



PRIVATE SECTOR ENGAGEMENT IN THE HUMANITARIAN SPACE

Emerging Lessons for CARE Australia

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1. Executive Summary

At a time where private sector engagement (PSE) has increasingly come into focus in the Australian humanitarian and development sectors, this report examines how it presents an opportunity for CARE to strengthen its humanitarian delivery. The study identifies different typologies of PSE, their prominence in practice and the situation of intersecting mandates, interests and objectives that allows such partnerships to develop. Recent examples from CARE and other sources (including a discussion of its relationship with UPS and IHG, and the ineffectiveness of the aggregate humanitarian response in Haiti), highlight that when deciding whether to invest further in a partnership, careful consideration should be given to whether it is effective in delivering the priority objectives of CARE. While some experiences have been overwhelmingly positive and productive, other private sector partnerships require further strategic maneuvering to address pitfalls.

CARE's relationship with UPS provides useful insights into some of the dominant themes of the report. Firstly, the partnership utilises the core technical competencies of the commercial actor to address the central needs of CARE in its emergency preparedness and response functions. Secondly this partnership, while initially established on a philanthropic level when it began in 1995, has grown and deepened over time so that there is now an alignment of interests and philosophies between the two parties. This cemented a level of trust, and the partnership evolved into a transformative one, where innovative initiatives have altered the manner in which CARE is able to manage and oversee its pre-positioning of supplies. Lastly, it is important to note that not every part of this engagement has been fruitful. During its Haiti response, CARE would probably have been able to distribute humanitarian supplies more quickly if it had sought out a different private sector provider at cost. This underscores the fact that the capacities and capabilities of partners need to be both well-defined and understood. This overall lesson has defined CARE and UPS' relationship into the future so that it now mostly focuses on emergency planning and preparedness.

The research summarises the factors that promote successful collaboration like a shared vision, matching expectations, a long term commitment and flexibility in implementation. It highlights the need for CARE to develop private sector partnerships guidelines to minimise the barriers and risks present within collaboration, and navigate the competing motives and standards that influence PS-NGO behaviour. This paper presents much of the material that could be used to develop these along with review of similar materials developed by other agencies (where available). The development and implementation of such guidelines would position CARE to deepen its existing private sector partnerships and develop a competitive advantage in this area.

For CARE Australia, it is recommended that:

- Program and Fundraising departments review existing private sector partnerships and identify opportunities for deepening a small number of existing ones to support enhanced emergency response or recovery

2. Introduction

The private sector generates 90 percent of jobs, funds 60 percent of all investments and provides over 80 percent of all government revenues in developing countries (DFAT, 2014). In the humanitarian space, private sector engagement (PSE) has begun to increase in recent years in acknowledgement of its capacity to provide critical assistance in times of an emergency. At the community and national level, the private sector has the ability to re-stimulate the local economy, reduce costs, and empower those affected in determining their own recovery. In large emergencies where local capacities are not well developed, there is often also a role for external actors to bring in additional expertise (beyond the contribution of additional funding and in-kind resources). In these partnerships, NGOs, governments and civil society are able to complement their contextual understandings of vulnerable communities with the technical know-how and efficiency of their private sector partners.

At present, there is an emphasis in the Australian government on the role of the private sector in promoting development and facilitating humanitarian aid, evidenced with the recent launch of DFAT's \$140 million development innovation fund 'innovationXchange'¹. As a result, CARE Australia will need to foster competitive approaches to engage this trend, reviewing their current strategy in order to sustainably and effectively enhance the benefits garnered from their work, whether that be in response, recovery or preparedness. Broader concerns with PSE in the Australian humanitarian sector resulted in an initial HPA-led workshop in December 2014, of which CARE was a part. Discussed were success factors for collaboration, potential pitfalls, and strategies to be applied for their mitigation. This workshop was just one component of an ongoing joint learning exercise being undertaken amongst Australian NGOs in dealing with PSE policy and practice in the sector. CARE was also involved in a recent DFAT PSE Roundtable in June 2015. Deliberated there was collective capacity of private, public and civil society organizations in dealing with disaster preparedness and planning, humanitarian response and the facilitation of rapid and resilient recovery and reconstruction.

This discussion paper begins by defining the private sector and PSE, and then outlines the value proposition this arrangement offers to both key stakeholders. Following that, it introduces two complimentary frameworks for NGO-PSE and a model depicting the interaction between interests, mandates and capabilities that facilitates this space. Also mentioned are metric measures that can be used to quantify and value the current contribution of these arrangements. Drawing on examples of partnership between CARE and private sector companies, the paper identifies factors for success in

¹ (<http://www.dfat.gov.au/aid/Pages/australias-aid-program.aspx>)

collaboration and potential barriers and risks that exist. Reflecting on what has been discussed, it concludes with recommendations for CARE Australia to develop its current partnerships strategy as well as some general recommendations for the sector.

Key Definitions:

For the purpose of this paper, the private sector encompasses a variety of for-profit organisations, ranging from very small-scale social enterprises to large multinational corporations, all of whom operate and affect local, national and international markets. It is any economic entity that is not part of the state (Zyck & Kent 2014) and excludes non-governmental organizations (NGOs), independent foundations, and civil society groups (CPDE 2013). Thus included within these terms are businesses, firms, companies, chambers of commerce, corporate foundations, industry associations and private enterprises amongst others.

Within the context of humanitarian operations, Zyck and Kent (2014: 7) define PSE as 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’. These relationships are both voluntary and collaborative, in which all participants agree to work together to achieve a common purpose, or undertake a specific task. As mutually agreed, partners share risks, responsibilities and benefits (Bendell and Murphy, 2010). Thus, businesses, in teaming up with governments, NGO’s and development agencies, combine resources and achieve humanitarian gains. This can occur innovatively with the creation and implementation of new products, services and processes that improve efficiency, effectiveness and the quality of the social outcomes and impacts that result (Ramalingam, Scriven & Foley, 2009:6).

