Corporate Engagement in Natural Disaster Response

PIECING TOGETHER THE VALUE CHAIN

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Corporate engagement in natural disaster response has grown significantly in both scale and diversity during the last decade. Today, it is a central component of the international response machinery and is becoming more and more important with each new disaster.

Although the narrative about corporate action in disaster response can be limited to a citation of contribution figures, the story of corporate engagement is about much more than numbers. Since the 2004 Indian Ocean tsunami, large multinational corporations have become increasingly involved in on-the-ground response efforts, forming partnerships with traditional actors and with each other to enhance operating systems and to develop more rigorous strategic thinking in preparation for disaster assistance.

The reasons for the rise in corporate action are multifaceted but generally stem from an expanded understanding of the roles and responsibilities of business in a fully globalized society. Moving beyond customary standards of corporate social responsibility, in the twenty-first century corporations have embraced an expanded agenda of global citizenship, which is perceived to be at the heart of strong corporate culture, brand reputation, and employee loyalty.¹

Although corporate actors still only represent a modest share of both overall disaster giving and the larger public-private development portfolio, the emergence of these actors in disasters has engendered a high level of excitement among international policymakers. Even in a highly constrained economy, large corporations are viewed as having both significant amounts of money to contribute to these causes and an increasing imperative to do so. They are also seen as important partners that are able to move more swiftly and creatively than traditional public stakeholders, which are held back by bureaucratic red tape and the vagaries of fickle political systems.

Along with positive perceptions about corporate purse strings and agility in action, the advent of business engagement in disaster response is significant because it is creating a range of new disaster assistance networks. Thus, though crisis response was formerly the purview of only public entities, it now encompasses the thinking and actions of a much larger pool of actors, of which a major segment includes private companies and their increasingly globalized personnel, supply chains, and customer bases. The rapid rise of the corporate actor in this sphere of international action is changing mindsets about who does what in a disaster and, in a larger sense, is reshaping the respective roles and responsibilities of the state-market-society triumvirate.

A number of important studies have analyzed the motivations for corporate engagement in disaster response. Although this report touches on the issue of motivation, it assumes a collective understanding of why corporations have become active in this space and focuses more specifically on how they are engaging and what it means for the future of disaster assistance. Thus, the report seeks to answer two important questions:

- What different models of corporate engagement have been employed during the last decade?
- What are the most promising partnership models for the future, and what can be done to facilitate them today?

The issues that are reviewed in this report include (1) ongoing efforts to better match corporate supply with humanitarian demands through common convening platforms; (2) the important role of the U.S. government—and, specifically, that of the current and former U.S. presidents—in guiding corporate engagement; (3) the need to transfer corporate skill sets to humanitarian partners through focused staff exchange programs; (4) the case for greater corporate action in the areas of disaster risk reduction and recovery as a means to strengthen consumer markets and product supply chains; and finally, (5) the imperative to localize corporate engagement to the greatest extent possible.

This study employs five international disasters as historical reference points in assessing models for action: the 2004 Indian Ocean tsunami, the 2005 Kashmir earthquake, the 2008 Sichuan earthquake, the 2010 Haiti earthquake, and the 2011 Great East Japan earthquake. The methodology included a desk review and interviews with nearly 30 experts from a variety of institutions. Key informants included corporate actors, U.S. government representatives, participants in the World Economic Forum, staff members of the Red Cross and of other nongovernmental organizations staff, corporate philanthropy advisers, and academics (the appendix lists these key informants). The objective of these interviews was to collect a range of perspectives on the subject and to speak first-hand with individuals who were involved in the case studies.

Although the reach of multinational corporations is necessarily international and, at the same time, increasingly decentralized, this report concentrates on the actions and interests of U.S.-based corporations and their interface with the U.S. foreign policy machinery for international disaster response. To that end, the paper has a primary value for American policymakers, although its findings will surely find applications beyond the United States. It need to be noted that the paper purposely avoids a simultaneous analysis of corporate giving for domestic disasters, a field that is growing at a rate at least equal if not faster as international action but is beyond the scope of this particular study.

The report is organized in the following manner: First, it outlines the context in which corporate action has emerged; second, it reviews the scale of engagement over time; third, it describes the evolution of engagement across the five case studies; fourth, it highlights the main modalities for engagement; and fifth and finally, it identifies priority policy areas for action.

The rise of the corporate actor in disaster response has emerged in the context of (1) a rapid liberalization of the global economy and (2) a parallel increase in the number of large-scale natural disasters. As companies have responded to the demands of their progressively more international personnel and customer bases across a range of world markets, they have extended their traditional programs of corporate social responsibility to embrace a larger role for business in global society. Klaus Schwab, the founder and executive chairman of the World Economic Forum, first presented the forum’s vision of this extended responsibility, or corporate global citizenship, in a 2008 *Foreign Affairs* article. Therein, he stressed the importance of the private sector working with governments and civil society to address key global societal challenges.

A more recent report from the World Economic Forum describes the global citizenship agenda and its relation to disaster response:

Such immediate actions undertaken by companies in response to disasters are not isolated philanthropic gestures. They are based on an understanding of their extended responsibility as part of a global citizenship in an increasingly interconnected world. . . . There is a desire by an increasing number of private sector firms to engage proactively in humanitarian response as part of a wider corporate global citizenship agenda, which recognizes business’ role in society (locally and globally) and contributes to developing corporate culture, brand reputation and employee loyalty beyond the short-term financial bottom line.

