



OI Policy Compendium Note on the Private Sector and Humanitarian Relief

Overview: Oxfam International's position on the Private Sector and Humanitarian Relief

Oxfam International welcomes the increasing involvement of the private sector in humanitarian relief. The private sector will add to the overall capacity of the humanitarian through skills and competences and are likely to bring new practices and perspectives to the humanitarian aid community.

The best way forward is with long-term partnerships. These can be bilateral partnerships or through consortia. There are a number of different mechanisms such as secondments, work on appropriate technology and joint project implementation.

There are **important principles related to private sector involvement in humanitarian relief work.** These can be summed up by adherence to the Red Cross Code of Conduct and include accountability, aid based on need, and coordination.

In order to ensure these principles are met **Oxfam International recommends several processes both for its own engagement with the private sector and for other NGOs in the humanitarian sector as a whole.** These include ethical screening and the use of pilot projects where both parties can work together to test the working relationship.

1. Background

In the wake of the Asian Earthquake and Tsunami in late 2004, and Hurricane Katrina in the USA, where the level of private sector engagement in relief operations was unprecedented, there has been an upsurge in interest in how, when and why the private sector could get involved in the business of humanitarian relief. The drivers during the Tsunami were mostly to do with the desire of private sector employees to get involved and contribute. Oxfam GB was offered services such as free charters, and goods such as bottled water in response to the disaster. NOVIB engaged with Interpolis, who have been working on micro-insurance programs in India and who have also funded reconstruction work.

Although this was on an unprecedented scale the private sector had been involved in relief work prior to the Tsunami. An example is the relationship between global logistics company TNT and the UN World Food Programme (WFP) that has been ongoing since 2002. TNT's CEO describes the main benefits for them as¹:

- Enhanced goodwill;
- Positive publicity;
- Greater employee morale, leading to greater job satisfaction, and improved performance;
- Knowledge and experience gained through working with WFP.

Prior to this there had already been an increase in the interest and understanding of the private sector's role on society in general. Many companies have taken engagement beyond Corporate Social Responsibility to also changing their core business practices. The Tsunami gave this more impetus. Much of the momentum gained from Private Sector involvement in the Tsunami has continued. Mostly in the form of business groups such as the Business Roundtable in the United States of America and International Business Leaders Forum (IBLF) in the UK, companies have either commissioned studies on the lessons learned and best ways forward, or

¹ TNT 'What's in it for TNT?'

<http://group.tnt.com/wfp/ourpartnershipwithwfp/whatsinitforus/index.asp>

exploring fora to establish engagement. Increasingly, the Davos meetings of the World Economic Forum (WEF) are discussing private sector humanitarian engagement. In addition, for example, Oxfam GB has been able to establish the innovative fundraising tool “365 Alliance” as a way of getting business involved in supporting Oxfam’s humanitarian stand-by and response capacity. There is also an increasing openness within Oxfam and other NGOs to use *pro bono* services of some major international business consultancies such as Accenture and McKinsey. Time will tell if these initiatives bear fruit and more sustainable relationships are established. NOVIB have also built up a relationship with CapGemini who provide advice on supply chain management (warehousing, stock-keeping, distribution) often on-site.

In addition to the philanthropic nature of private sector involvement there is also a commercial basis for the private sector to be engaged in humanitarian relief. Both the outsourcing by NGOs of parts of the business (charters, well drilling, recruitment etc.) and the contracting of commercial operators by donors to deliver frontline services are commonplace. The use of Crown Agents by the British Government’s Department for International Development (DfID) and the use by the US Agency for International Development (USAID) of Bechtel for reconstruction and service provision in Iraq) are examples of this. However it may be argued that these were often development projects that fell under a humanitarian budget.

While much of this is welcome the form of some private sector engagement has been not so welcome. One example is the excessive profits from some private sector logistics operations in South Sudan.

2. Oxfam International’s position on the Private Sector and Humanitarian Relief

Oxfam International welcomes the increasing involvement of the private sector in humanitarian relief. This is because of overarching reasons. Firstly, the private sector will add to the overall capacity of the humanitarian sector by bringing extra resources and skills where they have an advantage. Secondly, the private sector is likely to bring new practices and perspectives to the humanitarian aid community some of which may result in improvements in the sector.

To maximize the positive contribution of the private sector in humanitarian relief, Oxfam believes that the private sector’s engagement must feature the following characteristics:

- (i) A two-way open and honest dialogue between the private sector and the NGO community, to ensure greater understanding and further possibilities for learning and collaboration.
- (ii) The private sector and NGO sector should aim to establish partnerships and engagement prior to an emergency and not just when an emergency occurs;
- (iii) The relationship does not need to be between partners of identical values but can work where there is a common interest in meeting a particular goal.
- (iv) Necessarily the exit strategy of the relationship needs to be considered, as this will impact on the sustainability of any projects, skills, markets etc that the partnership has impacted on.
- (v) Other linkages the private sector partner may have should be considered, such as supplying military forces – especially in the field of operations.

One of the things that the Tsunami has shown was that the private sector was not satisfied with just giving money. They wanted to do (and are capable of doing) more, providing goods and services in kind, seconding staff, and using their own skills in areas such as communications, IT or logistics that they expected would help the aid effort. This could be either directly with beneficiaries or through NGOs. In understanding this, humanitarian NGOs must engage with the private sector so as to harness the skills and the desire to use them in ways that will benefit the delivery of humanitarian relief.