Research Methodology:

The sources used for this report included a review of key documents, academic literature, peer NGO studies and reports. Interviews were conducted with Tom Newby, a senior Emergency Sector specialist for CARE International, who is coordinating a similar study by CARE International UK; Priyanka Sunder of ACFID, who has undertaken an ACFID-member survey of PSE focused mainly on the development sector; and with David Gazashvili, the Senior Logistics Specialist for CARE International.

3. The Value of PSE in Humanitarian Work

The on-going transformation of the humanitarian domain has created an atmosphere conducive to more extensive PSE in humanitarian relief. While humanitarianism itself 'barely existed as a field' (Barnett, 2005: 729) until the late 1980s, the steady increase in financial assistance since this time, as well as the expansion of actors involved, has intensified competition for funding and projects. The reality of these supply-side constraints has created a friendlier environment for commercial involvement as NGOs scope for further funding avenues, but also improved means to strengthen their aid delivery and effectiveness.

The Value Proposition of PSE for the Private Sector:

Positive Branding and Corporate Social Responsibility:

In recent years, PSE in emergency response has been motivated by a concern to alleviate the suffering of affected populations and improve their wellbeing (Zyck & Kent 2014). Often this desire to 'do good' and actively commit the resources necessary is leadership driven, underlying the philanthropic motivators that enable PSE. However it is also reflective of the increasing prominence of Corporate Social Responsibility (CSR) that has become more pertinent among multinationals and large corporations as they look to shape brand image. Increasingly, consumers are concerned with the intrinsic values of the commercial organisations they support, so developing an emotional bond with the community is seen to resonate a company's integrity.

Motivation for Staff:

Beyond its role in improving brand image, businesses often engage in humanitarian assistance aspiring to motivate staff. If there are staff working locally in disaster areas, concerns with their safety can drive private engagement, but it also works to assist companies in their recruitment and lowering staff turnover. Several studies have shown that organisations with a demonstrable commitment to CSR are more effective performers in the 'war for talent' (Tamkin et. Al, 2000; OECD, 2001). When employees are directly engaged with humanitarian relief operations, staff morale is also seen to significantly increase.

Innovation:

In becoming a private sector partner, commercial operators have an opportunity to learn from their experience, and develop innovative products and services that provide significant business opportunities. In recent years there has been a trend towards collaborations within telecommunication and logistic sectors that has presented for businesses involved access to a new array of clients. Indeed,

as found within a study undertaken by the ODI (Zyck & Kent, 2014: 1), business are increasingly involved in developing innovative social enterprise models that can be commercial in nature, but assist with humanitarian needs. In helping to reduce the impact of future disasters, they then capitalise on new markets.

The Value Proposition of PSE for the Humanitarian Sector:²

Primarily PSE provides three main types of value for development and humanitarian assistance work:

Increased Reach:

Engagement with the private sector, especially (though not exclusively) as a result of financial or product contributions, often allows projects to connect with more beneficiaries, either through expanding the reach or scope of project activities.

Improved Effectiveness and Efficiency:

Engagement with the private sector is also found to lead to an improvement in program effectiveness (beneficiary achievement of intended results) and/or efficiency (measured by a reduction in the rate or cost of programme delivery). This benefit is often delivered as a result of the private sector providing a unique set of skills, technologies or expertise that is not necessarily available within NGOs. Indeed they can provide varied and diverse business innovations and at times kick start small and medium scale enterprises. With the launch of DFAT's Development Innovation Fund, the concept of innovation in PSE is an interesting one to further explore in the context of humanitarian assistance.

Increased Sustainability:

Certain NGOs engage the private sector in order to access their core business functions and market presence in the context of a development or humanitarian challenge. Companies utilised in this type of partnership can help drive economic growth in communities acting as local employers and income generators; buyers and suppliers of goods and investment, and distributors of services and technology within local markets.

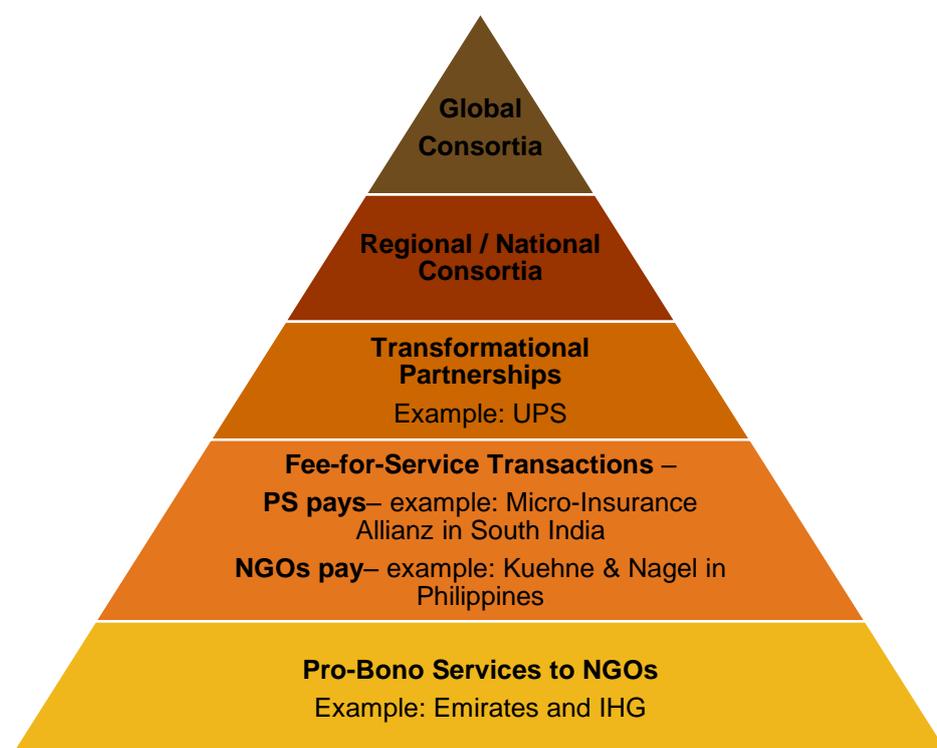
² These findings were extracted from an in-depth analysis of 70 GDAs by USAID in analysing the state of the private sector partnerships and engagements. See more at: USAID (August 2014), *Understanding Private Sector Value: An Assessment of How USAID Measures the Value of its Partnerships*. Mission Measurement.

