



## About the authors

Steven A. Zyck is a Research Fellow at the Humanitarian Policy Group (HPG) at the Overseas Development Institute.

Randolph Kent is the Director of the Humanitarian Futures Programme (HFP) at King's College London.

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Humanitarian Policy Group  
Overseas Development Institute  
203 Blackfriars Road  
London SE1 8NJ  
United Kingdom

Tel. +44 (0) 20 7922 0300  
Fax. +44 (0) 20 7922 0399  
E-mail: [hpgadmin@odi.org](mailto:hpgadmin@odi.org)  
Website: <http://www.odi.org/hpg>

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# Acronyms

<b>ASEAN</b>	Association of Southeast Asian Nations	<b>LET</b>	Logistics Emergency Teams
<b>CSR</b>	corporate social responsibility	<b>NGO</b>	non-governmental organisation
<b>CSV</b>	Creating Shared Value	<b>OCHA</b>	United Nations Office for the Coordination of Humanitarian Affairs
<b>DRR</b>	disaster risk reduction	<b>R&amp;D</b>	research and development
<b>ECOWAS</b>	Economic Community of West African States	<b>UNDP</b>	United Nations Development Programme
<b>GCLN</b>	Global Compact Local Network	<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>HFA</b>	Hyogo Framework for Action	<b>UNICEF</b>	United Nations Children's Fund
<b>ICRC</b>	International Committee of the Red Cross	<b>WASH</b>	water, sanitation and hygiene
<b>ICT</b>	information and communications technology	<b>WEF</b>	World Economic Forum
<b>IDP</b>	internally displaced person	<b>WFP</b>	World Food Programme
<b>K4K</b>	Kenyans for Kenya		



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# Executive summary

The private sector has long been a major contributor to humanitarian action. At the community level, businesses frequently use their materials and resources to aid people affected by crises. As local markets recover and supply chains are repaired, crisis-affected people are once again able to access basic goods and, in some cases, resume livelihoods. Large national, regional and multinational firms are also closely involved in supporting humanitarian objectives, whether indirectly, by resuming operations in crisis-affected areas, or directly, by providing cash and in-kind donations of goods or services. In recent years the humanitarian community has introduced new forms of private sector engagement, including partnerships between aid agencies and corporations and business-driven innovation in a number of sectors.

The growing role of businesses in aid – and the leveraging of corporate resources and capacities for emergency response and preparedness – has immense potential and wide-ranging benefits. It also poses a significant challenge to the humanitarian sector as traditionally conceived. Private companies are increasingly being considered as an alternative to international aid agencies, particularly in middle-income, ‘emerging’ and state capitalist economies, as well as in states which are sensitive regarding their internal affairs. Entire elements of humanitarian action, including cash transfers, telecommunications and logistics, have been transformed as businesses have become increasingly involved. Affected populations increasingly expect aid agencies to provide assistance through local markets, rather than serving as frontline aid providers themselves.

This report outlines the findings of a study on ‘Humanitarian crises, emergency preparedness and response: the roles of business and the private sector’, undertaken by the Humanitarian Policy Group at the Overseas Development Institute, the Humanitarian Futures Programme at King’s College London, the UN Office for the Coordination of Humanitarian Affairs and Vantage Partners, with financial support from the UK Department for International Development. The nine-month study involved original research in Kenya, Jordan, Indonesia and Haiti and additional

in-person and online consultations with leading humanitarian and private sector specialists. The entire study, including a March 2014 workshop, aimed to capture not only the private sector’s current role in humanitarian action, but also the role it might play alongside governments and aid agencies as the nature of vulnerability and crises evolves in the future.

The project found that the private sector is contributing to emergency response and preparedness at many levels and in diverse ways. Despite a former tendency for aid agencies to view businesses as prospective donors, their greatest *direct* contribution has come in the form of new technologies and other innovations and the sharing of technical capacities in areas such as logistics, telecommunications and cash transfers. In addition, businesses, as seen in the growth of social enterprises, are increasingly developing models which are commercial in nature but which ultimately help to meet humanitarian needs and reduce vulnerability to future disasters. The study finds that the nexus of commercial interests, emergency preparedness and risk reduction has immense potential for humanitarian action, though existing humanitarian models will still be required, in some form, to meet the needs of particularly vulnerable groups in dire circumstances. Furthermore, there will continue to be issues and contexts where the private sector may not be able to contribute as fully. These include, for instance, various elements of protection (e.g. sexual and gender-based violence), highly sensitive conflict situations and protracted crises.

While noting several opportunities and benefits, a range of barriers restricts the private sector’s contribution to humanitarian action. These include a number of very basic issues: aid agencies and businesses tend to use specialist vocabularies that are hard for one another to decipher; there are few online and in-person forums for the aid and business communities to come together to build mutual understanding and identify opportunities to work together or in parallel; and many humanitarians and business figures are aware of only a minute number of the potential ways in which they can collaborate, constraining the development of truly innovative

partnerships. Discussions between aid agencies and private enterprise frequently involve fundraising and public relations personnel rather than the technical experts who could develop more innovative collaboration.

This study aimed to develop a way forward rather than focus on obstacles. Hence, the report outlines a number of tangible recommendations for increasing private sector engagement, whether this involves partnerships between aid agencies and businesses or strictly business-led initiatives. Each of these recommendations should be carefully considered by key members of the humanitarian community and private sector, and representatives of both should be convened to discuss the findings of this study and jointly develop a way forward.

- **Help the private sector and aid agencies understand one another.** Basic and easily accessible materials, including publications, training packages, videos and podcasts, are needed to help businesses and aid agencies understand one another's structures, processes and terminologies, as well as their respective contributions to humanitarian action.
- **Develop strategic communications materials to capture the wide variety of private sector collaborations with aid agencies.** Given limited awareness about the full range of forms of humanitarian-private sector engagement, materials are needed to inspire thinking among and between businesses and aid agencies. Leading humanitarian actors, in partnership with a private design firm, should develop these materials, which could be based on studies such as this or gathered from businesses and aid agencies.
- **Ensure strategic and operational dialogue takes place between relevant private sector actors and aid agencies on a regular basis.** In-person meetings, whether organised by aid agencies, chambers of commerce, the Global Compact Local Network (GCLN) or a government ministry, will be crucial in building relations between key humanitarian, business and, perhaps, government figures. Such meetings should be arranged at technical as well as strategic levels.
- **Ensure aid agency country offices and businesses' branches are able to draw upon and 'activate' existing global partnerships.** Some promising partnerships were not heavily utilised given limited awareness about how to 'activate' them at the country level. Aid agencies and businesses involved in these sorts of global partnerships should ensure that they have clear and widely understood policies and procedures for drawing upon them.
- **Where feasible, establish a private sector focal point in countries which are disaster-prone and which have a record of private sector engagement in humanitarian issues.** All stakeholders agree that it is exceptionally difficult to establish dialogue between aid agencies and businesses in the midst of a crisis. Hence, having a private sector focal point within the humanitarian community in crisis-prone countries would be crucial in enabling private sector engagement in the pre-, mid- and post-crisis periods. Given resource constraints, these should at least be established in those countries which have a record of private sector engagement in humanitarian issues.
- **Create a roster of private sector focal points to respond to crises and help encourage and coordinate business engagement.** Given the likelihood that the humanitarian community may not have a business focal point in each country, a roster of private sector specialists should be established and drawn upon where needed.
- **Develop information-sharing systems to allow for joint analyses of vulnerability and risks as well as joint monitoring and accountability of various stakeholders' responses.** Analyses should be undertaken, with the systematic support of the private sector and humanitarian community, to identify potential threats that increase vulnerability and reduce resilience. In addition, humanitarian and private sector actors should consider linking their performance monitoring and accountability systems to identify which interventions are having the greatest impact.
- **Review the effectiveness of portals that attempt to link businesses with aid agencies and others, and consider the potential to develop a new and improved system.** Despite the existence of several websites that aim to link aid agencies with businesses, few appear to be consistently or widely utilised. Hence, there is a need to carefully review the design and accessibility of existing portals and to examine why they are not necessarily being used on a regular basis. This review should also consider whether there is a need for a new match-making portal, which types of actors it should involve and what functionalities it should offer.
- **Initiate exchange programmes between key businesses and aid agencies.** To build deeper



relationships between businesses and aid agencies, short-term exchange programmes should be established. These would allow finance personnel, engineers, programme managers and others from businesses and aid agencies to swap places in order to gain an appreciation for their respective approaches and identify opportunities for collaboration or mutual learning.

- **Explore the potential to work with chambers of commerce and the GCLNs on promoting business-to-business humanitarian and preparedness efforts.** While much attention has been paid to links between businesses and aid agencies, there has been insufficient progress in linking businesses in order to better support contingency planning or their ability to survive (or recover after) crises. Hence, systems – possibly facilitated by chambers of commerce or GCLNs – would link certain businesses to enable them to share information on risks, contingency planning and crisis preparedness.
- **Analyse and promote incentives for joint approaches to humanitarian crises, resilience and sustainability.** There is a need for a systematic study of those incentives that would be most effective in encouraging businesses and aid agencies to collaborate, either as partners or as separate but aligned actors. Such a study would consider incentives for both businesses and aid agencies and involve a very careful examination of donor policies and tax systems, as well as more informal factors (e.g. cultural or religious incentives for businesses to support humanitarian action).
- **Establish innovation hubs dealing with key problems facing humanitarian action.** Research and development (R&D) hubs should be established between aid agencies, private businesses and other interested institutions in order to encourage humanitarian innovation, thus complementing the various innovation initiatives already underway (e.g. the recently-established UN Innovation Network). For instance, an R&D hub addressing the role of new technologies in preparedness and response could be established in Silicon Valley.
- **Study how to support small and medium-sized enterprises (SMEs) to be more resilient during and after crises and to play a role in responding to disasters.** Ensuring that SMEs are prepared for crises and can bounce back quickly is a key humanitarian priority. Hence, additional research and pilot projects are needed to identify ways in

which large businesses and aid agencies can build the resilience of small businesses and enable their recovery following crises, including by working with them to deliver assistance.