This new emphasis on global citizenship has led to both an increase in the scale of corporate engagement and also to its widespread diversification. Although corporate philanthropy has remained important, companies are increasingly seeking more direct ways to engage in disaster response through instrument design, by undertaking multistakeholder initiatives in specific sectors, and, in some cases, directly through unilateral delivery of assistance and program implementation.

Expanded corporate involvement in disaster response has been widely embraced by traditional humanitarian actors seeking support in a sector that is growing exponentially in both size and complexity. Thus, these traditional actors—encouraged by perceptions of rapidity of funding, open access to decisionmakers, light bureaucracy and reporting requirements, and the promise of innovative assistance approaches—have been quick to set up frameworks that can leverage corporate engagement to enhance humanitarian core competencies.

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4. Ibid.
This is not to say that the formation of public-private partnerships in this sphere of international action has been automatic. It has not been. The development of common values, organizational cultures, and mutually understood objectives between public and private actors remains a work in progress and has required constant nurturing and adjustment. With each international disaster, new knowledge has been generated about how best to utilize and coordinate the range of resources and expertise now operating in this traditionally public sphere.

The key informants interviewed for this study explained that engagement by the vast majority of companies remains episodic and that much more could be done in between large-scale disasters to develop shared operational tools and longer-term strategic thinking among the various stakeholders. At the same time, it has become increasingly clear with each disaster that neither the corporate sector nor the international humanitarian community is a monolithic entity. Instead, each represents a range of rapidly evolving organizations with discrete customer bases, governing anatomies, and capabilities. Finding a partnership match that maximizes brand alliance and humanitarian effect has become an art in itself. In short, the story of public-private engagement for international disaster response is just beginning.
Although corporate contribution figures are cited with regularity, it is unclear that the various stakeholders involved in disaster response have a common understanding of the aggregate scale of corporate engagement in the sector. Much has been done to improve measurements of corporate disaster giving in recent years—most notably by the Committee Encouraging Corporate Philanthropy (CECP), by the Hudson Institute’s Center for Global Prosperity, and by the U.S. Chamber of Commerce’s Business Civic Leadership Center—but there is as yet no comprehensive financial tracking of direct budget and corporate foundation contributions at the level of rigor used for government monitoring through the Organization for Economic Cooperation and Development’s Development Assistance Committee or the UN Financial Tracking System.

Companies are said to be reluctant to publicize contribution figures because the monetary sums that are actually donated remain highly arbitrary, and, moreover, because they want to manage expectations for the next disaster. Actual contribution sums can fluctuate wildly, dependent on annual profit projections, on what other companies are doing, on what is recommended by the decentralized business units of a corporation operating in the affected state, and on how many disasters have already occurred during the fiscal year.

Andrea Binder and Jan Martin Witte described corporate engagement in humanitarian action as a “niche phenomenon” in their 2007 report for the Overseas Development Institute’s Humanitarian Policy Group. Although this may still be an accurate reflection of corporate engagement in complex emergencies, the rising role of businesses in the context of natural disasters would seem to call for a revised characterization. Corporate giving is still dwarfed by overall public donations for humanitarian crises, but it has become increasingly significant in instances of natural disaster, particularly vis-à-vis U.S. government spending. In the context of disaster-affected states that possess strong production and consumer markets, such as China and Japan, American businesses have actually contributed aggregate sums that exceed total U.S. government giving (see figure 1).

Although corporate giving has been commensurate with the level of government assistance in disaster-affected countries where companies retain core business interests, it is important to note that disaster giving is still modest relative to broader corporate citizenship portfolios. The most recent CECP Corporate Giving Standard Survey reflected the responses of more than 180 companies. An analysis of giving by program area was conducted using a matched set of companies that participated in the survey in both 2009 and 2010 to show year-over-year changes—and this set included the views of some 98 member companies. Of this, the average share of total

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5. Key informant interview, August–October 2011.
6. Settling on solid numbers for corporate giving to disasters is also made difficult because many companies do not rigidly distinguish between disaster giving and longer-term development giving.
company giving portfolios allocated to disaster relief in 2010 was 2.9 percent.8 This figure was up from 1.2 percent in 2009, likely as a result of the earthquake in Haiti. However, even with the Haiti disaster, giving for disaster relief in 2010 remained the area of lowest average contributions across nine different sectors (see figure 2), suggesting that there may be room for growth in this area of corporate engagement if disaster needs persist or, moreover, if corporate donors could choose to “mainstream” disaster resilience within the context of other giving areas such as health, education, and the environment.

Although aggregate corporate giving is generally on the rise, the level of giving by individual companies remains highly variable. A review of the numbers demonstrates that different companies take the lead in different disasters. For the Indian Ocean tsunami, it was Pfizer; in China, it was Cisco; and in Japan, it would seem to be the Coca-Cola Company. A review of the available figures for the case study disasters illustrates the levels of giving and the diversity of major corporate donors in recent years (see table 1).

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Figure 2. Corporate Giving by Focus Areas, 2009 and 2010 (percent)

Note: These percentages represent giving for domestic and international disaster relief. Rose, “First Look.”