4. Modelling PSE

PSE by NGOs can take place at various levels within the humanitarian sector. Two frameworks have been developed from case studies to categorise the different types of engagement that can exist, but also the various private sector partners that this occurs with. A further Venn model illustrates the point at which the engagement of private sector becomes a worthwhile enterprise, with potential metric measurements discussed at the end to quantify the influence of private sector partnerships on humanitarian aid.

Model of Partnership Agreement Types:

This pyramid model depicts the various partnership arrangements that occur between international NGOs and large national, or international private sector companies. The depth of the partnership – in term of resources invested and duration - typically increases up the pyramid. At this stage, examples of partnership at the base of the pyramid, are more common with those at the top of the pyramid more rare, with no examples of a global consortia identified. During HPA-led workshops, participants discussed the possibility of the latter developing involving multiple NGOs, private sector actors and governments in humanitarian action. An example of this might be in relation to reconstruction of cities with a global consortium seeking to link its expertise with national actors in the aftermath of mega-disasters.



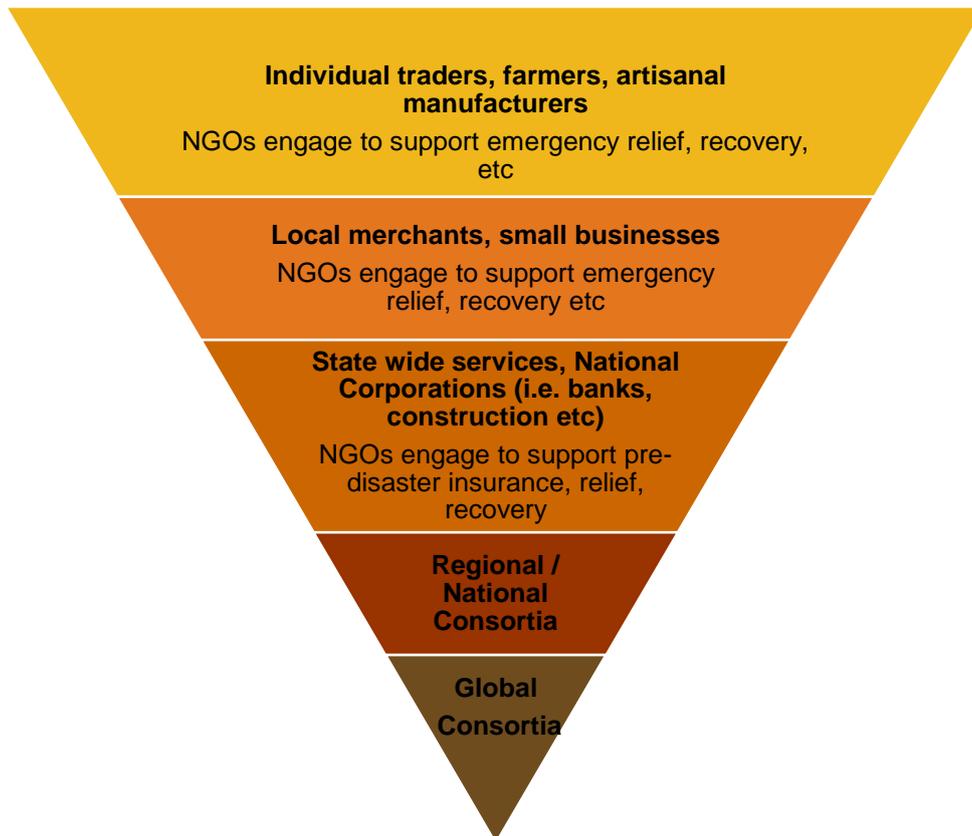
This model highlights the following levels of PSE:

- *Global Consortia* - Occurring at a global scale, this consortium partnership would consist of multiple NGOs and private sector actors in a global complex emergency response.
- *Regional / National Consortia* – Occurring at a national or regional scale, these engagements would see NGOs utilise numerous local companies and civil societies organisations in order to deliver collective action in times of a crisis or in preparation of mitigating one.
- *Transformational Partnerships of Shared Values* - The PSE here sees the alignment of values between stakeholders to precipitate transformative humanitarian action benefiting both partners. This collaborative relationship leverages the core competencies of all actors to results in innovative and influential humanitarian work. The commercial operator is intensely engaged in these partnerships.
- *Fee for Service and Transactional Partnerships* – This can occur through two variations, a fee for a service provided by the NGO, or a fee for a service from a company.
- *Pro-bono or Philanthropic services to NGOs* – This level of PSEP is relatively common and involves companies donating services and goods to NGOs. It is usually done in a context where associated costs are low, but the benefit to be yielded from the NGO are significant (eg. CI and Emirates where customer air miles are donated to be used by CARE staff in emergency related travel.)