- **Use humanitarian–private sector engagement as a jumping-off point for broader multi-stakeholder collaboration involving, among others, regional organisations.** Developing links between humanitarian agencies and the private sector is important, and the benefits of greater coordination and cooperation emphasise the need for more stakeholders involved in crises and humanitarian action to come together. These include donor agencies and national government institutions at multiple levels as well as, critically, regional organisations. Organisations such as the Association of Southeast Asian Nations (ASEAN) and the Economic Community of West African States (ECOWAS) are increasingly involved in humanitarian action and have proved to be strong proponents of humanitarian–business collaboration.

The recommendations set out here will help overcome many of the challenges to private sector engagement. However, it is important to also consider emerging challenges that will affect humanitarian conditions and the private sector in the coming years and decades, including systematic technological failures and interruptions, pandemics and growing urban disasters. The ability of traditional aid actors to respond to these crises will also be constrained given growing state assertiveness. Governments may increasingly favour private sector partners rather than permitting wider-ranging multilateral and non-governmental interventions, a preference already seen among many Western governments (e.g. in the response to Hurricane Katrina in the United States).

This study provides wide-ranging findings and recommendations for the humanitarian community, the private sector and others. While noting tangible limitations with regard to private sector engagement in certain issues and contexts, it argues that there is significant potential for businesses to bring their expertise and capacities to bear humanitarian action in new and innovative ways. Readers are encouraged to read not only this report but also the case studies of Kenya, Jordan, Indonesia and Haiti which have fed into it.



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# 1 Introduction

Over the past decade, the private sector has increasingly been recognised as a major stakeholder alongside aid agencies and governments in multiple aspects of humanitarian action. Firms have contributed funds, aid materials and technical expertise to support relief operations in the aftermath of major disasters. These activities have increasingly been undertaken in collaboration with aid agencies. In 2004 and 2005, partly inspired by the 2004 Indian Ocean tsunami, more than 30 new partnerships were established between international NGOs and private firms; in the preceding decade only eight such partnerships had been agreed (Binder and Witte, 2007). Businesses are also contributing to humanitarian action independently as long-standing suppliers and service providers and more recently as drivers of innovation and research and development (R&D). Simultaneously, there has been a move towards market-linked forms of humanitarian assistance which work with and through local enterprises, rather than around or against them.

The private sector is not a newcomer to emergency response and preparedness. Businesses have long aided communities affected by crises and disasters, emptying their stocks and mobilising their staff to help affected populations. Likewise, core business activities have contributed directly to risk reduction, relief and recovery – helping to strengthen infrastructure against disasters and creating jobs after crises. The assets and supply chains that businesses establish for primarily commercial purposes are crucial in helping to blunt the impact of disasters. Indeed, businesses’ pursuit of new customers and profits has helped mitigate vulnerability in crisis-prone areas by fostering growth, broadening access to banking and telecommunications services, increasing access to goods and services and so on. Aid agencies have long spent at least half of their funds on goods and services – materials, vehicles, fuel, construction works, logistics – procured from private businesses, and dedicated forums have emerged, including AidEx in Brussels and the Dubai International Humanitarian Aid and Development Conference and Exhibition (DIHAD).

While it is clearly growing, the role of the private sector in humanitarian action is difficult to measure,

and businesses’ ad hoc and independent assistance following crises is rarely documented. Nor have analysts been able to quantify the value of businesses’ core operations – e.g. resuming supply chains, kick-starting livelihoods and rebuilding infrastructure after crises – on humanitarian outcomes. Figures from Global Humanitarian Assistance (GHA) suggest that businesses’ financial contributions comprised 1.1% of worldwide humanitarian funding in 2012. Yet such estimates vastly underestimate the role of the private sector and only capture a minority of aid donations from the largest businesses which are formally reported to the United Nations or a small number of other international organisations. They miss the wide variety of non-financial and non-material contributions that businesses make in terms of research, staff time and pro bono or discounted services, as well as the contributions made from small, medium-sized and even large national and regional enterprises. For instance, in the aftermath of Typhoon Haiyan in the Philippines in 2013, experts indicate that the private sector contributed at least half of all humanitarian assistance.

While financial contributions are valued, businesses’ greatest contribution is unlikely to be monetary. Instead, optimism surrounding private sector engagement is rooted in the innovations, new technologies and other capabilities that businesses can bring to the humanitarian enterprise. With significant logistical abilities, massive resources invested in R&D and highly capable personnel, many within the aid community hope that businesses can do for humanitarian aid what Amazon did for the world of retail or what Microsoft and Apple did for personal computing. Likewise, in an increasingly over-stretched humanitarian system, there are hopes that business can bring about improvements in value for money, thereby allowing the aid system to do more with less. These benefits may, in some cases, emerge from corporate philanthropy, though they are far more likely to result from firms’ ‘core business’ and pursuit of customers and long-term growth opportunities in developing countries around the world.

There is reason to believe that private sector engagement can help contribute to breakthroughs

in several areas of humanitarian response. Mobile money platforms involving banks and telecommunications firms have given rise to cash transfer programming, bringing one of the most revolutionary changes to the humanitarian (and development) sector in recent decades (Kharas and Rogerson, 2012). The same applies, in some respects, to ‘big data’, geospatial imaging, crowdsourcing and other new technologies developed by private firms both independently and in partnership with aid agencies (ACAPS, 2013; Decker, 2013). For instance, in Haiti the telecommunications company Digicel and a partner, Flowminder, used network data to track populations displaced by the 2010 earthquake (Bailey, 2014; GSMA, 2013).

This study has aimed to capture the current state of private sector engagement in humanitarian action around the world, building on a global literature review and studies focused on Kenya, Jordan, Indonesia and Haiti.<sup>1</sup> In addition to documenting field-level experiences, the project also tackles an uncomfortable question: why, despite more than half a dozen global initiatives and at least a decade of aspiration, has engagement between the private sector and the aid community remained relatively limited and focused on a small range of prominent examples?

## 1.1 Methodology and data collection

This study used a primarily qualitative methodology oriented around the following activities: (i) identifying the private sector’s current and potential roles and added value in emergency preparedness and response; (ii) documenting approaches that have been used by the private sector to support people affected by crises; (iii) capturing those frameworks, structures and mechanisms which enabled or facilitated business engagement with humanitarian operations; and (iv) developing approaches to emergency preparedness and response at multiple levels that take advantage of businesses’ and aid agencies’ capacities.

Fieldwork was conducted in Kenya, Jordan and Indonesia; in addition, a desk-based study of private sector engagement in Haiti was undertaken. These

1 These country studies are available at: <http://www.odi.org.uk/projects/2738-humanitarian-private-sector-engagement>.

countries face a range of humanitarian challenges, including repeated and large-scale caseloads of refugee or internally displaced people, chronic food insecurity, repeated weather-related disasters and the growing effects of climate change. During approximately two weeks in each country the researchers interviewed and conducted focus group discussions with representatives of aid agencies, donor entities, businesses, business associations (e.g. chambers of commerce) and government institutions. The research also involved crisis-affected people in order to better understand the extent to which they rely on aid agencies or the private sector to meet their basic needs.

**Table 1: Stakeholders consulted in country studies<sup>2</sup>**

Type of stakeholder	Number	% of total
Private sector	69	34%
UN and World Bank	59	29%
NGOs and Red Cross	50	24%
Donor agencies	14	7%
National/local governments	11	5%
<b>Total</b>	<b>203</b>	<b>99%<sup>3</sup></b>

These figures and lists do not include more than 80 additional businesspeople, community leaders and others who were quickly and somewhat informally consulted through discussions and shop visits (e.g. with Syrian refugees operating small businesses in Za’atari refugee camp in Jordan).<sup>4</sup> The research team also sought wider input from relevant stakeholders via an online questionnaire distributed through the World Economic Forum (WEF), the UN Office for the Coordination of Humanitarian Affairs (OCHA) and several other institutions. Responses to the questionnaire were received from 57 respondents in more than a dozen countries, including Ethiopia, Nigeria, Somalia, South Africa, Indonesia and the West Bank and Gaza.

2 These figures do not include several dozen additional businesspeople and aid community representatives who were consulted in Pakistan as part of a separate project on ‘Markets in Crises and Transitions’ (see Mosel and Zyck, 2014).

3 This figure does not equal 100% due to rounding.

4 Given that formal interviews typically lasted 45 to 90 minutes, the research team did not feel it was appropriate to include these relatively rapid conversations with business owners and others in the official statistics; these discussions tended to last approximately two to five minutes given that they often involved business owners and others who were in the process of operating their businesses or helping customers.

These findings were then refined and converted into tangible recommendations that were tested in a ‘Futures Workshop’ organised towards the end of the project. The focus of the workshop was to put the project’s broad findings and conclusions into a *futures* context. With more than two dozen representatives of business, aid agencies, donor organisations and

research institutions, the workshop considered a range of transformational geopolitical and economic factors and speculated on ways in which these might affect the project’s findings and conclusions. Underlying this endeavour was the hope that these *futures* perspectives would also help guide work underway in anticipation of the 2016 World Humanitarian Summit.

## Box 1: Key terms and concepts

Those involved in private sector engagement in emergency preparedness often encounter a degree of conceptual and terminological confusion. What is the private sector? Who is a humanitarian? Does private sector engagement mean the same as privatisation? Such questions are not simply rhetorical or a matter of academic debate. Nearly two-thirds of aid workers and business figures surveyed as part of this project felt strongly that collaboration between relief agencies and business was often undermined by conflicting vocabularies and unclear terminologies.