Before examining the promise of engagement modalities, it is useful to review the general anatomies of five recent disasters in which corporate platforms and instruments for engagement have been introduced and empirically tested.
Table 1. Biggest Corporate Donors by Disaster (cash, in-kind, and employee contributions)

<table>
<thead>
<tr>
<th>Disaster</th>
<th>Donors and Sizes of Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indian Ocean tsunami</td>
<td>Pfizer: more than $45 million</td>
</tr>
<tr>
<td></td>
<td>Coca-Cola: $20 million</td>
</tr>
<tr>
<td></td>
<td>General Electric: $20 million</td>
</tr>
<tr>
<td></td>
<td>ExxonMobil: $11 million</td>
</tr>
<tr>
<td>Kashmir earthquake</td>
<td>Individual giving figures not available; $20 million through South Asia Earthquake Relief Fund</td>
</tr>
<tr>
<td>China earthquake</td>
<td>Cisco: more than $45 million</td>
</tr>
<tr>
<td></td>
<td>Coca-Cola System: $15.6 million</td>
</tr>
<tr>
<td></td>
<td>Procter &amp; Gamble: $7.6 million</td>
</tr>
<tr>
<td></td>
<td>Johnson &amp; Johnson: $5 million</td>
</tr>
<tr>
<td>Haiti earthquake</td>
<td>Jeffries Group: $14.5 million</td>
</tr>
<tr>
<td></td>
<td>Teva Pharmaceuticals: $7.5 million</td>
</tr>
<tr>
<td></td>
<td>Becton Dickinson and Company: $5.5 million</td>
</tr>
<tr>
<td>Great East Japan earthquake</td>
<td>Coca-Cola: $33 million</td>
</tr>
<tr>
<td></td>
<td>Hitachi: $9.4 million</td>
</tr>
<tr>
<td></td>
<td>NCsoft: $6.3 million</td>
</tr>
</tbody>
</table>


Source: Business Civic Leadership Center's Corporate Tracker, except as explained in notes a and b.
The response to the Indian Ocean tsunami was the most rapidly and generously funded disaster assistance effort of all time, and it functioned as a catalyst for corporate engagement in this sphere. A number of factors led to the massive international attention given to this disaster. For one, the disaster’s geographic scale and impact were unprecedented; it affected 14 countries and caused more than 130,000 fatalities. It also generated enormous media coverage, in part because it occurred the day after Christmas, but also because there were many Western tourists in the affected areas. Furthermore, the widespread penetration of cellphone usage and the proliferation of social-networking media outlets permitted the broadcast of compelling amateur footage on a scale never before seen.

Although multinational corporations were already involved in development work at the time of this disaster, the Indian Ocean tsunami triggered unprecedented interest in international disaster relief by both private individuals and corporations. Although the extraordinary response of corporations to the 2004 tsunami was in many ways serendipitous, corporate action in this particular disaster laid the foundation for important strategic thinking about how and to what extent companies would engage in the future.

For some larger pharmaceutical companies that had a longtime business presence in the region, engagement was immediate and occurred through the firms’ existing country networks without guidance from the U.S. government. For other companies, the tsunami represented a first foray in the disaster arena, and their engagement was more experimental. For this reason, the majority of public-private partnerships took shape in a somewhat haphazard and ad hoc manner. The earliest forms of engagement basically involved CEOs calling humanitarian organizations to ask how and how quickly they could utilize in-kind product and cash contributions. In this instance, partnerships were one-time-only arrangements that leveraged the resources of corporations and the networks and expertise of traditional humanitarian actors. That being said, these arrangements did result in and further deepen certain long-standing partnerships, notably those between Pfizer and UNICEF, between UPS and CARE International, and between Coca-Cola and the UN Development Program.10

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9. The tsunami stands today as the most rapidly and generously funded disaster in history with some $13.5 billion pledged internationally, of which $5.5 billion, or 41 percent, came from private sources. Although giving by the general public provided the vast majority of private donations, businesses provided resources and support as never before, to the tune of approximately $566 million. John Cosgrave, Synthesis Report: Expanded Summary—Joint Evaluation of the International Response to the Indian Ocean Tsunami (London: Tsunami Evaluation Coalition, 2007), http://www.alnap.org/pool/files/Syn_Report_Sum.pdf.

10. For more information on the partnerships between Pfizer and UNICEF and between UPS and CARE, see Business Civic Leadership Center (BCLC), From Relief to Recovery: The 2005 U.S. Business...
The tsunami generated important learning about the kinds of public-private partnerships that worked and about those that did not. Of particular note is the knowledge that was acquired about in-kind aid and the deployment of staff volunteers. There was such an abundance of nontraditional funding for the tsunami that the ready availability of resource support is said to have been partly responsible for the sundry supply of unneeded or inappropriate aid items and the hasty deployment of inexperienced staff volunteers to affected areas. Although private-sector engagement was certainly welcomed by traditional humanitarian actors, these mistakes spawned questions about the expertise, experience, and cost-effectiveness of some corporate-run initiatives that would serve to structure corporate engagement in the future.

The 2004 megadisaster also activated for the first time a U.S. government solicitation for private-sector assistance. In the wake of the disaster, President George W. Bush called on former presidents George Bush and Bill Clinton to galvanize and sustain corporate attention to the disaster. Although the initial public-private collaboration did not conceive of the need for a fund, a private fund was eventually established—in some ways by accident—by a group of wealthy individuals in the city of Houston. The Bush-Clinton Tsunami Relief Fund, as it was called, raised approximately $15 million from high-wealth individuals, business leaders, athletic teams, church groups, and other organizations in and around Houston. The monies were spent within months.

The 2005 Kashmir Earthquake

The Kashmir earthquake, which occurred about nine months after the Indian Ocean tsunami, represented a very different situation. In this instance, a 7.2-magnitude earthquake devastated the Pakistan-administered Kashmir region, killing about 75,000 persons. Unlike the tsunami, however, few American companies had a presence in the affected region. Moreover, engagement with the Pakistani government was highly sensitive given the large presence of U.S. troops in the region and the expanded global U.S. military operations targeting al Qaeda at the time.