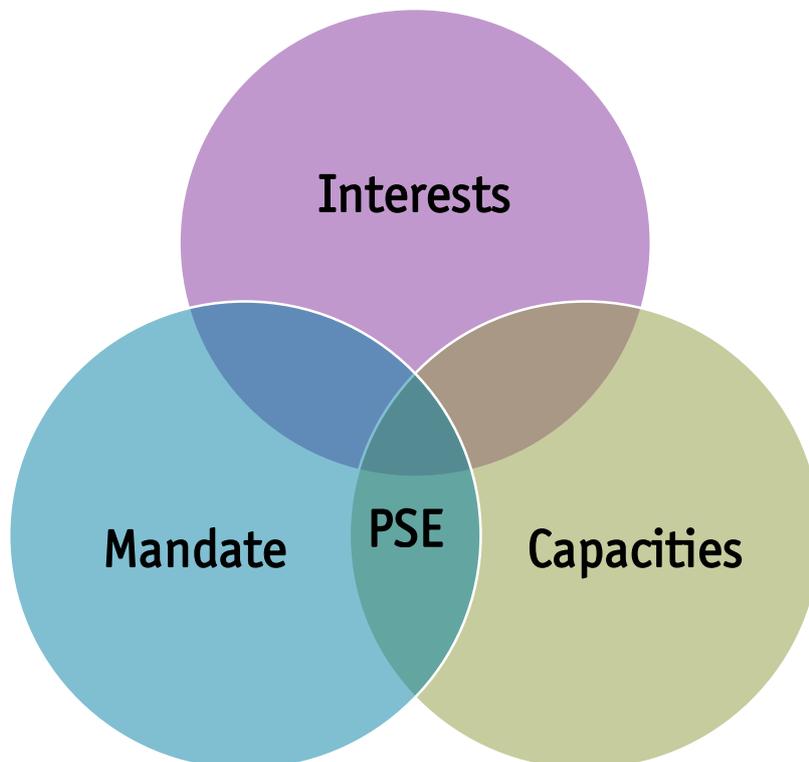
Model of Types of Private Sector Partners Engaged:

This second pyramid model is orientated towards the engagement between NGOs, both international and local, with various private sector actors. It illustrates the reality that private sector engagement, as it currently stands, occurs primarily at a small-scale with individual farmers traders or artisans.]n terms of private sector development, NGOs are also involved in in strengthening systems and regulatory frameworks as well as encouraging the development of small business.

More broad scale partnerships between multiple actors require extensive resources to foster and develop, and are much less common.



Where Partnership Should Be Explored:



Partnerships should ideally occur at the intersection of private sector-NGO interests, mandates and capabilities. Within this area of convergence a set of explicit and measurable outcomes should be formed, as the basis for any engagement. This also provides a strategic means to mitigate many of the risks and potential drawbacks of their humanitarian endeavours (Saul et. Al, 2010: 15). More specifically what can and cannot be achieved in a partnership is narrowed if viewed through this lens.

Attempts to Metrically Valuate PSE:

One potential measure to determine the impact of PSE in humanitarian action relative to government contributions, is to utilise a leverage ratio. Used by USAID in reviewing their Global Development Alliance (GDA) model, it is the proportion of private sector funds and in-kind resources, relative government funds invested into a programme (USAID, 2014).

$$\text{LEVERAGE RATIO} = \frac{\text{Proportion of private sector funds and in-kind resources}}{\text{Government grants}}$$

As noted however, this metric ‘is fundamentally a measurement of an input provided by the private sector, but does not give a greater understanding of how working with the private sector leads to better development outcomes by improving project performance’ (USAID, 2014: 19),

Based then on the value proposition of PSE, it is suggested that to metrically measure ‘increased reach’ and ‘effectiveness’, the percentage change or incremental number of beneficiaries served, be measured against the number of recipients reached in a programme of similar scale without the contribution of private sector partners.

With regards to ‘efficiency’, this can be measured by calculating the change in overall cost per outcome (or cost per beneficiary that achieves the desired outcome) relative again, to a non-PSE programme of similar nature. In the case where partners increase sustainability by taking on core business roles in crisis affected communities, this perhaps can be captured in terms of the number of jobs created, manifest changes in income, the increased number of people accessing products and services through these commercial changes and the value increase in private sector investment in local economics. Nevertheless, it is important that whatever the contribution metrics are, first and foremost they should measure outcomes rather than activities to accurately reflect the true value of these partnerships.

5. The Implementation of PSE in Practice

In its practical application, PSE has provided both positive and challenging experiences. Explored below are some such examples, both successful and otherwise which draw insight into the complexity of the dynamics of PSE in humanitarian work and the nuances that shape it. Divided between contributions to areas of humanitarian relief, disaster risk reduction and development programming, some of CARE's most significant and recent partnership engagements are reviewed.

Successful Examples of PSE:

Emergency Relief:

CARE International and UPS:

As depicted within the Venn PSE model, successful examples of private sector engagement and partnerships are typically where the value desired by the NGO is easily aligned with the core business proposition of the partner being sought, a point observed from Tom Newby of CARE UK. CARE International's partnership with UPS, established in 1995, provides one such example as the basis of this engagement is derived from the company's core capacities in providing freight services and supply chain management globally. At times CARE has been able to leverage this relationship so that free shipping of goods is available along existing trade routes during disaster relief and preparedness efforts. While in some instances the service has not been able to deliver goods rapidly during crisis, CARE International's Emergency Logistics Focal Point has emphasised its usefulness in pre-positioning stocks ahead of disasters.

The growth of this partnership then manifested into the advancement of a software system called the Commodities Tracking System (CTS) developed between the UPS Foundation and AidMatrix which allows CARE to monitor its inventory around the world, know its value, document its excess or damage, and track dispatchments from warehouses. This innovative solution was borne largely out of what was a long-term partnership with the company and involved significant donations of staff time and expertise. As a result of its creation, CARE is now collaborating with other NGOs in adopting the CTS platform as a common resource.

CARE International and Kuehne and Nagel:

In another case, CARE paid Kuehne and Nagel (a shipping company based in Denmark with significant humanitarian assistance) for the operation of a cargo vessel in the Philippines after Typhoon Haiyan in

late 2013. As CARE already had an existing MoU with the company a fee-for-service was able to be negotiated below prevailing market rates so that support was then provided rapidly with the benefit of a trusted supplier.