What is the private sector? Formally, any economic entity that is not part of the state is part of the private sector (Twigg, 2001). An orthodox definition would include non-governmental organisations (NGOs) as part of the private sector, though many increasingly refer to non-state, not-for-profit entities as part of a ‘third sector’. The private sector primarily comprises for-profit institutions – that is, businesses – though many private enterprises do not in fact generate profits, and even the 500 largest global companies have profit margins averaging around 5% (Tully, 2012). The emergence of social enterprises, which eschew profits or reinvest them in social causes, further prevents a clear definition.

Given the terminological complexity, this study employs the terms ‘business’ and ‘private sector’ interchangeably along with terms such as ‘enterprises’, ‘firms’ and ‘companies’. Likewise, the following chapters treat chambers of commerce, industry associations and corporate foundations as part of the business community given their close collaboration with private enterprises.

What constitutes a humanitarian? To many in the business community – and among the general public – ‘humanitarian’ refers to altruistic intentions

or concern for others. However, the term also has a formal definition within the aid sector, where humanitarian action refers to protection activities or assistance aimed at saving lives and reducing acute suffering, as opposed to longer-term development cooperation aimed at creating jobs or otherwise improving social and economic conditions (see GHA, 2014). This distinctive definition of humanitarian action goes beyond semantics. Historically, purely humanitarian activities have had a unique status enshrined within international humanitarian law. That is, humanitarian organisations have – given their commitment to principles of humanity, impartiality and neutrality – been permitted to enter war zones and other sensitive situations and have been (somewhat) protected against attack. Others feel that this distinction is important given donor governments’ tendency to commit funds to long-term strategic and development objectives, thus leaving relatively little for formal humanitarian relief operations (which comprise 7–10% of global foreign aid in any given year) (Walmsley, 2010).

Is private sector engagement the same as privatisation? This study frequently refers to private sector engagement in humanitarian operations. This phrase refers to any role played by businesses in relief activities, whether as a supplier to aid agencies, a financial donor, a technical advisor, an innovator or a direct provider of aid. Privatisation – that is, the transferring of core humanitarian duties to businesses – could fall at one extreme of the private sector engagement spectrum. However, it would be wrong to say that privatisation is the goal of private sector engagement. This project has not uncovered a single instance in which a business was given sole or primary responsibility for any mainstream humanitarian activity, and fears that donor governments are handing over relief operations to politically connected businesses are unfounded.

The study includes information from nearly 300 stakeholders at multiple levels, from refugee camps to aid agency headquarters. However, personnel based in national capitals in the case study countries were generally over-sampled relative to field-based personnel. The research team also found that aid agencies were often easier to reach than businesses, and each case study included more input from aid agencies than from businesses. The study also tends to represent the perspectives of larger national and regional enterprises rather than small businesses, which proved more difficult to identify and contact.

Despite these limitations, the study was able to gather and synthesise inputs from a wide range of stakeholders. In addition, despite a relatively short period in each country, the researchers were able to speak with businesses, aid agency representatives and affected communities outside of the national capitals. Accordingly this study is among the most comprehensive undertaken on the issue of business engagement in humanitarian action, and one of the very few that has attempted to anticipate the

challenges which businesses, governments and aid agencies will have to deal with in the future.

## 1.2 Outline of the report

This report begins by outlining the growth of private sector engagement in humanitarian activities and dissecting key characteristics of business involvement in emergency response and preparedness (Section 2). Section 3 then turns to the benefits of private sector engagement and barriers which have, to some extent, limited these benefits. Section 4 offers a series of practical suggestions for enhancing the private sector's contribution to humanitarian action. Lastly, the conclusion (Section 5) discusses how the aid community and the private sector must adapt in the context of a changing humanitarian landscape and evolving crises.<sup>5</sup>

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5 While many have claimed that the US privatised humanitarian work in Afghanistan and Iraq over the past dozen years, this is not necessarily the case. The US government partly privatised – as it has done for more than a century – a portion of reconstruction and development assistance; humanitarian work remained under the aegis of traditional aid actors.

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# 2 The role of business in emergency response and preparedness

Businesses have increasingly integrated themselves within humanitarian operations. Formerly seen solely as suppliers of goods and services to aid agencies and governments – and perhaps as small-scale donors – they are now being viewed as drivers of innovation and strategic partners (Khiyara, 2013). This section addresses that shift in perception, highlighting the origins and development of private sector engagement in emergency response and preparedness.

## 2.1 Private sector involvement in humanitarian crises: a brief history

The role of the private sector in humanitarian crises has a long history both within and beyond the formal aid system. Going back centuries if not far longer, shopkeepers have opened their stores and warehouses when disasters strike their areas; in Indonesia and Jordan, businesses distributed food, water, clothing and other goods to affected people, and in Pakistan following the 2010 floods and the Philippines following Typhoon Haiyan in 2013 affected people noted that they initially survived on impromptu hand-outs.<sup>6</sup>

In addition to these charitable contributions, NGOs and UN agencies have since their creation involved the private sector in their humanitarian activities as major suppliers and service providers. One UN agency in Jordan estimates that it currently injects nearly \$2 million into the local economy each day in part due to the volume of materials, fuel, vehicles, office space and contractors it has purchased or hired.<sup>7</sup> The World Food

Programme (WFP) has estimated that at least 40% of its spending in any one year goes directly to businesses – particularly food suppliers and logistics firms – with much of the rest going to staff salaries and other aid agencies (which in turn pay a significant amount to the private sector for goods and services). In contrast, funding to the private sector as direct implementing partners for humanitarian projects (as opposed to support services) is ‘negligible’ (Binder and Witte, 2007).

Thinking about the role of the private sector took a leap forward with the establishment of the UN Global Compact in 2000. The Global Compact intended to ‘harness the energy and influence of multinational corporations to act as good corporate citizens’ (Bennett, 2002). It was launched at the World Economic Forum (WEF), making the WEF’s annual Davos meeting a critical platform of engagement for humanitarian organisations and the private sector. Another turning point came in 2004, with the Indian Ocean tsunami (White, 2012; Binder and Witte, 2007). Businesses provided or mobilised \$565m in humanitarian assistance, and new, long-term partnerships were established between Pfizer and the UN Children’s Fund (UNICEF), UPS and CARE International and Coca-Cola and the UN Development Programme (UNDP) (White, 2012). Since then, private sector engagement in humanitarian action has become oriented around such partnerships, with far fewer companies engaging with humanitarian activities fully independent of so-called ‘traditional’ aid agencies (i.e. UN agencies, NGOs and the Red Cross movement).

## 2.2 Where does private sector engagement stand today?

The decade following the tsunami has seen the expansion of business partnerships with humanitarian organisations and governments as well as autonomous

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6 In both the Philippines and Pakistan these were provided not only by businesses but also by civil society groups, religious institutions and individuals. This statement is based on the authors’ personal communications; see also Mosel and Zyck (2014).

7 This figure is based on interviews with UN officials and should be taken as an approximation based on earlier analysis.

business initiatives, including ones led by corporate foundations. These have been driven by a range of factors, including the emergence of crises (e.g. those related to climate change and pandemics) that are so broad that they require the involvement of businesses alongside a wide range of other actors. In addition, emergencies will increasingly take place in middle-income countries with strong local business communities and an aversion to massive international aid operations. The rapid pace of urbanisation and the increasingly urban face of humanitarian crises have opened up opportunities for businesses, which tend to be concentrated in cities. Many future crises will require responses that go beyond conventional aid agency approaches, and will require growing levels of technical expertise. The private sector is seen as the best possible solution to the humanitarian capacities challenge as aid agencies strive to adapt to new types of crises.

### 2.2.1. Why does the private sector engage with humanitarian emergencies?

Private sector engagement in emergency response (aside from the routine selling of goods and services to aid agencies) has been driven by a primary concern for the wellbeing of affected people and a desire to use resources to help alleviate suffering. This is particularly true among national and local enterprises, where humanitarian work is often viewed as a moral, religious or national obligation. The global media, information and communications technology and the globalisation of commerce mean that business leaders increasingly know people, including clients, customers, suppliers and colleagues, who have been affected. Hence, businesses are drawn more into crises than they may have been in previous decades.

There can also be tangible benefits for businesses engaging in humanitarian efforts. A company's brand reputation may be enhanced by becoming involved in responses to disasters (Wassenhove et al., 2007). Some research has also linked – though evidence is relatively limited – corporate humanitarian activities with human resources. By engaging in humanitarian efforts, businesses reportedly increase staff morale and retention and job satisfaction (Binder and Witte, 2007). Likewise, companies which engage in humanitarian efforts are believed to have stronger reputations, which may help them recruit more qualified personnel in highly competitive fields. Lastly, many businesses see humanitarian work as

an opportunity for the company or key personnel to learn or innovate in response to daunting situations (Wassenhove et al., 2007); that is, disasters press staff to develop new approaches and solutions which apply even in daunting contexts (e.g. means of repairing damaged communications systems).

However, noting that ancillary benefits such as staff morale and recruitment are relatively modest and far from guaranteed, academics, businesses and aid agencies have sought out a new more convincing business case. The most prominent alternative business case, often referred to as Creating Shared Value (CSV), is rooted in the notion that businesses are more successful when the people and communities around them thrive (Porter and Kramer, 2006). This theory has generally been applied to longer-term development processes rather than humanitarian relief. It is thus worth asking whether a specific business case or rationale exists for businesses considering involvement in humanitarian action. Based on this study, such a business case could be described as follows: crises and the humanitarian responses to crises offer considerable opportunities for firms to gain new customers, introduce new products to customers, grow relationships with existing customers and enhance brand loyalty. Mobile network operators often give away free air time during crises to ensure that people switch to their network or do not leave their network when their pay-as-you-go phone (common in most of the world) runs out of credit. Customers will be much more loyal to that operator given that it helped them – enabling them to stay in touch with family, friends and assistance providers – during a crisis. Likewise, in the consumer goods sector, firms have routinely used crises as opportunities to introduce new food and hygiene products in hopes that people will purchase them once the crisis has ended. Banking firms use mobile money and other cash transfer programmes during crises to attract new clients.