For these reasons, a response guided by the U.S. government was more central to overall private giving. The government knew that it needed private-sector help but recognized that companies would not give to the extent that they did to the tsunami without a direct solicitation from the president. Therefore, President George W. Bush personally called on five companies—Citicorp, General Electric, Pfizer, UPS, and Xerox. These firms responded to the president’s plea and agreed


11. “Dramatic examples of inappropriate aid in the tsunami response including Viagra and ski jackets . . . and Father Christmas costumes . . . as well as the usual inappropriate medical supplies . . . and expired drugs. [Indonesia Relief noted that the] ‘Indonesia Health Ministry on Wednesday destroyed some 75 metric tons of expired medicines which had been part of humanitarian aid.’ . . . Tinned pork was sent to staunchly Muslim Aceh. . . . Expired food was also a problem; [again, Indonesia Relief noted that] ‘expired food aid was being sorted out and estimated will need another 4 trucks. Among the food destroyed is food that already expired since 2003.’ . . . Examples of inappropriate aid included: inappropriate clothing; expired or culturally inappropriate food; and inappropriate drugs or medicines.” Cosgrave, Synthesis Report, 17–18. It is also important to note that some NGOs began to refuse contributions due to overfunding of the tsunami response, an act that was well regarded by the corporate sector. Key informant interview, August–October 2011.

to rally corporate assistance. They did this by establishing the South Asia Earthquake Relief Fund, which was managed by the Committee Encouraging Corporate Philanthropy and raised about $20 million from companies and individuals.\textsuperscript{13} As part of this initiative, company CEOs visited Pakistan along with U.S. government officials. These joint trips to the affected region facilitated a unified American posture to the disaster and also helped companies to assess humanitarian needs first-hand with diminished corporate risk. Pakistani president Pervez Musharraf is said to have strongly endorsed U.S. private-sector assistance to the Kashmir earthquake.\textsuperscript{14}

The 2008 Sichuan Earthquake

The 2008 Sichuan earthquake in China presented another unique situation. In this case, there was major destruction and loss of life, with about 68,000 fatalities, but there was no real need for external assistance because the Chinese government had the assets and capability to manage the response to the crisis on its own. Nonetheless, corporate engagement was intense in this instance, with American-based companies competing to make humanitarian donations, and in the process, hoping to leverage brand recognition and customer market bases in China. Given that the Chinese government did not necessarily require external assistance, corporate donations for this disaster are viewed to have been widely driven by commercial calculation rather than by acute humanitarian concerns.\textsuperscript{15}

The Sichuan disaster did not require a fund sponsored by the U.S. government. However, this is not to say that the U.S. government did not play a critical role. As in the case of Pakistan, a joint U.S. Agency for International Development (USAID) / corporate trip to the affected region created credibility for private assistance and demonstrated a cohesive American stance.\textsuperscript{16} In total, the American corporate community contributed $110 million, compared with the U.S. government’s $5 million. Some corporate donors gave directly to the Chinese Red Cross, which received $30 million in foreign donations, half from the United States.\textsuperscript{17} The Business Roundtable and the U.S.-China Business Council functioned as the primary platforms for consolidating and aggregating the bulk of corporate donations.\textsuperscript{18}

\begin{itemize}
  \item 13. The CECP board, with the assistance of the U.S. Agency for International Development (USAID), determined how to spend the money. It apparently went very quickly. CECP, \textit{South Asia Earthquake Relief Fund}.
  \item 14. Key informant interview, August–October 2011.
  \item 15. It is widely noted that the Chinese were open to accepting assistance in Sichuan because they had observed the negative international reaction to the closed posture of the Myanmar government in the aftermath of Cyclone Nargis. See Development Assistance Research Associates (DARA), \textit{The Humanitarian Response Index 2009: Whose Crisis? Clarifying Donor’s Priorities} (New York: Palgrave Macmillan, 2010), http://daraint.org/wp-content/uploads/2010/10/HRI_2009_COMPLETE_REPORT.pdf.
  \item 16. The Chinese government was reportedly hesitant about accepting American corporate aid, but USAID helped convince Chinese officials to accept the assistance. Key informant interview, August–October 2011.
  \item 17. DARA, \textit{Humanitarian Response Index 2009}.
\end{itemize}
The 2010 Haiti Earthquake

When an earthquake struck Haiti on January 12, 2010, it immobilized both the Haitian government and the UN presence in the country. In light of the disaster’s magnitude—more than 300,000 persons were killed, and more than a million were rendered homeless—along with the country’s protracted fragility even before the earthquake, the international humanitarian aid machinery sought to provide massive support.

Despite the fact that few companies had a market interest in Haiti, American businesses became heavily involved in the response due to the scale of destruction and concomitant pressure by employees to act.20 Still, the cumulative sum of engagement—though more significant than in Kashmir and Sichuan—was far below what was contributed for the Indian Ocean tsunami and stands at only 50 percent of corporate contributions to the more recent disaster in Japan.20 Although the volume of giving was overwhelming, actual contribution sums were smaller than in other disasters.21 In addition to diminished international confidence in Haitian government institutions, the relatively lower aggregate corporate figures may have also been due to the fact that many smaller and medium-sized businesses contributed to the Haiti earthquake, but on a reduced scale.

As had been done in previous disasters, U.S. president Barack Obama called on former presidents Bill Clinton (who also acts as the UN’s special envoy to Haiti) and George W. Bush to coordinate fund-raising efforts for Haiti. Although their initial energies focused on the relief activities, the Bush-Clinton Haiti Fund quickly pivoted to the promotion of longer-term growth and job creation and to use grants to share investment risk. Critical to matching resources with needs in this disaster has been the establishment of the Interim Haiti Reconstruction Committee, which was initially cochaired by Clinton and a former prime minister of Haiti, Jean-Max Bellerive. Through its board, the committee brought together major international donors, Haitian government officials, and representatives of civil society to make decisions on the allocation of resources.