CARE International and InterContinental Hotels Group:

CARE's philanthropic partnership with IHG provides significant logistical benefits during, and in preparation of, an emergency response. Through the 'Shelter in the Storm Program' it has been able to provide hotel facilities for conferences, meetings and operational set up, storage for relief goods and a much needed space for staff rest and recuperation. For preparedness workshops, including CARE's emergency meeting in April 2014, IHG was able to offer lower cost accommodation arranged with their local chain in Dubai. Many of the benefits of this relationship are founded on the fact that CARE and IHG have a similar organisational structure – CARE is a decentralised federation and IHG is based on a franchise model, and thus there is a level of mutual understanding regarding their respective models of operation.

Disaster Risk Insurance:

Another potential source of financing for DRR is insurance. Although its use as a risk reduction mechanism remains contentious, Kunreuther (1974, 1996) advocates that insurance is an important tool for hazard mitigation. In their consideration, Kunreuther and Pauly (2006) suggest a comprehensive insurance scheme with four layers, from the international to the household level. Regarding the former, the Caribbean Catastrophe Risk Insurance Facility (CCRIF) is a risk pooling facility financed by a multi-donor trust fund of regional financial institutions and 16 member countries (CCRIF 2012). While at the national level, the Turkish Catastrophe Insurance Pool and the Mexican Government National Catastrophe Relief and Reconstructions Fund provide successful examples (Linnerooth-Bayer et al. 2005). They show collaboration in risk sharing between international, regional and national governments, insurers and NGOs, and the creation of positive synergies and outcomes, with payouts occurring after disasters. At the local scale, schemes include local government disaster funds and private markets by insurance companies. At the individual level, Wamsler (2007) suggests index-based insurance, micro-insurance (Suarez & Linnerooth-Bayer 2010) or targeted transfers (such as workforce and employment guarantee schemes) offered by local governments or NGOs.

CARE International and Allianz Insurance:

After the devastating tsunami that struck in 2004, Allianz had given CARE financial donations in order to assist their work in the coastal regions of India, Somalia, Sri Lanka and Thailand. Two years later in

2006, an initial three-year partnership was formed between both parties to provide micro-insurance to over 75 000 people in the southern Indian state of Tamil Nadu. Designed to cater to circumstances of those locals near high-risk, tsunami affected zones and working in industries such as fishing and agriculture, it was the first time that packages could be purchased to protect the poor against natural disasters and accidents for an affordable fee. The communities were involved in designing the products and policies, and it was one of the first cooperative systems working in India's private sector. While CARE rebuilt water and sanitation facilities and around 1600 homes in Tamil Nadu as part of its tsunami recovery operation, the CARE-Allianz partnership supplemented these measures by providing a degree of financial security to many locals.

Other micro-insurance products have been developed since such as life and non-life insurance that covers assets, disability and accidents. Currently Allianz sells micro-life insurance policies for 87 cents per year, which provides families with 370 Euros worth of coverage in the event of a natural or accidental death.

Development Programming:

CARE International, Plan International and Barclays:

Barclays, CARE and Plan International have joined together to improve the quality of life of poor people by extending and developing their access to basic financial services. The initiative brings together the resources, skills and experience of each organisation and aims to reach 300,000 to 500,000 people in 11 countries across Africa, Asia and South America. This partnership represents a three year commitment to support financial inclusion through the development of savings-led community finance, and testing new business models for formal financial service provision (CARE UK).

CARE International and Cadbury:

The Cadbury Cocoa Partnership is a 10 year investment that aims to secure the economic, social and environmental future of a million cocoa farmers and their communities in Ghana, Indonesia and the Caribbean. The communities are working towards a sustainable cocoa supply chain that supports the long term needs of cocoa producers and consumers. CARE is supporting 35 communities in Ghana to improve access to water, sanitation and education and provide technical support for cocoa production and crop diversification (CARE UK).

Less Successful Examples of PSE:

Although partners relationships often prove to be largely successful for both parties involved, at times aspects of collaboration can prove challenging, resulting in failure at the implementation interface.

Reflections on the 2010 Earthquake in Haiti:

Generally the earthquake in Haiti in 2010 presented some poor examples of private sector engagement within certain sectors, such as consumer goods, construction and pharmaceuticals. As researched by Bailey (2014), PSE was unsuccessful due to poor coordination amongst aid agencies and the government. Collaboration was also impeded at times due to the differing motives of the aid agencies (humanitarian) and the businesses (commercial profit). Further, the local community viewed some aid assistance, like the distribution of food and availability of free services, as having a damaging effect on local business instead of supporting the economy in the long term.

After the earthquake, a key need in recovery was the reconstruction of housing, with tens of thousands of partially damaged houses in densely populated areas of the capital, Port-au-Prince. Although many international humanitarian organisations, including CARE supported the construction of new houses in outer areas of the city and gradual improvements to shanty housing, there has not been to date, any substantial reconstruction initiative. This has been the case, because establishing land tenure is difficult, and there are weak urban planning and governance processes at play that potentially distort legal liability in the case of any future disaster. As noted by Tom Newby, there should be significant opportunities to develop partnerships at scale for urban disaster housing, with the private sector in lead and civil society playing roles in community engagement (targeting, participatory design, feedback mechanisms). Nevertheless the complexity of the various issues surrounding such a project have meant that to date, there has not been a relationship between international NGOs, municipal authorities and construction companies in handling urban development after a mega-disaster. This exemplifies the necessity of high-level coordination and the need for large scale activation mechanisms that can be employed to facilitate the greater opportunity of partnership action. It also is perhaps indicative of why global, regional and national consortia are so rarely present in the PSE sphere.