There is nothing inappropriate about these underlying motives or interests, and these commercial considerations do not diminish business figures' primary concern – when engaging in humanitarian activities – for the wellbeing of affected people. Businesses which develop innovations or contribute goods to humanitarian efforts may ultimately see a return on this investment, but this does not undermine the positive impact of their contribution. A company which supports hygiene projects in a refugee camp is not requiring that beneficiaries purchase their product



in the future, nor is it preventing them from ultimately choosing a different brand or foregoing the product altogether. The same applies to banks which gain customers via humanitarian cash transfers; these new clients are only temporary, and the bank in question will need to prove its value once the cash transfer programme ends. Furthermore, the bank will only benefit from these new clients if they ultimately have enough money to deposit or enough assets to take out loans in the future, making the bank, to some extent, a partner with its new-found clients. This same logic applies to insurance companies, which have increasingly gained clients in developing countries through micro-insurance initiatives. In doing so they have gained a financial stake in ensuring that their new and relatively low-income clients are prepared for future disasters (Box 2).

The nexus of business interests and the wellbeing of people in developing and disaster-prone countries is a powerful one. It will increasingly make businesses partners in emergency preparedness, resilience and disaster relief not just in theory but also in practice.

## Box 2: Insurance, preparedness and risk reduction in Kenya

In Kenya the insurance company UAP and its partner insurers (APA and Takaful Insurance of Africa) paid compensation to livestock owners whose animals had died during the 2011–12 drought. Livestock holders in Marsabit County who purchased insurance in 2010 received approximately Ksh 10,000 (roughly \$150 per family) in October 2011 and March 2012 as a result of the drought conditions. A recent review of the impact of the insurance scheme reported substantial immediate benefits for insured families – including for household food security – as well as positive spill-over effects for the non-insured in the community (Janzen, 2012). The micro-insurance weather index initiative known as Kilimo Salama ('Safe Agriculture') involved the private sector in multiple ways. It involved the charitable foundation of the Swiss agribusiness Syngenta as well as UAP, the insurance company, and payments were made via Safaricom's M-PESA system to insured households whose on-farm income had been affected by the drought.

### 2.2.2. Who is involved?

Western multinational corporations such as Ericsson (emergency telecommunications), TNT, UPS and DHL (humanitarian logistics), IKEA (emergency shelter) and Google (geospatial imaging) have received the greatest attention from aid agencies and researchers exploring private sector engagement. This reflects the fact that larger companies can make larger contributions and ensure that they are well publicised. Likewise, given the transaction costs involved in establishing a partnership with a private business (e.g. negotiating memoranda of understanding, assessing conflicts of interest), major aid agencies have generally preferred to collaborate most closely – globally – with multinational firms with a wide geographical presence. Yet the vast majority of humanitarian work is being undertaken by regional, national and local firms. Indeed, in the four case studies undertaken as part of this project almost no examples were identified which involved major global firms.

Large regional and national firms were, time and time again, found to be closely involved in responding to crises. For instance, in Jordan many of the most innovative collaborations – around cash transfers – have emerged among regional financial institutions such as Cairo Amman Bank and Jordan-Kuwait Bank (Zyck and Armstrong, 2014). Similarly, well-known money systems operated by local or regional banks and mobile phone companies were particularly important for humanitarian responses to drought and food insecurity in Kenya (Drummond and Crawford, 2014). In Indonesia, information and communications technology (ICT) firms such as Telkomset, Indosat and XL provided free communication services and set up a number of aid distribution centres that included phones and internet terminals for affected people (Burke and Fan, 2014). Local medium-sized and small enterprises in affected countries also play a major role both in assisting affected people and enabling markets to resume functioning. By investing in the recovery of their own enterprises and repairing broken supply chains, businesses help to get goods to affected people, reopen lines of credit (with local businesses often being major loan providers) and enable livelihoods to resume. While this is a crucial area, it is important to note that it has not necessarily been taken up by aid agencies – which turn to business recovery and livelihoods only after a crisis – and by many larger private firms, which prefer to work directly with affected people rather than with smaller enterprises. Hence, as many small businesspeople told the

research team, they are left to fend for themselves and often struggle to recover.

Some innovative initiatives were noted to help kick-start small and medium-sized enterprises' own efforts. In Kenya, Oxfam and Save the Children helped butchers and small vendors to reconnect with suppliers; these businesses were then used as implementing partners, distributing locally procured meat, milk and fish to up to 80,000 drought-affected people each month through a voucher programme (Drummond and Crawford, 2014). Similar examples of aid agencies distributing food via partnerships with small enterprises were identified in Pakistan.

### Box 3: Multi-stakeholder partnerships and the case of Mission 4636 in Haiti

In some cases collaboration does not solely involve private firms or businesses and aid agencies. After the 2010 earthquake in Haiti, SMS was used to monitor information related to humanitarian needs in order to feed into humanitarian efforts (Munro, 2013). The system, 'Mission 4636', involved not only mobile network operators and international aid agencies but also Haitian NGOs, social enterprises, multinational companies, universities, unions and corporate foundations. The initiative 'relied on a large group of Kreyol and French-speaking volunteers working on crowdsourcing platforms to translate, categorise and extract essential information from the text messages; the structured data was then streamed back to the relief effort in Haiti' (Bailey, 2014: 11). The large volume of information gathered through Mission 4636 and other platforms was used in mapping exercises.

#### 2.2.3. What has been the focus of private sector engagement?

The businesses most involved in humanitarian action tend to be concentrated in a relatively few sectors, including telecommunications, financial services, logistics, construction, consumer goods and pharmaceuticals. In Haiti following the 2010 earthquake, the mobile operator Digicel provided \$10 million in free credit to its subscribers (Bailey, 2014), and in Jordan mobile network operators provided free SIM cards and credit to refugees (Zyck and Armstrong, 2014). In the financial services sector,

Ahli Bank in Jordan is working with WFP as it moves to an e-voucher system for Syrian refugees. In Kenya the financial services and telecommunications sectors have repeatedly collaborated on mobile money platforms, most notably the M-PESA system operated by Safaricom and Equity Bank (Drummond and Crawford, 2014). Mobile money systems in post-earthquake Haiti also involved businesses and private sector-derived philanthropy, involving banking and telecommunications firms after having been kick-started by the Bill and Melinda Gates Foundation, which offered \$10m in prize money to those companies able to bring mobile money to market first and on a significant scale (Bailey, 2014).

With regard to logistics, firms such as DHL, TNT, UPS, Aramex, Agility and Maersk have collaborated with aid agency logisticians to improve processes and enhance effectiveness, and have delivered large volumes of aid. They also regularly deploy experts to specific emergencies (Bridges et al., 2010). Through Logistics Emergency Teams<sup>8</sup> (LETs) UPS and TNT sent personnel to Santo Domingo following the 2010 Haiti earthquake, for instance, and have also been involved in the post-earthquake cholera crisis in Haiti, Cyclone Nargis in Myanmar, the 2010 floods in Pakistan, earthquakes in Chile and Indonesia and several weather events in the Philippines.<sup>9</sup>

The construction sector has also been closely involved. The WEF Disaster Resource Partnership (DRP) has developed a network of engineering and construction firms able to deploy assets – including heavy machinery, construction materials, vehicles and generators – and use their staff members' expertise for humanitarian purposes during and after disasters. Since it was established in 2011, the DRP has operated in India, Mexico and Indonesia. In India, the DRP mobilised local companies to respond to landslides in mid-2013 and worked with the local government and army to clear debris; one firm, HCC, coordinated medical assistance and established a small camp to temporarily house, feed and treat at least one affected community.

With regard to consumer goods, companies such as Unilever and Procter and Gamble (P&G) have long

8 The LETs primarily involve four firms: Agility, AP Möller-Maersk, TNT and UPS.

9 See <http://www.logisticsemergency.org> for a full breakdown of LETs deployments.

provided in-kind materials to support international aid responses. During the 2012 Assam floods in India P&G provided non-food items such as laundry detergent, soap and other health and hygiene items through its partnership with Save the Children. P&G has also distributed water purification tablets. Consumer goods firms are increasingly moving beyond the distribution of materials and focusing more on innovation (see Box 4).

#### Box 4: The Clean Team Household Toilet System in Ghana

Unilever, the design firm IDEO and WSUP partnered to form a Clean Team that introduced a commercially viable and cost-effective household toilet system in Ghana (Carpenter and Day, 2012). The service was developed on a commercial basis; households pay around \$10 per month – less than they would normally pay for public lavatories – and receive a package of services that includes twice-weekly emptying of the toilet, handling of the waste and, over time, replacement of the toilet. The business model is financially sustainable, though potentially not feasible for the poorest households. From a business perspective, the initiative helps Unilever to expand its presence and reputation in Africa, where it aims to increase its commercial and charitable involvement. From a humanitarian perspective, this partnership – while not focused on crisis response – has introduced technologies and business models which could be replicated in refugee and IDP camp settings.

The pharmaceutical industry has also been a major player in humanitarian efforts. GlaxoSmithKline launched the Partnership for Quality Medical Donations (PQMD) in 1996 to link aid agencies with pharmaceutical and medical supply companies, and major pharmaceutical companies have been actively involved in facilitating employee contributions to disaster-affected areas and operating volunteer programmes which enable their experts to deploy to crisis contexts.