The Haiti earthquake facilitated corporate learning for disaster response in two key ways. First, the rapid absorption of large sums of monies by some single entities raised corporate questions about where the money goes and highlighted corporate responsibility in making sure it is well spent.22 Second, the long-term vulnerability of Haiti highlighted to businesses the need to invest in

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20. Public and private entities alike have been censured for their inability to make good on pledges to the Haiti response. Part of the problem is that both traditional and nontraditional donors have lacked confidence in the country’s government institutions.

21. Of some 350 companies documented on the U.S. Chamber of Commerce’s BCLC Corporate Tracker for Haiti, only 25, or 7 percent, gave more than $1 million. See http://bclc.uschamber.com/programs/disaster/corporate-donations-response-earthquake-haiti.

22. According to the *Chronicle of Philanthropy*, the American Red Cross had raised $464 million within six months of the disaster but spent only $117 million. “How Charities Are Helping Haiti: How Much They Raised and Spent,” *Chronicle of Philanthropy*, July 9, 2010, http://philanthropy.com/article/How-Charities-Are-Helping/66243. The American Red Cross has been criticized for a lack of transparency in its spending in Haiti. As a result, some companies have decided to no longer give to the American Red Cross. Key informant interviews, August–October 2011.
sustainable recovery efforts beyond the immediate relief phase, including the creation of jobs and wider national economic growth. According to many of the key informants interviewed for this study, this was the first disaster in which this lesson really got through to corporate actors.

The 2011 Great East Japan Earthquake

The Great East Japan earthquake resulted in massive tsunami waves along the northeastern coastal region of Tohoku, killing some 20,000 persons and triggering a major nuclear accident at energy plants in Fukushima. In terms of corporate engagement in response to the crisis, Japan represented a country in which there was a strong central government, a strong production and consumer market, and a tight political alliance with the United States. As a result, corporate interest in responding to the disaster was robust, although it might have been even greater if the affected area had been a more important international market base and had there not been the complicating factor of the nuclear accident in Fukushima. Many international companies had a strong presence in Japan, which made them eager to help, as well as a core interest in reestablishing the functionality of interrupted international supply chains.

This particular disaster—the opposite of the Haiti experience—has been demand rather than supply driven. From the start, the Japanese government has clearly articulated its needs, requesting only minimal logistical and nuclear safety support from the United Nations during the relief phase and soliciting only slight transitional assistance from international nongovernmental organizations (NGOs). Because there are few American-based NGOs operating in Japan and only a handful of Japanese NGOs with sufficient capacity to manage large programs, the majority of resources from both public and private donors have gone to the Japanese Red Cross.²³

Companies have encountered difficulties in finding appropriate entry points for action in Japan because much has hinged on the national government’s planning to recreate the economy of the northeastern region. At the same time, there have been few U.S.-based NGOs operating in Japan to act as intermediaries and program implementers. Immediately following the disaster, many companies assisted with the restoration of production and supply chains. Big multinationals like Chevron reportedly made sure that natural gas supplies were delivered to Japan; other companies like the Coca-Cola Company and Costco worked in tandem with USAID to guarantee water supplies when there were concerns about potential nuclear contamination.²⁴ However, more long-term foreign investments have been slowed by the Japanese political and legal processes that pertain to land use for reconstruction, community relocation, and business zoning in affected areas. In this instance, the Center for Strategic and International Studies has formed a partnership with the Japanese Business Federation (Keidanren) to explore recovery opportunities that match American corporate actors with businesses in Japan.²⁵

²⁴. Key informant interview, August–October 2011.
Companies have learned a great deal about disaster relief during the last decade, as they have acquired new knowledge and built stronger networks with each new event. Although this learning has been rapid, particularly for a handful of “best in class” businesses, it is widely believed that operating models could be refined to become even more effective in harnessing the resources and expertise of businesses. Part of the problem in capturing learning in this area is that many initiatives are built around specific crises and driven by individual personalities. Because each disaster involves different actors and people are moving between organizations all the time, the same lessons are often learned over and over. Still, an impressive level of progress has been made in developing innovative models for action since the 2004 tsunami, some of which are explored in this section.

### Operating Frameworks

There are no binding international legal frameworks to regulate collaboration between private companies and humanitarian organizations. The only international guidance that exists comes from the *Guiding Principles for Public-Private Collaboration for Humanitarian Action*, which were developed in 2008 by the World Economic Forum and the UN Office for the Coordination of Humanitarian Affairs (UN OCHA). The Hyogo Framework for Action 2005–2015 promotes the establishment of public-private partnerships for disaster risk reduction activities but does not offer a legal instrument to guide relationships. Another UN-sponsored framework, the UN Global Compact, is a voluntary policy initiative for businesses committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, the environment, and anticorruption, but it is not designed for corporate engagement in the area of disaster management.26

Closer to home, there are few specific U.S. legal regulations to frame engagement between the domestic private sector and the U.S. government’s foreign aid machinery operating in disasters. Although there are common principles to frame public-private partnerships under the auspices of USAID’s Global Development Alliances,27 other partnerships—particularly those in the disaster arena—are governed by individualized memorandums of understanding and the statutory mandates of the specific government entities involved.28 According to the key informants interviewed for this study, there have been discussions by U.S. government stakeholders to create more legislation for public-private partnerships, but rigorous regulation is widely discouraged. Given that

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27. Companies that participate in these include Starbucks, Chevron, Microsoft, and Cisco. See http://www.usaid.gov/our_work/global_partnerships/gda/.