CARE International and UPS:

While CARE International's work with UPS has been reflected upon a success as a whole, their utilisation in shipping goods to Haiti can be classified as an area of failure. In this case, time delays with shipment resulted in relief being delivered very late to the detriment of the intended beneficiaries. Upon reflection the shipping route taken was not a normal one and the company had wanted to combine

CARE's shipment with existing commercial contracts which then presented issues. As it were, CARE would have benefited had it sought out another company on a fee-for-service arrangement. Nevertheless, both partners have learned from this as a result, and UPS services are now used almost exclusively in the transport of pre-positioned goods ahead of disasters.

Other Examples:

National Consortium during the 2011 Drought in Kenya

In the drought response undertaken by the World Food Programme (WFP) and various NGO partners, a cash transfer and mobile money services initiative was launched in conjunction with financial institutions, like Equity Bank, and mobile network operators like Safaricom and Orange Kenya (Drummond & Crawford 2014: 9). Under this system it was intended that beneficiaries open accounts with Equity Bank and be able to withdraw cash transfers through ATMs or using the registered SIM cards they were issued with. However concerns were raised regarding the effectiveness of this partnership given the insufficient geographical coverage of the private sector providers and the reluctance of Safaricom to meet the auditing and accountability needs of NGOs and UN agencies. This case highlights the discord between the expected and real capacities of both partners and their objectives – illustrative of the practical difficulties that exist in private-NGO partnerships. While the pilot programs were established well and were successful across smaller geographical regions, the programme became less successful when increasing transfers to a larger scale.

6. Barrier, Risks and Challenges to Collaboration

Stemming from aspects of PSE failure, a set common characteristics seem to underpin the nature of these results:

Competing Motivators - Humanitarian Standards and Brand Value

Within the private sector, success is often framed by the logic of positive returns so that the decision to be involved in any partnership is made as part of a profitable business strategy. Within the humanitarian sector however, the core mandate of agencies is the provision of assistance to the most vulnerable of crisis-affected communities, so that these populations are at the centre of their work. This underlies one of the most fundamental tensions apparent in the humanitarian-private sector relationship; an intrinsic difference in motives and in conceptualising the boundaries that define PSE success. These likely competing objectives can negatively impact upon the efficacy and sustainability of a partnership.

Of further concern, with Australia's accreditation process being one of the most comprehensive in the world, humanitarian agencies are compelled to uphold strict international standards. However by comparison, private sectors operations in the development sector are not party to the same rigorous procedure. Thus when entering into a partnership, NGOs need to recognise the true extent of the organisation they are aligning themselves with, and the implications of this for their international humanitarian standards. Understandably this process is complicated in the humanitarian sphere, where undergoing due diligence is difficult in the presence of rapid onset disasters.

To a similar extent, (from the private sector's point of view,) businesses are unlikely to become associated with, or involved in, humanitarian activities that may reflect negatively upon their brand or interests and this needs to be understood by the humanitarian sector in their partnerships approach. Hence, it is important that humanitarian agencies explain their operating model and are not discouraged in the face of terms like 'image', 'investment' and 'margin'. This will facilitate greater cross-collaborative understanding.

The Appropriateness of the Private Sector in Humanitarian Response:

There is a risk of seeing the engagement of the private sector as an ends-in-itself rather than appraising the costs and benefits of each partnership individually. While there is often a sense of obligation in terms of using donated goods and services, a needs-based approach should be taken to so that disaster

affected communities remain at the centre of response planning, programming and implementation. For this reason, local markets and supply chains need to be considered in the engagement of the private sector with the risk that employing external organisations may manifestly disrupt local economics and the recovery process. As Maresca (2006: 66) affirms, ‘the private sector is infinitely creative and infinitely resilient’ and thus, where appropriate, humanitarian agencies should seek to access local workers, supplies and knowledge as opposed to bringing in international private sector support.

There is often an incongruence of understanding between what the private sector is willing to provide and what is desired from humanitarian NGOs within the bounds of this partnership. From the latter’s point of view, for a partnership to have a potential impact, it needs to cover the real costs of engaging in the collaboration in the first place. The provision of gifts-in-kind are only appropriate should they meet appropriate specifications, and donations of money often require onerous amounts of reporting and staff time that could be better applied elsewhere. Recently a UK-based construction company recently offered CARE about \$100,000 to fund an emergency shelter position for one year, yet only time will tell if the energy invested in developing this partnership, will justify this level of return.

7. Mitigating Risk: Factors for Successful Collaboration

The private sector holds an abundance of resources and technical know-how, is interested in the creation of innovative products and solutions and has the means to enter and reach new markets; all potential sources of benefit to the work of the humanitarian aid community. Partnering with local businesses and organisations is especially useful in terms of facilitating communications with key stakeholders, providing on-ground logistical support and enabling access to hard-to-reach communities. In order to maximise the potential benefits gained and mitigate the risks discussed above, there needs to be a consideration of the likely factors of success when partnering with the private sector.

Shared Vision and Clear Incentives:

If one of the primary risks to the value of potential partnerships is the existence of an incongruence between organization motivations, then it is important that within the framework of a PSE that there is at least a shared vision of what is to be achieved. Creating then clear incentives for each partner, mutually agreed goals should be determined with transparency and honesty, so that the partnership ultimately becomes of invested interest to both parties (Nelson, Torres-Rahman & Stibbe 2012).

Matching expectations:

Matching the expectations of all parties involved, and ensuring that there are common objectives can lead to greater success in collaboration. As per the model outlined, rather than the pursuit of intensive arrangements sometimes it may be most appropriate for partnerships between the private sector and NGOs to be philanthropic or transactional in nature. Indeed, it is important to establish what each partner is willing to bring to the table, exploring areas including expertise, networks, as well as financial investments or the donation of goods. A clear understanding of the terms of engagement is beneficial, in regards to what each party receives from the arrangement as well. For profit activities, it is essential businesses are clear of the terms for return on investment, and for pro-bono contributions, the particulars between stakeholders should also be determined (whether that be exposure, advertising, tax benefits, transport services, accommodation ect.). With co-implementation it is also important to recognise any different cultural approaches and to delineate respective roles and responsibilities. Overall to allow for greater success in partnerships, both the private sector and the humanitarian sector have to be up front with their expectations.