The establishment of long-term partnerships between humanitarian NGOs and the private sector in advance of an emergency will ensure that philanthropic support is offered strategically rather than reactively. This would apply equally to commercial support to aid agencies. There are two possible models of partnership:

- (i) Single partnerships. Oxfam GB is developing bilateral relations with several companies. These have included *pro bono* work (McKinsey's) and subsidised work (Accenture Development Projects, ADP), both on systems and metrics work, and also more strategic philanthropic relationships that are exploring further potential combined work (for example Aviva and the Vodafone Group Foundation's membership of the Oxfam 365 Alliance in support of Oxfam GB's humanitarian programme)².
- (ii) Consortium partnerships. Oxfam GB is currently exploring ways in which it can work with other NGOs to engage with the private sector. A consortium of seven NGOs known as the Inter-agency Working Group,³ that includes Oxfam GB, is currently talking to the North American Business Roundtable to explore collaboration in humanitarian work.

Both these examples are from the private sector's philanthropic interaction with Oxfam GB at a global level. Ultimately these relationships would mirror relationships at a regional and country level. Building partnerships is preferable to dealing with private sector companies on an ad hoc basis as it gives both parties the opportunity to understand the motivations and needs of the other.

In the UK, Business in the Community (BITC) and the Disasters Emergency Committee (DEC) are two organizations that provide links between private sector companies and NGOs⁴.

The potential areas of partnership could include:

- (i) Secondments – potentially in both directions. This would bring much needed expertise into the sector and help foster better mutual understanding between the sectors. It is also very popular with private sector companies wanting to engage.
- (ii) Work on appropriate technology. There can be a great deal of benefit in partnerships to develop appropriate technologies, not least in the opportunity for private sector companies to reap a profit from production of needed technologies thus making their supply more consistent and sustainable.
- (iii) Joint projects – where a private sector company and Oxfam have complementary skills to implement a programme together. This could be in an office or field location and may or may not involve some remuneration for the private sector company.

There are a number of important principles related to private sector involvement in humanitarian relief work:

- (i) It is important that the private sector and NGO sector are fully accountable to all stakeholders including beneficiaries and that the aid delivered is meeting objectively-assessed beneficiary needs, or actual demands of NGOs to enable or improve the effectiveness of operations.
- (ii) While all parties may benefit directly or indirectly from the engagement, the fundamental and overriding shared goal of the engagement is to have direct and positive impact on the needs of the beneficiaries.
- (iii) Oxfam encourages private sector companies with which it engages in humanitarian relief work to learn and internalise the norms of the humanitarian sector such as quality standards⁵ and the Red Cross Code of Conduct⁶ (especially if the company engages in frontline delivery).

² www.oxfam.org.uk/what_you_can_do/give_to_oxfam/company/365alliance/index.htm for more information

³ Interagency Working Group. CARE, CRS, International Rescue Committee, Mercy Corps, Oxfam GB, Save the Children US, World Vision

⁴ DEC Corporate Information Site, <http://companies.dec.org.uk/home.asp>

⁵ Technical Standards: The Sphere Project: Humanitarian Charter and Minimum Standards in Disaster Response: www.sphereproject.org/

⁶ ICRC The Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief www.icrc.org/web/eng/siteeng0.nsf/html/57JMNB?OpenDocument

- (iv) It is important that private sector companies, especially those implementing frontline delivery programmes, coordinate with the relevant government and local authorities and other relevant humanitarian actors so as to maximize the allocation of resources.

There is a great deal of work being done on accountability to all stakeholders. Humanitarian Accountability Project International (HAPI) focuses on the beneficiary accountability standard⁷ and the ECB inter-agency “Good Enough Guide to Accountability and Impact”⁸. Another body looks at the monitoring and evaluation of humanitarian work: Active Learning Network for Accountability and Performance in Humanitarian Action (ALNAP).⁹

Oxfam International recommends several processes both for its own engagement with the private sector and for other NGOs in the humanitarian sector as a whole:

- (i) Oxfam undertakes ethical screening of private sector companies that support Oxfam’s humanitarian relief work, are service providers, or are sub-contracted by Oxfam to deliver aspects of humanitarian relief work¹⁰.
- (ii) The NGO actor and the private sector partner aim to establish long-term partnerships prior to their involvement in any emergency. This will enable greater trust between the actors and greater awareness of the skills and competences that each could bring to the partnership.
- (iii) There is continual trialing of practical collaborations and pilot initiatives that can build trust and mutual understanding, against a backdrop of continuing dialogue, to establish common vision and clarity on distinctive roles. Such pilots and collaborations (whether bi-lateral or multi-lateral) should wherever possible have built-in learning and review elements. Internally – in Oxfam GB – all such engagements or initiatives should be registered and co-ordinated with both the Humanitarian Department directorate and with the Private Sector team, and shared across Oxfam International.

⁷ <http://www.hapinternational.org>

⁸ <http://www.oxfam.org.uk/publications>

⁹ <http://www.alnap.org/>

¹⁰ This is clearly important for the philanthropic partners. For service providers this sometimes will throw up problems of supply when there is a lack of information concerning a particular service provider