28. For more information on USAID guidelines for the creation of public-private partnerships, see http://www.usaid.gov/our_work/global_partnerships/gda/mou.html.
corporate engagement in disaster response is still a new and evolving sector, it should be as loosely controlled as possible to facilitate its growth and diversification.29

A more pressing gap in operating frameworks relates to coordination. This study’s key informants repeatedly highlighted the need for more streamlined and permanent convening platforms that include all the major stakeholders active in disaster response and recovery. In times of crisis, business representatives seek a dialogue that includes the private sector, government, and civil society. As one informant explained, “There is not much use in companies simply talking to themselves.”30

Until recently, new public-private coordination frameworks seemed to emerge with each new event. The Business Roundtable and the World Economic Forum created strong CEO committees in the wake of the Indian Ocean tsunami and Kashmir earthquake, respectively, and both the Business Roundtable and the U.S.-China Business Council offered instrumental platforms following the Sichuan earthquake. In the spate of the most recent disasters, however, the Business Civic Leadership Center (BCLC) at the U.S. Chamber of Commerce has demonstrated ownership in this area and is today considered the “go-to” place for coordination between businesses and NGOs.

In addition to the BCLC’s matching and coordination efforts between member companies and humanitarian NGOs, it is now concentrating on an improved interface between businesses and U.S. government, something that is considered a gap by corporate actors. Of particular note is its work with USAID to develop a Pacific Rim Coordinating Center aimed at engaging the capabilities, expertise, and resources of the private sector. The center will be a place for different stakeholders to meet, to identify ways to collaborate, and to share best practices.31 Given the importance of establishing the modalities of this platform before the next megadisaster, it is hoped that both the U.S. government and the corporate sector will provide the necessary resources and staff support to enable the BCLC to deliver on this and other stakeholder expectations.

In addition to its work in improving the interface between the U.S. government and businesses, the BCLC—together with FedEx and Interaction—is developing greater information and coordination support through a “mapping” of humanitarian activities in the context of the Haiti earthquake and, more recently, in the Horn of Africa.32 The BCLC also worked with UN OCHA to complete a similar mapping tool for the 2010 Pakistan floods. An interesting lesson from these initiatives is that although UN OCHA had already provided mapping information for the traditional humanitarian community, that coordination tool was not necessarily suited to the needs of American businesses. Corporate actors had slightly different information needs that required more tailored data collection and packaging fulfilled by the joint BCLC, FedEx, and Interaction operating framework.

One-Time-Only Cash Contributions

Notwithstanding a number of innovative developments in public-private partnerships in recent years, cash is still king in the disaster space. To facilitate immediate relief and life-saving activities,
the use of immediate, one-time-only cash donations to humanitarian organization remains the most common way for companies to engage in disaster response. In fact, in a poor economy where companies possess lower product inventories and maintain higher liquid assets, cash donations have made even more sense to companies, particularly when the contributions are coming directly from corporate budgets rather than corporate foundations.\textsuperscript{33} Cash is also highly valued by humanitarian organizations because of its speed, flexibility, and usefulness in supporting the recovery of local markets.

The latest CECP Corporate Giving Standard Survey indicates that cash contributions increased from 2009 to 2010, and that one of the primary reasons for this was increased funding to disaster relief and recovery efforts (a finding further substantiated through polling of senior giving professionals in attendance at CECP’s annual Corporate Philanthropy Summit in June 2011).\textsuperscript{34} One-time-only cash contributions are habitually made to a relatively small grouping of 501(c)(3)-certified NGOs. During the course of data collection for this study, the same five or six NGOs were referenced repeatedly as the destination organizations for corporate giving.\textsuperscript{35} These organizations are targeted by companies because they are viewed as possessing both the adaptive capacity and the community networks needed to deliver assistance effectively. Although companies can sometimes give directly to foreign-based NGOs, this is less common given the rigorous U.S. nonprofit equivalency determination process required to make such donations tax deductible.\textsuperscript{36}

Corporate cash contributions are increasing pressure on humanitarian organizations to improve accountability standards. The key informants interviewed for this study explained that though companies do not employ independent monitoring and evaluation methods, they and their boards do want to know that corporate monies are being utilized effectively. In most cases, companies expressed satisfaction with the quality of information they have received from humanitarian partners in this regard. In some cases, however, they have not been satisfied, particularly if they feel as though an organization has accepted more money than it can manage effectively.\textsuperscript{37}

Immediate corporate giving is often emotion laden, with staff pressuring their employers to do something in the immediate wake of a disaster. For this reason, companies highly value the “feel good” factor associated with participation in life-saving relief activities as opposed to longer-term recovery initiatives. Thus, in an audience poll question at the CECP’s annual Corporate Philanthropy Summit in June 2011, 74 percent of corporate giving professionals noted that their companies focus on short-term relief efforts whereas only 21 percent focus on long-term recovery (see figure 3). That said, companies are increasingly being advised to hold back funding for recovery needs, and a growing number of businesses recognize the value of later contributions for sustainable recovery.