Despite rapid growth in these sectors – and promising work on disaster risk reduction (DRR) led by insurance companies – some sectors of humanitarian response, such as education and healthcare services,

have been largely ignored by private business, as have other key elements of humanitarian action, such as coordination and information management. Consulting firms such as Arup have established dedicated humanitarian and development consulting bodies, and McKinsey & Co has been closely involved in post-disaster rehabilitation and coordination efforts in Sri Lanka and Indonesia (McMahon, 2006). However, management consultancy firms have yet to become involved in emergency response and preparedness on a larger scale.

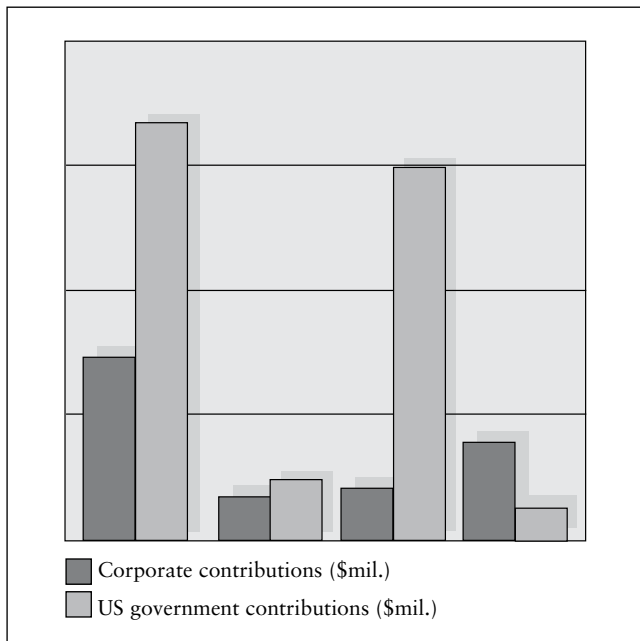
#### 2.2.4. When and where has the private sector engaged with emergencies?

Humanitarian–private sector engagement has been most extensive in the aftermath of natural disasters, with a bias towards rapid-onset crises. High-profile disasters provide a high degree of public exposure for businesses (and aid agencies), and they often require the rapid mobilisation that private firms can achieve. Commercial interest in a particular region also plays a role: Pfizer’s \$45m contribution following the 2004 tsunami, for example, was at least partly related to its commercial interests in affected areas (White, 2012). Corporate giving to disasters in less commercially significant locations, such as Kashmir in 2005 and Haiti in 2010, were more modest (see Figure 1).

Businesses are less likely to become involved in slow-onset compared with rapid-onset crises. For instance, typhoons, tsunamis and earthquakes have repeatedly attracted significant private sector involvement on a charitable basis, though droughts and floods have generally seen less of a private sector push. That said, slow-onset crises have often helped give rise to commercial private sector activities. For instance, during the East Africa drought in 2011–2012 – which started to develop several years beforehand – Kenyan firms became involved in cash transfer initiatives, livestock insurance arrangements and other forms of support that helped to mitigate vulnerability among affected populations while generating some income for the businesses involved (Drummond and Crawford, 2014).

Conflict-induced humanitarian crises have received the least private sector engagement. According to business leaders consulted in the course of this study, conflicts pose a high degree of reputational risk (e.g. being implicated in inadvertently fuelling corruption or bolstering armed groups). Particularly for regional or multinational firms, there is a concern

**Figure 1: Corporate contributions to major recent disasters**



Source: White (2012), p. 4.

that engagement in a conflict zone could be viewed as partisan and could lead the company to lose customers or clients. The more limited private sector engagement in conflict situations also reflects many aid agencies' concerns about involving businesses and others in delicate war zones where humanitarian principles of humanity, neutrality and impartiality are considered particularly important. Protection activities in those contexts, including those involving vulnerable people

such as survivors of sexual and gender-based violence, also present challenges for private sector engagement; given the sensitivities surrounding these activities and groups, aid agencies generally demonstrate great caution when collaborating with partners (private sector or otherwise). Hence, the private sector's comparative absence from conflict environments relative to disaster-affected contexts is notable but is not inherently problematic given that it often reflects the interests of both businesses and aid agencies; that said, there is scope for increased private sector engagement in helping to address the needs of some war-affected populations outside of conflict zones, such as refugees.

In the future, private sector engagement in some form will increasingly extend to a wide variety of crisis contexts, despite its present concentration in those locations affected by rapid-onset disasters. However, private sector engagement is particularly likely in places such as Myanmar, Sri Lanka and Zimbabwe, where governments are increasingly keen to defend their sovereignty. This resurgence of state sovereignty in many countries will present new opportunities for private sector engagement. Governments which may be wary of NGOs' or UN agencies' 'parallel structures' may be more inclined to trust private sector aid providers, which they may view as more fundamentally apolitical and disconnected from donor countries' agendas. As a result, aid agencies will be confronted with a need to either collaborate with private sector aid providers or risk being shut out of particular crisis-affected contexts.

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# 3 The benefits of and barriers to private sector engagement for humanitarian action

The private sector's contribution to humanitarian action has had a significant impact. While, like much in the humanitarian field, this impact has yet to be empirically measured, the case studies conducted as part of this project – and broader consultations with representatives of aid agencies and the business community – highlight their effectiveness. Yet the research has also highlighted a range of barriers which erode or blunt this effectiveness.

## 3.1 Benefits of private sector involvement in humanitarian action

Operational improvement involves the enhancement of existing practices, in some cases making them more efficient or cost-effective, and may be divided among the following criteria: speed/timeliness, coverage, relevance, durability and value for money.<sup>10</sup>

### 3.1.1 Speed/timeliness

The speed or timeliness of a humanitarian response is particularly important in rapid-onset disasters where ensuring access to food, water, healthcare and other basic needs is vital to saving lives and alleviating suffering. Private sector collaboration has enabled faster responses by involving logistics and transport companies such as TNT, DHL and UPS. There is also potential to collaborate with private sector companies and foundations to develop new systems to enable aid workers to access hard-to-reach areas.

The private sector has also enabled rapid fundraising by aid agencies, allowing them to become operational faster. The Kenyans 4 Kenya initiative helped to raise

\$8.5m for the Kenya Red Cross Society via mobile phones (Drummond and Crawford, 2014), and in the aftermath of the 2010 Haiti earthquake the American Red Cross rapidly raised \$32m via a text message-based fundraising campaign (American Red Cross, 2011). By reducing the effort involved in making a donation, mobile phone companies have enabled millions of dollars in additional contributions which either would not have been provided, or would have taken much longer to arrive in aid agency bank accounts.

### 3.1.2 Coverage

Comprehensive coverage of affected areas – addressing all affected people while minimising overlap or duplication – is another area where the private sector can make a difference. In Haiti, the mobile operator Digicel made its communications data available to a non-profit initiative in order to track population displacement (Bailey, 2014). Data from Digicel's mobile phone towers identified where displaced people were congregating and improved coverage. Mobile phones were also used to assess needs in Haiti and to report people in need of urgent assistance (*ibid.*). Also in Haiti, Google worked with aerial surveillance company GeoEye to take aerial photos to help assess damage and steer aid to the worst-hit areas (Kiss, 2011). Similar approaches have been used in other crises to identify damage as well as human rights abuses (e.g. the razing of villages or the presence of mass graves).

Businesses have done less to tackle the issue of coordination. Microsoft and 19 partners helped to establish a coordination portal for OCHA in the response to Cyclone Nargis in Myanmar in 2008, and Microsoft has worked more broadly to create information-sharing tools surrounding other disasters, including the H1N1 pandemic and the 2008 earthquake in Sichuan in China (ScriptPhD, 2009). While impressive, the case studies showed that the private sector may have greater impact by scaling up

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<sup>10</sup> These categories were developed by the authors and in part emerged from discussions of humanitarian effectiveness organised by Jessica Alexander at OCHA. See OCHA (2013).

these initiatives and developing easier-to-use portals for monitoring where assistance is being provided.

### 3.1.3 Durability

While humanitarian activities are often characterised as short-term in nature, many of the effects are long-lasting. Refugees are displaced on average for 12 years (Robson, 2013), and people affected by disasters may reside in temporary shelters for years. As such, durability has become a key element of the humanitarian enterprise. Here one of the most notable examples comes from the IKEA Foundation, the charitable wing of the furnishings company, which has worked with UNHCR since 2010 (UNHCR, 2012). Its collaboration includes the design, manufacture and piloting of a new type of temporary shelter (Figure 2) intended to last for three years (as opposed to six months for traditional tarpaulin shelters). These shelters have the added benefit of folding flat, making them easier to transport and store. They are being piloted among Syrian refugees in Lebanon, though Lebanese officials have expressed concern that the better-quality shelters will encourage refugees to stay (Baker, 2013).

Businesses have also developed water jerry cans with filters that last several times longer than traditional filters, thus increasing their durability. Food and beverage companies, which have a financial stake in

preventing food from spoiling, may be able to apply food technology to the activities of WFP and others.