Long term Commitment:

To enhance the success of partnerships, a long term commitment is needed from both parties. A multi-year approach establishes positive working relationships and allows for the development of patterns of behavior so that there is a clearer understanding of when, in what circumstance, and in what capacity this partnership can be used. Experience shows that beneficial partnerships can take 2-5 years to develop, and that it is important for both parties to have a key focal point through which this interaction takes place. Clear communication and detailed reporting is also of importance to ensure that all parties are aware of the current state of affairs, and that aspects of collaboration can be organised on the basis of relevant skills and knowledge. When both parties have a shared commitment to improving an aspect of a certain sector, or providing assistance during a disaster, improvements can be built on so that all parties benefit.

The particular value of long-term partnerships was also identified by World Vision (2010) in their assessment of PSE in the humanitarian sphere. As contracts, codes of conduct, partnership objectives and dispute resolution mechanisms are pre-established and long-set, when disaster strikes, partners are in a better position to follow a routine and respond rapidly and effectively. Humanitarian agencies need to strengthen their own processes around such partnerships, developing policies on PSE to ensure clarity and transparency of engagement from the onset. Meaningful and innovative collaborations often result from the establishment trust and thus it is important to approach NGO-PSE with openness and honesty from both sides about their objects and intentions.

Flexibility:

There is a fundamental need for flexibility within PSE given the nature of the humanitarian industry and its rapidly changing demands. Indeed, as the use of a partner is often established expressly, in the midst of the immediate aftermath of an emergency or crisis, initial agreements may need to be altered or changed at short notice to better reflect local conditions and resources. Thus a flexible approach centered on problem solving can lead to a more effective and efficient disaster response. When both partners are willing to adapt to new circumstances the search for solutions can produce innovative results that only enhance the future capacities of the relationship.

8. Areas of Recommendation

This scoping exercise has provided insight into the different typologies of PSE, and the benefits and risk that can be present during the cultivation these partnerships. The following recommendations are made in reflection of this, and the emerging complexity of the current day alignment between commercial and humanitarian operations.

Areas of Recommendation for CARE:

Develop a Partnership Strategy or Guidelines:

In order to take advantage of the lessons garnered from this paper and the increasing prominence of PSE in the sector, it is recommended that CARE establish a strategy or set of guidelines to frame their humanitarian-PSE approach. This should include clarity on the screening process involved that considers the companies' ethical behavior, and their current and past social, financial and environmental conduct in relation to regulatory conventions and sanctions. While CARE International does have due diligence guidance for the review of private sector partnership in development a more specific strategy for the scoping and development of humanitarian partners is worth exploring. In this regard, the following criteria³ can be considered to advise the decision-making process:

- The alliance is built for humanitarian purposes based on mutually agreed to principles of conduct
- The partner should not have engaged in activities that have exacerbated, caused or contributed to creating the emergency or crisis
- The partnership should not lead to the disruption of local markets and should mitigate the risks of any complicity, real or perceived, in bribery and corruption
- The partners much consider the sustainability of their relationship and the impacts of an exit strategy

With regards to philanthropic partnerships, CARE does have a Goods-In Kind policy encouraging the donation of items for emergency stockpiling and response. Requirements and specifications are detailed in a relief catalogue, and the costs of transport are either borne by the company or CARE when done at an acceptable price. This existing process can be fed back into the development of new strategy.

³ Based on Oxfam's standard principles for private sector engagement. See more at: Oxfam (March 2012) *OI Policy Compendium Note on the Private Sector and Humanitarian Relief*. Accessed at: <<https://www.oxfam.org/sites/www.oxfam.org/files/hpn-private-sector-and-humanitarian-relief-080312-en.pdf>>

Deepen Current Relationships In Logistics:

The benefits of long-term commitment are apparent in the ability to deepen and strengthen what has initially been built so that the vision and interests of partners' starts to align more readily, the scope for greater innovation broadens, and the capacity to employ the partnership across numerous sectors and levels becomes more available. The marginal benefits gained in this procedure outweigh the opportunity costs involved of establishing a secondary partnership to deal with different interests. The potential of this is especially apparent in the area of logistics where CARE's partners have operations around the world.

- *Kuehne & Nagel:* CARE is currently planning to develop the partnership so that it can access discounted freight rates as used in Philippines. Given that there is an established framework for partnership and the quality of the company's services is an established known, there would be no need to launch a tender at the initial response phase of an emergency when time is of the essence.
- *UPS:* The relationship is being developed further for emergency stockpiling, and infrastructure support in response (transport and warehousing). In the 2014 financial year, UPS provided in total \$250,000 worth of free shipping to CARE which was fully exploited in the transport of relief goods to global UN warehouses. In 2015, UPS has agreed to provide further assistance totalling \$300, 000.
- *IHG:* It is recommended to build business relationships with IHG partners in high risk countries ahead of major emergencies, and CI UK can provide initial guidance to CARE Country Offices on how to proceed. For example, beyond what it already being explored, another area of partnership is the use of concierge services for meeting people during emergencies.

Build On Established Processes for Collaboration:

- *Awareness:* Perhaps one of the biggest impediments to the development of alliances in the 'language barrier' that exists between key stakeholders. Each must understand the others main priorities, objectives and values. From a NGO's point of view, increasing awareness of disaster management principles and emergency aid delivery by the private sector is recommended, and this can be done by establishing better networks across both sectors. For instance, CARE can include its partners in emergency response training to first cultivate a 'shared language', but also develop greater resources.

