick**, Director, Private Sector Department, Oxfam America (June 2014)  
**Kiki Rebecca Lawal**, Programme Officer for Business Partnerships, UNISDR (April 2013)  
**Monica Marshall**, Deputy Director and Head, Global Private Partnerships, WFP (May 2013)  
**Jean-Cedric Meeus**, Emergency Supply Manager, UNICEF (June 2014)  
**Jordi Passola**, International Fundraising Coordinator, MSF (June 2014)  
**Nazanine Scheuer**, Director, Corporate Partnerships, Save the Children (June 2014)  
**Julien Temple**, Manager, Humanitarian Partnerships, UNICEF (June 2014)  
**Claude Voillat**, Economic advisor, ICRC (July 2014)  
**Sandra Westlake**, Private Partnerships Division, WFP (June 2014)

# Annex II: About INSPIRE and the authors

The European Community Humanitarian Office (DG ECHO) has selected Groupe Urgence Réhabilitation Développement (Groupe URD), Global Public Policy Institute (GPPI) and Instituto de Estudios sobre Conflictos y Acción humanitaria (IECAH) to support DG ECHO in developing and implementing policies through research, workshop facilitation and the dissemination of results. The three leading European institutions in the humanitarian sector have founded the INSPIRE consortium for this purpose. The consortium is coordinated by Groupe URD and provides DG ECHO with advice and expertise on critical humanitarian issues and assists in shaping its humanitarian policies. The consortium develops humanitarian policies in close consultation with DG ECHO, its partners and its beneficiaries on a variety of issues such as gender, food assistance, civil-military relations, protection and LRRD, among others.

## **INSPIRE CONSORTIUM** Humanitarian policy for action



## Team

The team consisted of Wade Hoxtell (team leader), Maximilian Norz (team member), Julia Steets (peer review and quality control) and Kristina Teicke (team member).

**Wade Hoxtell** is head of operations at GPPI. His areas of expertise include public-private partnerships, corporate social responsibility, transatlantic relations and global energy and climate governance. He is editor of the UN-Business Focal Point, a newsletter produced together with the UN Global Compact that shares best practices among United Nations organizations on public-private partnerships. In addition to working as a consultant for a number of United Nations agencies – including UNICEF and the International Labour Organization – on issues related to partnerships and sustainability, he was the main author of the previous two UN Secretary-General’s reports entitled *Towards Global Partnerships* presented to the General Assembly, as well as the reports *Coming of Age: UN-Private Sector Collaboration since 2000* and *UN-Business Partnerships: A Handbook*.

**Maximilian Norz** is a research associate at GPPI. His research focuses on public-private partnerships, international development and humanitarian assistance. Previous to his assignment at GPPI, Maximilian collected field experience in development cooperation in India, Indonesia and South Sudan. Maximilian holds bachelor’s degrees in business administration from the Humboldt University in Berlin and in history from the University of Tübingen. During his studies, he received scholarships from the German National Merit Foundation and the Hertie Foundation.

**Dr. Julia Steets** is director at GPPI. Her areas of expertise include humanitarian assistance, development cooperation, public-private partnerships and monitoring and evaluation. She currently represents GPPI in the INSPIRE Consortium and also serves as a member of the board of the International Humanitarian Studies Association (IHSA) and as a member of the editorial board of Routledge’s newly established humanitarian studies series. Her extensive work in the area of public-private partnerships includes the book *Accountability in Public Policy Partnerships* (Palgrave Macmillan, 2010) as well as numerous research and consulting projects with the United Nations Global Compact, UNICEF, the World Food Programme, the International Labour Organization and UNESCO, among others, on partnerships.

**Kristina Teicke** is a research associate with GPPI. Her work focuses primarily on public-private partnerships, including assisting UNICEF in the development of a partnership strategy as well as co-authoring the reports to the Secretary-General *Towards Global Partnerships* and the 2010 report *Coming of Age: UN-Private Sector Collaboration since 2000*, among others. Her professional experience includes work with the German Mission to the United Nations in New York and the Federal Ministry for Economic Cooperation and Development in Berlin. She also practiced European law with an international law firm in Brussels.

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