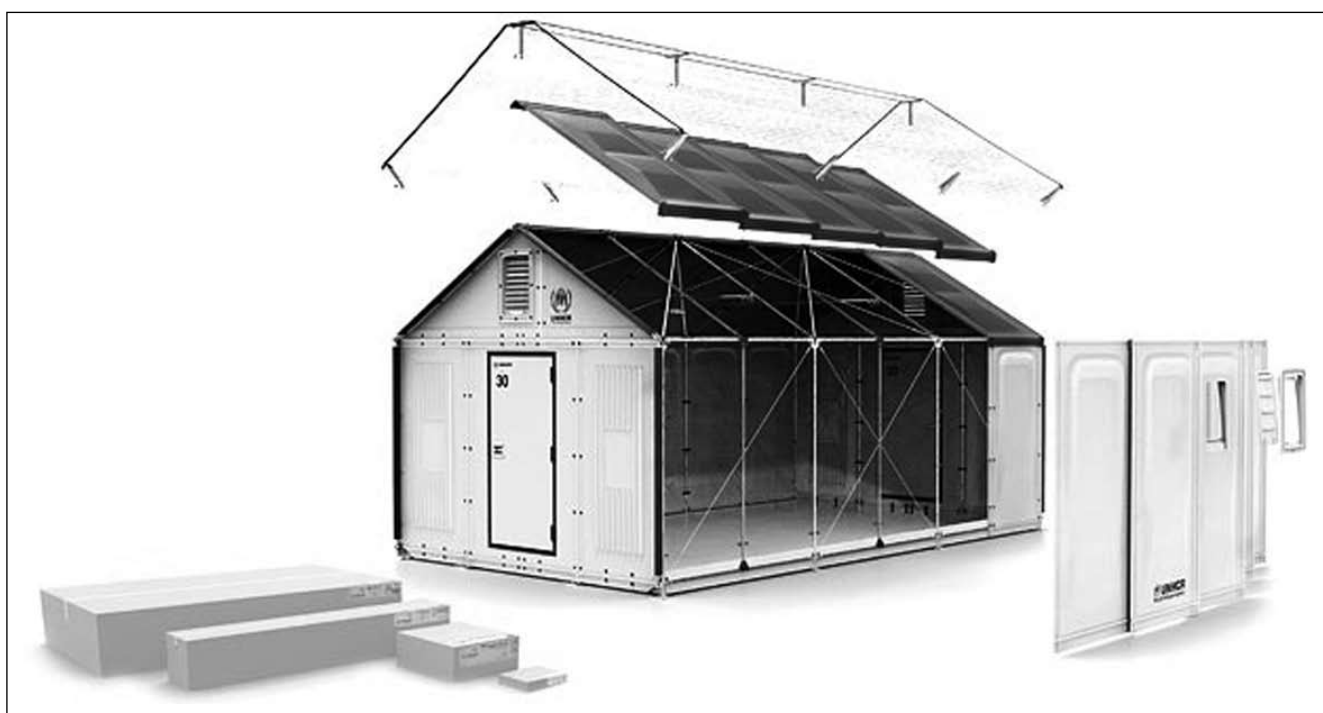
### 3.1.4 Value for money

More durable solutions to humanitarian challenges may also provide greater value for money and enable humanitarian agencies to achieve the same – or better – results with fewer resources. This benefit can be seen in cash transfer systems which enable affected people to access goods themselves, rather than relying on more costly aid materials brought from outside. Likewise, water, sanitation and hygiene (WASH) technologies have often emphasised cost-effectiveness. More information is needed – and should be widely communicated – to highlight the impact per dollar of these private sector innovations. Indeed, private businesses have a major role in helping aid agencies to understand not only their gross impact, but also the trade-offs which might be involved between cost, coverage and impact. That is, the private sector could help humanitarian agencies to understand that value for money is measurable and can, if appropriately managed, have a major impact on aid agencies' coverage and effectiveness.

### 3.1.5 Wholesale humanitarian innovation and transformation

Private sector engagement may also have a more transformative impact on humanitarian action.

Figure 2: IKEA Foundation-designed flat-pack shelter



Aid materials may be moved from one location to another, drawing on excess capacity among logistics companies, based on data-driven models of crisis risk at different times of the year and under different conditions. Warehouses could be run by computers which receive geocoded assessment data from mobile phones, assemble tailored kits of food, water and materials based on local conditions and match them with outgoing flights, ships or trucks. Private education and technology firms might transfer national school curricula onto low-cost laptops or tablet computers – in the local language – which can be rapidly distributed in the aftermath of a crisis. These could enable hardware, software and education companies to help fill a gap – access to education – that often goes unaddressed for months or years during and after crises.

The scenarios listed above rely on the ability to obtain, aggregate, analyse and act upon high-quality data in relatively short order. Data-driven decision-making and resource allocation is increasingly being applied by development agencies (see Starr and Hattendorf, 2014). With the advent of mobile phone coverage, including 3G signals, in developing countries and the falling costs of ICT hardware, such technological innovations are becoming increasingly feasible. With the increasing privatisation of innovation and research (see Broad, 2014), these sorts of transformative developments will be driven by the private sector either independently or through partnerships with aid agencies.

## 3.2 Barriers to collaboration

Despite the perceived and potential impact of private sector engagement, there is still relatively little contact between the business community and aid agencies. In the course of this study, the same examples tended to emerge in a small number of sectors. A number of barriers to greater engagement were identified in each case study.

### 3.2.1 Few community-wide interlocutors

Private sector engagement encounters an institutional challenge that also applies to civil–military cooperation and other issues: who is able to speak for the interests of the humanitarian community, and who is able to represent the business community? Both are so large, particularly the latter, and diverse that it is not clear who should drive progress in this area.

While this ambiguity is not necessarily a problem, it does prevent the articulation of widely accepted rationales, policies, procedures, principles or charters to more fully involve business in aid activities. While it is unlikely that aid agencies or businesses would be able to appoint a single interlocutor to lead private sector engagement, there is greater potential to do so at lower levels. These may be, for instance, ministries, chambers of commerce or UN–NGO forums, and it will be important for the forum or convenor to be selected jointly by humanitarian and private sector stakeholders.

### 3.2.2 Limited forums for interaction

The studies highlighted a general dearth of opportunities for humanitarian personnel and business leaders to interact with each other. Businesses were not involved in coordination mechanisms in any country examined, though the Indonesian Disaster Management Agency (BNPB) had established a mechanism to help integrate the private sector into its work (Burke and Fan, 2014). Likewise, aid agencies were not represented in business forums organised by chambers of commerce, industry associations or ministries of trade and commerce in any of the case study countries. In nearly every case, aid workers and business representatives interviewed were not aware of the others' coordination and information-sharing events and processes. Online forums were not succeeding in bringing aid agencies and businesses together. While the studies examined several online portals intended to foster links between aid agencies and the business community – including [business.un.org](http://business.un.org) and the Global Compact website – none was being used in the case study countries. The Global Compact, as an institution and a site, was mentioned by very few field-level representatives of aid agencies or businesses contacted in the course of this study.<sup>11</sup> Nor were any UN, non-UN or private sector stakeholders familiar with the [business.un.org](http://business.un.org) portal or similar sites intended to match private sector resources with aid agencies' needs.

### 3.2.3 Limited awareness of novel partnerships

In part because of the lack of forums for discussion, aid agency and business representatives were often unaware of the numerous forms of collaboration and

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<sup>11</sup> In Jordan, two private sector stakeholders noted that they were involved in helping to get the Global Compact Local Network established, but it was not active.

private sector engagement which had been developed and implemented in different parts of the world. While almost all considered cash and in-kind donations, relatively few considered how businesses could support communication, monitoring and evaluation processes, organisational management, information sharing and coordination. Without a broader menu of options, collaborations remained basic and limited, or failed to materialise at all.

### 3.2.4 Focus on fundraising and public relations

Private sector engagement tends to involve public relations staff (on the business side) and fundraising personnel (among aid agencies) with little concrete understanding of their organisations' technical requirements and capabilities. NGO and UN fundraising focal points contacted in the country studies tended to focus on corporate donations, while private sector public relations or communications personnel proposed short-term, high-visibility projects. Technical specialists with an understanding of their organisations' needs and capabilities are largely absent from such deliberations. Discussions among non-technical personnel tend to overlook innovative collaborations for applying niche corporate technologies or methods to aid activities. Alternatively, discussions involve senior managers who may be well placed to kick-start collaboration but may not see it through. In Jordan, for instance, one UN agency noted three instances in which a previous country director had developed a collaboration with private firms, only to see them lapse when the country director departed for another posting.

### 3.2.5 Lack of clarity in decision-making

There was also a lack of clarity when it comes to developing charitable partnerships between aid agencies and the private sector. While businesses and aid agencies tend to have highly structured processes for fundraising and contracting or procurement, few appeared aware – outside of headquarters-level corporate social responsibility (CSR) departments and partnership branches – who was responsible for private sector engagement. Hence, NGOs and UN agencies noted that they often had to revert back to headquarters when approached by businesses, resulting in delays. Likewise, local and national branches of multinational companies often appeared unclear about humanitarian contributions. The end result is that private sector collaboration with aid

agencies tends to revolve around headquarters rather than crisis-prone contexts.

### 3.2.6 Headquarters-focused nature of many global partnerships

While aid agencies and businesses have been actively involved in establishing partnerships at the global level, many fail to reach down to in-country offices. Aid agency leaders were frequently unaware of global agreements established by their UN agency or NGO with a particular company, or they had little sense of how to go about activating or mobilising that partnership. Likewise, local offices of multinational companies also appeared unaware of global agreements unless they had already been applied in that country in recent years. When asked about how to mobilise global partnerships, many in the business community and aid agencies were in agreement that: (i) the NGO concerned should contact its headquarters to discuss the partnership; (ii) NGO headquarters should then contact the business's headquarters to propose in-country collaboration; (iii) the corporate headquarters should then liaise with its local office; and (iv) if everyone was in agreement, personnel on the ground could begin discussing collaboration. This complex process is rarely viable for aid agencies or businesses, particularly during a crisis, and makes it far less likely that partnerships between aid agencies and businesses will translate into progress on the ground.

### 3.2.7 Exclusionary vocabularies

The terminology used by aid agencies and the private sector is another crucial barrier to collaboration. This includes basic disagreements over what the term 'humanitarian' means, as well as confusion over more specialist terms (e.g. WASH) and the myriad acronyms used by aid agencies. The research did not necessarily identify particular business terms that aid workers found difficult to understand. However, aid workers noted that they were often discouraged by business terms such as 'return on investment' and 'leverage'. Some also felt that, rather than being too business-minded, some private sector figures in fact created divisions by presenting themselves and their contributions in overly grandiose terms, replicating the sort of 'saviour' language that aid agencies have progressively turned away from.