According to the majority of persons interviewed for this study, the case for greater corporate engagement in disaster recovery is an area that requires more focused attention. The need clearly

\textsuperscript{33} Ibid.
\textsuperscript{34} Rose, “First Look.”
\textsuperscript{35} Of particular note were CARE, Save the Children, Mercy Corps, International Rescue Committee, American Red Cross, and International Federation of the Red Cross. Key informant interviews, August–October 2011.
\textsuperscript{36} Naturally, if monies are coming from a foundation budget, this is not an issue; however, if companies are spending from their corporate budgets, they would prefer not to deal with U.S. 501(c)(3) equivalency determinations. Key informant interviews, August–October 2011.
\textsuperscript{37} Key informant interviews, August–October 2011.
exists, particularly in places where companies have a core business interest and physical hazards are recurrent. Disaster relief alone does not rebuild sustainable markets; nor does it address the growing imperative to reinforce international supply chains and plans for business continuity in the event of a disaster. Moreover, major humanitarian actors are being driven into the recovery space by private contributions that surpass their capacity to absorb through relief activities, and corporations need to know when, where, and how they can make a sustainable impact on recovery.

**Figure 3. Corporate Focus in Responding to Disasters**

![Pie chart showing corporate focus in responding to disasters]


**Government-Initiated Giving**

Although companies generally seek recognition and project-related branding through one-time-only cash contributions to specific humanitarian partners, there have been a number of instances where a U.S. government fund-raising platform for disaster giving has proven useful in both garnering support and in effectively managing the distribution of funds (table 2). As was noted above, the first fund of this kind came about almost by accident in the context of the Indian Ocean tsunami. Since that time, government-initiated funds have been routinely considered as a means to promote private giving and to consolidate U.S. action for maximum impact. Companies and humanitarian organization are less inclined to participate in pooled funds if they can avoid it, because such funds are viewed as diminishing brand recognition and circumventing preexisting bilateral relationships. This is particularly the sentiment for NGOs that feel public-private partnerships of this kind drain the overall disaster contribution pool.38

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38. Ibid.
Table 2. Disaster Relief Funds Sponsored by the U.S. Government

<table>
<thead>
<tr>
<th>Disaster</th>
<th>Fund Name</th>
<th>Management</th>
<th>Amount</th>
<th>Recipients of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004 Indian Ocean tsunami</td>
<td>Bush-Clinton Tsunami Relief Fund</td>
<td>Private</td>
<td>Approximately $15 million</td>
<td>Various</td>
</tr>
<tr>
<td>2005 Kashmir earthquake</td>
<td>South Asia Earthquake Relief Fund</td>
<td>Committee Encouraging Corporate Philanthropy</td>
<td>$20 million</td>
<td>International Rescue Committee, Aga Khan, Save the Children, Catholic Relief Services &amp; Mercy Corps</td>
</tr>
<tr>
<td>2008 Sichuan earthquake</td>
<td>No fund</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2010 Haiti earthquake</td>
<td>Clinton-Bush Haiti Fund</td>
<td>Clinton-Bush Haiti Fund 501 (c) (3)</td>
<td>$54 million</td>
<td>Various through coordination with the Interim Haiti Reconstruction Commission (IHRC) and multiple other partners</td>
</tr>
<tr>
<td>2011 Great East Japan earthquake</td>
<td>No fund</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Sources: Committee Encouraging Corporate Philanthropy; fund websites and press releases; key informant interviews, August–October 2011.

Still, these funds have proven very useful to corporate actors and other stakeholders, particularly in countries with weak government institutions and undeveloped civil society networks for response. They have also evolved over time to include innovative methods that do not simply disperse money for immediate relief but also encourage foreign investment for sustainable economic growth through shared risk and seed funding. The Clinton-Bush Haiti Fund awards grants to and makes program-related investments in small businesses and other organizations operating in Haiti. Most recently, the fund formed a partnership with the Multilateral Investment Fund to provide seed money and a platform for diaspora investment in sustainable energy in the country, a cornerstone for the nation’s future prosperity.39

In-Kind Aid, Fee Waivers, and Skills-Based Volunteering

In addition to cash, companies commonly utilize commodities and/or services for disaster relief. As mentioned in the previous section, important learning was generated during the 2004 tsunami

response about the usefulness of corporate in-kind aid. Since that time, organizations like the Center for International Disaster Information (CIDI) and AIDMATRIX have worked to educate corporate actors and the general public about appropriate in-kind giving.40

During the 2004 Indian Ocean tsunami, companies contributed 25 percent of all giving through products and services. The remainder of contributions was made through employee matching programs (27 percent) and through corporate or affiliated foundation cash contributions (48 percent).41 Since that time, matching has become much more sophisticated for the distribution of in-kind aid, although the overall trend for giving in international disasters remains cash.

Pooled systems like AIDMATRIX are said to have eased the ability of businesses to assess needs in real time and, thus, offer appropriate in-kind support. However, there are also said to be limitations to pooled in-kind systems because businesses are generally not comfortable with putting their products or services into a larger system that they cannot control, particularly in the context of international response efforts.42 Along with the work of CIDI and AIDMATRIX, the Partnership for Quality Medical Donations serves as an in-kind medicines distribution platform involving more than 30 pharmaceutical companies and humanitarian organizations. Given the risks involved in distributing high-quality medicines, it focuses on raising medical donation standards, promoting effective donation practices, and informing policymakers and the public about quality donation practices.43

Another model of disaster assistance forged by mobile technology and financial institutions is the employment of fee and service waivers in times of crisis. For example, Wells Fargo temporarily provided free transfer services to China for its American clients in the wake of the Sichuan earthquake.44 MasterCard employed fee waivers in Haiti, making $2.4 million available for the response.45 Bank of America and AT&T instituted similar fee waivers in the context of the Japan earthquake. Also in Haiti, Digicel, the largest mobile telecommunications operator in the Caribbean and one of the only companies active in Haiti, provided $10 million in free credit to cellphone subscribers and offered direct support to the government by prepaying its taxes to increase revenue for rebuilding efforts.46 All these initiatives have proven an important means to facilitate communication and to make cash immediately available to affected populations during a crisis.