- *Activation Infrastructure:* It is important to develop pathways so that country offices are able to draw upon global and local partnerships pre-negotiated between organisations. This would benefit from being appropriated this into guidance material and identifying a key focal point in which these communication take place. Thus the process would be streamlined for ease of activation.
- *Information Sharing Systems:* In developing these systems, a joint analysis of vulnerability and risks can take place as well as a more thorough accountability and evaluation process.
- *Reviewing Current Partnership Agreements:* CARE has not yet undertaken a thorough evaluation of its current private sector partners, nor the process by which they have been engaged. However a general finding emerging from the review of literature and key informant interviews, is that deepening existing partnerships typically yields the best results.

Explore Innovative Partnership Opportunities:

- *Micro Insurance:* In high-risk contexts, the feasibility of partnerships with insurance companies to provide micro-insurance products should be considered as part of CARE's disaster management. Given the positive experience in South India with Allianz the potential to extend this option in their DRR framework is worth exploring.
- *Cash-transfers and small business recovery:* One of the key changes in humanitarian response in recent years has been the increasing use of cash (Pearson and Crabtree, 2014: 6). Cash transfers can support crisis-affected communities in a way that helps to maintain dignity while rebuilding and protecting livelihoods. However in utilising schemes like this, agencies like CARE often face major challenges in delivering payments safely and cost-effectively to beneficiaries in remote, rural areas. In negotiating these issues and developing effective payment systems, private companies can be better placed in dealing with these circumstances. In Vanuatu, Westpac is a major provider of financial services and after Cyclone Pam in 2015, their banking operations were restabilised just one day after the disaster with customers able to access their accounts and withdraw money at a time when other financial services were still not operational. In an instance like this, establishing a connection with able banking providers could see them being employed as 'delivery agents' ((Pearson and Crabtree, 2014: 6) in the undertaking of a cash-transfer scheme.
- *Health Sector:* While identified by ACFID's recent member survey as the area in which most

private sector collaborations take place in the humanitarian sphere, CARE's primary private sector engagements are in areas of logistics and communication and thus there may be an opportunity to exploit an underutilised pathway to engagement. Sexual, maternal and reproductive health.

- *Technical skills and systems development:* One of the critical areas in which private sector actors can make a contribution to humanitarian and development work is through their technical competencies. As seen through the UPS partnership, the leveraging of these skills can make transformative changes, facilitating faster and more resource-efficient aid delivery. Within this area, mobile and satellite technologies are becoming increasingly prominent as they can support early warning systems, facilitate access to emergency services, coordinate inter-agency activities and allow communities to access potentially lifesaving information. The growth and investment opportunities in this industry in particular is one CARE should look to capitalise on.

General Areas of Recommendation for the Humanitarian Sector:

Develop Private Sector 'Good Practice' Guidelines:

Mentioned previously is the discrepancy between standards the humanitarian sector must adhere to, relative to the accountability (or lack thereof) of corporate actors in their aid contributions. The Australian government, in its partnership approach should develop a minimum set of standards that the private sector should meet in order to be considered as an aid delivery partner. These benchmarks can also assist agencies in their partnership appraisals.

Facilitate Further Strategic and Operational Dialogue between Key Stakeholders:

- *Developing innovation hubs:* Especially in regards to dealing with key problems in humanitarian action, there is need to develop collaborative capacities that employ the competencies of NGOs and commercial enterprises. The government's launch of the 'innovationxchange' shows progress in this area, but more focus need to be directed towards incentivising research and development in humanitarian work.
- *The establishment of regular meeting and forums between key humanitarian providers and leader in business:* Again while this an initiative that is already beginning to take place (as evidence with DFAT roundtable that CARE attended) rather than being limited to just a learning process, a more strategic and operational agenda would assist in cultivating shared and aligned interests – one of the primary impediments to the success of PSE.

9. Conclusions

The changing character of the humanitarian sector has brought into focus the potential of PSE to achieve efficient and innovative aid solutions. This paper has explored the manner in which this phenomenon continues to present challenges and opportunities in times of crisis and disaster, discussing occasions of both achievement and failure. In doing so, it has worked to highlight the various nuances that promote or hinder effective partnerships.

The key lessons learned throughout this investigative process, necessary to enhance the success of partnerships between the private sector and humanitarian assistance providers are that:

- PSE is not an end within itself and while it is an instrument that can be used in the promotion of humanitarian response, it should be sought in view of the value it presents and its capacity to be appropriately used.
- ‘CAPTURING VALUE REQUIRES BOTH A CLEAR DEFINITION OF WHAT SUCCESS MEANS IN TERMS OF NEAR-TERM AND MEASURABLE OUTCOMES; AN UNDERSTANDING OF THE UNIQUE VALUE (AND COMPARATIVE ADVANTAGE) THAT EACH PARTNER BRINGS; AND AN APPROACH TO MEASURING VALUE THAT IS PRACTICAL, MEANINGFUL AND INEXTRICABLY LINKED TO STRATEGY’*
– SAUL ET. AL, 2010
- Engagements by the private sector should be undertaken in partnership with experienced humanitarian actors in order to conform to the humanitarian principles embodied in the Red Cross/Crescent and NGO Code of Conduct.
 - Partnerships with private sector should seek to be long-term, so that both parties are able to develop a meaningful relationship and promote sustained engagement. Indeed the quality of engagements presents more value to humanitarian providers rather than the quantity.
 - The bottom line for all private sector-humanitarian agency engagement should always be supporting humanitarian outcomes.
 - The partnership should not lead to the disruption of local markets, and should seek to assist in restoring them instead.
 - The basis for engagement centres around the core business of both parties involved. There needs to be a tangible benefit for both sides for the partnership to grow and be successful.
 - A considerable investment of resources is needed by partners to bring forth deep partnerships capable of achieving significant impact at scale. To build positive relationships between the business and NGOs, time should be scheduled, budgets allocated and programs established, all with a commitment to the partnership.

The issues around establishing private sector partnerships can at times be complex and grounded in a mutual lack of understanding of key stakeholder perspectives. This paper has sought to develop this knowledge, so that CARE's PSE strategy can be improved and that ultimately, better outcomes for its humanitarian mandate can be facilitated.

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