### 3.2.8 Aid agency vetting (due diligence) requirements

Aid agencies frequently apply vetting requirements when dealing with private firms given their fear



of being associated with a business caught up in controversy or potentially unethical practices. While this study was not able to systematically compare these vetting procedures, they tend to require at least several weeks and, in some cases, three to six months. They particularly applied when aid agencies attempted to deal with regional and national firms given that these were less likely to

have been through previous vetting processes with other aid agencies. A number of business figures felt that these checks were bureaucratic and time-consuming. There thus appears to be scope, discussed later, for a joint vetting procedure and system which enables aid agencies to rapidly determine the credibility of potential private sector contributors or partners.



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# 4 Practical recommendations for promoting private sector engagement

Many of the barriers noted in the preceding section should be understood as opportunities for businesses – whether independently or in collaboration with aid agencies – to assist crisis-affected people and help them better prepare for future emergencies. Below are a number of practical recommendations for businesses, chambers of commerce, aid agencies and governments to take forward in order to take advantage of opportunities such as those noted above. These emerge from this study’s comprehensive literature review, four country case studies and consultations with key humanitarian and private sector figures. They should be carefully considered by key members of the humanitarian community and private sector, and representatives should be convened to discuss the findings of this study and jointly develop a way forward.

## 4.1 Rapidly implementable recommendations

### *Help the private sector and aid agencies understand one another*

The aid community has a very distinct set of structures, languages and relationships that are often difficult for those in the business community to understand. For instance, business figures (and members of the general public) may not be familiar with the differences between humanitarian and development work, with the sources of humanitarian funding, with the principles and priorities involved in aid work and myriad other issues. They may also not understand how to contact or collaborate with aid agencies. By developing a coherent set of professional and accessible materials about humanitarian action – whether publications, training packages, podcasts or videos – aid agencies can help businesses better understand how to support humanitarian objectives. Firms specialising in communications, public relations and new media will be important in ensuring that these explanatory

materials are accessible and compelling, and that they find a wide audience well beyond businesses’ corporate social responsibility departments.

Likewise, it would be useful to produce short materials, including ones with strong audiovisual elements, which help aid agencies better understand at least a portion of the private sector. These could help to overcome many aid workers’ perception that businesses’ involvement in crises is inherently concerned with ‘privatisation’ or ‘profiteering’. Such material could help to clarify the perception, commonly encountered in this research, that businesses have wide profit margins exceeding 20% or even 50%. Furthermore, these materials can – perhaps at a sectoral level – help aid agencies to begin to understand the full range of capabilities contained within any business. That is, they could demonstrate that companies are far more than their most visible products and have a broad range of capacities and expertise that aid agencies could engage with.

### *Develop strategic communications materials to capture the wide variety of private sector collaborations with aid agencies*

This study found that humanitarian and business professionals commonly recognised only a few forms of private sector engagement in emergency response and preparedness, particularly cash and in-kind contributions. Few considered more involved forms of collaboration, such as research and development and capacity-building. As such, many aid agencies and businesses wrote off the potential for private sector engagement before even weighing up the various options available. Leading humanitarian actors, in partnership with a private design firm, should develop materials which capture innovative forms of private sector engagement in humanitarian action. The content of these communications materials could be based on studies such as this, or they could be gathered from businesses and aid agencies.

*Ensure strategic and operational dialogue takes place between relevant private sector actors and aid agencies on a regular basis*

Websites and other tools periodically (albeit rarely) help to link businesses and aid agencies, but they are no substitute for in-person contact in crisis-prone areas. Hence, regular forums for dialogue should be arranged to allow aid agencies to provide an update on humanitarian conditions and on their work, and to allow businesses to share what they are doing or what they are interested in doing to support humanitarian objectives. In addition to these operational meetings, more strategic dialogue should be arranged before senior private sector and business figures, potentially with the involvement of government where appropriate.

These meetings will allow a core contact group of interested companies to emerge; this group of private sector engagement ‘champions’ could eventually serve as the basis for a joint platform for engagement that brings together the private sector, the humanitarian community and relevant public authorities to identify emerging crisis threats, share analyses of needs and vulnerabilities and jointly plan means to mitigate risks. Such platforms should be established at community, national, cross-border and regional levels, and should feed into planning and development proposals wherever possible. Platforms for engagement should stress the importance of shared information, analysis and responsibility for addressing challenges.

*Ensure aid agency country offices and business branches are able to draw upon and ‘activate’ existing global partnerships*

Many aid agencies and business representatives in case study countries were unsure how to draw upon global partnerships negotiated between their respective headquarters. Were country offices permitted to be in touch, or was there a set procedure for activating the partnership? What sorts of contributions or partnerships are authorised under the agreement? Did a crisis need to be imminent or ongoing for a field-level collaboration to begin? Few were able to answer these questions. There is thus a need for businesses and aid agencies – independently or with their partners – to develop and communicate clear and targeted guidance on how to activate these humanitarian–private sector partnerships before, during or after crises. Such guidance should enable country and regional offices to communicate and plan directly with

their humanitarian or private sector partners without necessarily needing to route all communications via distant headquarters-based departments.

## 4.2 Medium-term operational recommendations

*Where feasible, establish a private sector focal point in countries which are disaster-prone and which have a record of private sector engagement in humanitarian issues*

The United Nations system should attempt to ensure that at least one private sector focal point – supporting the broader Humanitarian Country Team (HCT) rather than any one agency – is available in every country where the UN is involved in humanitarian action. However, as an intermediate step the IASC should consider the feasibility of deploying a private sector focal point to support HCTs in countries which face repeated or protracted crises and which have a proven record of private sector engagement in humanitarian issues. These individuals would help to build awareness about private sector engagement among businesses and aid agencies, and the focal point would serve as a first point of contact or ombudsman for businesses hoping to better understand how to support or collaborate with humanitarian institutions. They could also undertake simple but necessary steps such as maintaining central lists of humanitarian and private sector focal points so that aid agencies and businesses are able to reach out to the appropriate individual to discuss collaboration. To ensure sustained contact with key businesses and others, the individual charged with the private sector engagement portfolio should be based in a single country for at least one to two years. Many businesses find that excessive turnover among their humanitarian contacts makes it difficult to establish trust and prevents more meaningful collaboration.

*Create a roster of private sector focal points to respond to crises and help encourage and coordinate business engagement*

Given the cost involved in establishing a private sector focal point in every crisis-prone country, it will be critical to ensure that OCHA or an appropriate partner has a roster of experts with aid agency and business experience who could be deployed to crisis contexts. Such an approach should be based

on lessons learnt from other humanitarian rosters. Indeed, the appropriate model may not ultimately be a ‘roster’, but rather a standing unit of five to ten specialists from businesses, aid agencies and governments who are consistently available to support field-level operations. When not involved in an active emergency, these experts could develop tools and materials to facilitate private sector engagement, undertake related research and cultivate relationships with businesses, chambers of commerce, aid agencies, governments and others.

*Develop information-sharing systems to allow for joint analyses of vulnerability and risks as well as joint monitoring and accountability of various stakeholders’ responses*

Analyses should be undertaken, with the systematic support of the private and humanitarian sectors, to identify potential crisis threats, as well as possible ways to address them. Once strategies have been developed, humanitarian and private sector actors should consider linking and/or combining their performance monitoring and accountability systems to identify which interventions are having the greatest impact. These joined-up accountability systems would serve the interests of governments of affected states, would hold all stakeholders to account and would create unprecedented opportunities for mutual learning about the impact and cost-effectiveness of different interventions.

*Review the effectiveness of portals that attempt to link businesses with aid agencies and others, and consider the potential for developing a new and improved system*

At present there are several online sites where businesses and aid agencies can list their needs and available resources (whether technical, financial or material). Most are not well utilised, with one such site including requests from only a single aid agency following Typhoon Haiyan in the Philippines. Hence, there is a need to carefully review the design and accessibility of existing portals and to examine why they are not necessarily being used on a regular basis by aid agencies and businesses. This review should also consider whether there is a need for a new match-making portal, which types of actors it should involve and what functionalities it should offer. It will be important for such a review to consider the needs, not only of businesses and international aid agencies, but also government agencies and regional organisations involved in emergency response and smaller national NGOs and civil society groups. Lastly, the review

should consider the potential for an online portal to help link businesses directly with affected communities in need of assistance, either as part of initial relief or medium-term recovery operations.

*Initiate exchange programmes between key businesses and aid agencies*

Humanitarian agencies and an appropriate business or corporate association should begin an exchange programme that would involve aid workers spending time within a company and vice versa. These placements could take place at multiple levels and allow engineers, doctors, programme managers and others to learn from one another’s approaches; exchanges should also allow human resources and finance personnel to share information on their systems and processes for managing staff and funds across multiple countries. This initiative would be open to national and multinational firms, as well as UN agencies, NGOs, the Red Cross/Red Crescent movement and larger civil society organisations.

*Explore the potential to work with chambers of commerce and the GCLNs on promoting business-to-business humanitarian and preparedness efforts*

Despite the increasing attention on businesses’ humanitarian partnerships with aid agencies, insufficient progress has been made on business-to-business links during and after crises. For instance, large multinational and national enterprises may work with international NGOs to support affected people, but they have less commonly worked with businesses in disaster-hit areas to enable their recovery or to help them better prepare for future crises. There is thus a need for country-level business-to-business forums, managed by chambers of commerce, industry associations and GCLNs, to enable businesses to partner and support one another. This forum would pair related businesses (which are not competitors), share best practices for contingency planning and develop rapid response plans which would help larger businesses – those outside of affected areas – to bolster smaller enterprises in affected areas with technical assistance, loans or logistical support. These arrangements could link major multinational firms with large regional and national businesses and linking major national companies with medium-sized, small and micro enterprises. These forums should initially be situated at the national level but could eventually grow to have a global structure oriented around business-to-business emergency preparedness and resilience.

## 4.3 Strategic recommendations

### *Analyse and promote incentives for joint approaches to humanitarian crises, resilience and sustainability*

By joining together humanitarian and private sector actors, the potential impact on vulnerability and resilience could be considerable. However, both require clear incentives for collaboration. Such incentives have yet to be fully elaborated, though they could involve anything from tax benefits to donor policies and even awards and cash incentives from aid agencies, governments and private foundations to promote the development of new approaches and technologies. There is a need for a systematic study of those incentives that would be most effective in encouraging businesses and aid agencies to collaborate, either as partners or as separate but aligned actors. Such a study should consider incentives for both businesses and aid agencies and examine donor policies and tax systems in crisis-affected countries (and countries where businesses are headquartered), as well as more informal factors related, for instance, to culture or religion.

### *Establish innovation hubs dealing with key problems facing humanitarian action*

Humanitarian innovation will be strengthened if it brings together corporate R&D capabilities with aid agencies' own drivers of innovation, including the UN Innovation Network established in late 2013. Businesses and aid agencies should develop innovation hubs staffed by technical specialists from aid agencies and private enterprise (as well as academics, government experts and others). For instance, a hub on humanitarian action and new technologies could be established in Silicon Valley, or a hub could be established to link aid agencies with major pharmaceutical research facilities in Boston, London or elsewhere. What these hubs develop could be devoid of commercial interests, though they may ultimately be suitable for commercial roll-out (e.g. being shared with private businesses in crisis-prone areas if the right conditions are met).

### *Study how to support small and medium-sized enterprises (SMEs) to be more resilient during and after crises and to play a role in responding to disasters*

This study repeatedly found that the first assistance to arrive in the wake of sudden-onset disasters was often provided by local SMEs. Likewise, the ability

of these businesses to survive and recover after crises often determines whether goods are available in markets and whether aid agencies can use cash transfer programmes. Hence, ensuring that SMEs are prepared for crises and can bounce back quickly is a key humanitarian priority. Yet large international and national businesses tend to partner with aid agencies rather than with small businesses, whose humanitarian needs are often poorly assessed and understood.<sup>12</sup> Likewise, despite progress towards market-linked aid models, aid agencies still tend to work around or against small enterprises, rather than with and through them. Additional research and pilot projects are needed to identify ways in which large businesses and aid agencies can build the resilience of small businesses and enable their recovery following crises (including by working with them to deliver assistance). This will include not only research on enterprise development, contingency planning and livelihoods, but also detailed studies of small businesses' supply chains and credit arrangements. By understanding where there are breaks in the chain, aid actors and companies will be better placed to target their interventions (e.g. with logistical support, bridging loans or project grants).

### *Use humanitarian–private sector engagement as a jumping off point for broader multi-stakeholder collaboration involving, among others, regional organisations*

The development links between humanitarian agencies and the private sector are important, and the benefits of greater coordination and cooperation emphasise the need for more stakeholders involved in crises and humanitarian action to come together. These include donor agencies, national government institutions and regional organisations. Organisations such as ASEAN and ECOWAS are generally eager to engage with both private and humanitarian sectors, and there are a growing number of instances in which they have done so amidst crises. A future initiative should be designed, perhaps building on regional DRR efforts, to encourage regional organisations to develop broader public–private (and humanitarian–private sector) approaches to resilience and risk reduction.

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<sup>12</sup> There are some exceptions, including in the Philippines, where businesses often work together after crises. In addition, primarily for US-based disasters, the US Chamber of Commerce Foundation operates a Disaster Help Desk for Business that responds to enquiries from SMEs affected by emergencies.

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# 5 Conclusion: business and humanitarian action in an increasingly vulnerable world

There are considerable opportunities for private sector engagement in assisting crisis-threatened and crisis-affected people. At the same time, significant barriers and constraints persist. Many of these barriers can be overcome. Both the private sector and the humanitarian community must think more strategically about how they might, separately and in partnership, tackle emergency preparedness and response in the future in order to assist crisis-affected people. If traditional humanitarian actors do not more fully open themselves to private sector partnerships and approaches they may grow less relevant.

The move towards private sector engagement is not a mere fad. It represents, instead, a fundamental shift in emergency preparedness and crisis response. Affected people are increasingly expressing a preference for market-linked humanitarian programming, rather than relying on aid agencies as frontline aid and service providers. Governments in middle-income and emerging economies, including the so-called BRIC and MINT countries,<sup>13</sup> increasingly prefer to rely on combinations of private sector, military and civilian government responders during and after crises while eschewing international organisations and NGOs. Governments in many crisis-affected states will increasingly rely on state-owned or state-controlled firms to drive preparedness and emergency response. In combination, these trends point to a fundamental restructuring of humanitarian action.

## 5.1 A radically changing humanitarian landscape

The humanitarian landscape is changing, and traditional aid agencies have been pressed to evolve or

see their role and relevance decline in crisis-affected contexts. Aid agencies increasingly face a private sector alternative and the emergence of sectors and areas in which businesses establish wholly independent humanitarian structures or systems.

- *The private sector alternative:* The private sector could, in a growing number of instances, replace more traditional humanitarian actors, particularly as governments in low- and middle-income countries play an increasingly strong role in responding to crises. For instance, in the immediate aftermath of Cyclone Nargis in 2008 the government of Myanmar called for the private sector to take the lead in providing assistance given its discomfort with international aid agencies. This may be a harbinger of things to come. It is likely that an increasing number of governments faced with crises will turn directly to the private sector, particularly national and local business as well as state-owned enterprises, to serve as humanitarian responders. Doing so will enable governments to maintain control over the crisis response, rather than permitting traditional aid actors to establish parallel systems that, intentionally or unintentionally, often act independently of host state institutions.
- *Parallel pockets:* Likewise, the private sector could develop parallel pockets in terms of sectors, initiatives and programmes that address core humanitarian challenges, but without the involvement of traditional aid agencies. If one considers cases such as Unilever in Ghana, Equity Bank in Kenya and Willis Re in Indonesia, it is evident that there are a growing number of instances in which the private sector has independently embarked on humanitarian initiatives. Businesses may increasingly prefer these sorts of initiatives if collaboration with aid agencies ultimately proves too complex, difficult or time-consuming. The emergence of parallel pockets may

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<sup>13</sup> These are Brazil, Russia, India and South Africa (BRIC) and Mexico, Indonesia, Nigeria and Turkey (MINT).

serve as a precursor to the private sector alternative noted above.

Despite these possibilities, there remains the potential to bring aid agencies and businesses together. As noted earlier in this report, this will involve incentives for collaboration. The establishment of shared values – or, rather, the convergence of humanitarian and private sector values – will also play a major role. As Bruggmann and Prahalad (2007) wrote in the *Harvard Business Review*, the private sector has increasingly accepted that it must focus on long-term determinants of commercial success, including those related to humanitarian action, disaster preparedness and development cooperation. Simultaneously, many NGOs and other aid actors have increasingly come to acknowledge that they need to operate more like businesses, with an appreciation for R&D, return on investment and brand recognition. Hence, Bruggmann and Prahalad concluded that humanitarian-minded businesses and business-minded aid agencies would increasingly see their interests as aligned and would find collaboration more straightforward and beneficial.

## 5.2 Aligning the ‘core business’ of aid agencies and the private sector

There are divergent perspectives on the future of humanitarian–private sector engagement. While some envision convergence and ‘shared values’, others sense a growing separation and perhaps competition. Yet, as is generally the case, the reality is far more complex, and there remains a need to focus more upon tangible opportunities and challenges than upon hypothetical scenarios. The course of private sector engagement will differ markedly between

countries based on the types of crises they are facing, the structure of their economies, their governments’ orientation towards traditional aid agencies and many other factors.

As this study has highlighted, there are numerous ways in which businesses can support operational improvements among aid agencies. Likewise, there are several ways in which aid agencies can help to maximise the humanitarian effectiveness of the private sector. In order to engage effectively with the private sector, humanitarian actors have to understand that effective collaboration will in the first instance depend upon the ultimate importance of the ‘core business’ criterion for engagement; that is, businesses will engage in humanitarian action in ways that support their overall business strategy and long-term relevance and profitability. At the same time, the traditional humanitarian sector will need to question many of its underlying assumptions about its approaches and its relevance in a world where many other actors, from the private sector to national governments and militaries, play crucial roles in disaster and crisis response. The humanitarian sector will need to acknowledge the myriad ways that the private sector reduces vulnerability, fosters resilience, enables relief operations and facilitates post-crisis recovery.

If barriers and misperceptions between and within the humanitarian and business communities can be overcome, humanitarian action will progress rapidly in the future. Cash transfers and the broadening of financial services for the poor are compelling examples, as are advances in communications and accountability. The importance of collaboration in the realm of disaster risk reduction and preparedness also offers exciting opportunities. Far greater things could be achieved if the sporadic and partial relationship between and among businesses and aid agencies was made more consistent and encompassing



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Humanitarian Policy Group  
Overseas Development Institute  
203 Blackfriars Road  
London SE1 8NJ  
United Kingdom

Tel. +44 (0) 20 7922 0300  
Fax. +44 (0) 20 7922 0399  
E-mail: [hpgadmin@odi.org](mailto:hpgadmin@odi.org)  
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A Syrian refugee in Lebanon with  
an Electronic Card that allows  
him to feed his family  
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