Finally, companies are increasingly focused on skills-based volunteering for disaster response. Unlike the kinds of inexperienced on-the-ground volunteering that was offered in response to the 2004 tsunami, current public-private partnership volunteer programs are developed long before a disaster strikes and generally support more senior-level management functions rather than on-the-ground aid work. They allow company representatives to assist public-sector organizations with important operational areas such as information technology, accounting, communication, supply chain management, and fundraising. These also allow for a cultural exchange between corporate and humanitarian actors that is central to developing common values and outcome objectives.

40. AIDMATRIX offers innovative technology for tracking supply chains in real time and, thus, improving matching capabilities of organizations seeking to donate commodities. See http://www.aidmatrix.org/index.htm.
41. BCLC, From Relief to Recovery, 5.
42. Key informant interview, August–October 2011.
43. See http://www.pqmd.org/.
44. DARA, Humanitarian Response Index 2009.
45. Bridges, Greenhill, and Rogan, Innovations in Corporate Global Citizenship.
46. Ibid.
Strategic Global Partnerships

Although many businesses continue to express a nonpreference for multiyear partnerships with humanitarian organizations, favoring instead the freedom to assess in real time those organizations that have the proven capacity to deliver effective results in a particular disaster, a growing cadre of companies are formalizing strategic global partnerships with UN humanitarian agencies and NGOs. For these companies, multiyear partnerships offer the added value of enabling the partners to bring assistance models to scale, to work together on the design of innovative relief/recovery instruments, and to exchange key expertise.

Although the companies in the pharmaceutical, logistics, and telecommunications industries are those most readily thought of in terms of core competence for humanitarian assistance, a multitude of other kinds of businesses are now getting involved in disaster preparedness and response. In total, about 850 businesses are working with Interaction member organizations, representing a partnership percentage that is as large, if not larger, than that shared with U.S. government.

Rather than wait for companies to articulate what they can offer in the midst of a crisis, businesses and humanitarian actors are increasingly interested in collaborating for program design before a disaster strikes. Companies like FedEx and UPS were some of the first to combine core competencies with humanitarian organizations such as the World Food Program (WFP), CARE, and the American Red Cross, but they are no longer alone, because new and innovative partnerships are now being created with rapidity.

The relatively new three-year partnership (2011–2013) between the Coca-Cola Company and the International Federation of Red Cross and Red Crescent Societies (IFRC) is noteworthy in this regard in that it not only capitalizes on Coca-Cola’s core competences in bottling and logistics but also leverages its sheer reach into communities around the world through the various partners in the Coca-Cola system. Given Coca-Cola’s franchise operations in 206 countries and the IFRC’s 186 national societies worldwide, the matching is exciting and could eventually represent the largest humanitarian network on the planet. The aim of the partnership is to identify and scale up collaborative practices in two key areas—disaster response, and preparedness and public engagement. Coca-Cola and the IFRC are already working together in 50 countries.

Another interesting form of multiyear engagement by the corporate sector constitutes Citi’s emergency financial management work with multilateral organizations and at-risk governments to provide financial planning solutions for governments in times of natural disaster. Specifically, Citi is focused on planning and financial technology that can assist affected governments to maintain treasury operations, manage liquidity, sustain procurement, and distribute relief funds. Because the urgency to move cash in an emergency creates the potential for mismanagement and corruption, Citi is working with international financial institutions and governments to ensure public visibility, control, audit, and functionality in a crisis. It is also developing cutting-edge electronic

47. Key informant interview, August–October 2011.
48. InterAction is the largest alliance of U.S.-based international NGOs, with more than 190 members working in every developing country. See http://www.interaction.org/.
49. Key informant interview, August–October 2011.
50. The Coca-Cola Company will invest $3 million in its partnership with IFRC during the next three years. Coca-Cola Company, “The Coca-Cola Company and the International Federation of Red Cross and Red Crescent Societies (IFRC): A Fact Sheet,” Atlanta, 2011.
banking solutions for the distribution of funds without the need for cash through the creation of prepaid cards, emergency procurement cards, and mobile wallets.  

These are just two brief examples of innovative strategic partnerships between businesses and traditional humanitarian actors that serve to fill a gap in disaster management practice, that utilize cutting-edge technologies to elevate response mechanisms, and that ultimately transform American businesses into bona fide humanitarian actors. There are myriad other creative partnerships that could be shared, all of which are collectively broadening concepts of public-private strategic partnerships.

**Sector-Specific Meta-Initiatives**

A final area of public-private collaboration to be examined is the sector-specific meta-initiative, which brings together businesses and traditional humanitarian actors that share similar core competencies and can connect networks and value chains for enhanced humanitarian action under the auspices of a common platform for design and action. Three industrial sectors where strategic thinking about common action has developed most significantly in the last years are information technology, logistics, and construction/engineering.

For instance, NetHope is an information technology forum established in 2001 that brings together leading international NGOs with corporate partners specialized in information technology, such as Cisco, Microsoft, and Intel. NetHope and its partners are able to employ their collective expertise and technologies to restore Internet connectivity and to boost bandwidth in crisis situations. In Haiti, NetHope was particularly effective, reducing communication costs and speeding relief efforts through its various initiatives.

Vis-à-vis logistics collaboration, the second such sector-specific meta-initiative, an effort was spearheaded by UPS, Agility, and TNT under the World Economic Forum umbrella in 2007. It now also includes the participation of Maersk, the Danish shipping company. The initial idea of this meta-initiative was to support the work of the WFP as head of the UN Logistics Cluster to bring core competencies to scale for enhanced shipment coordination, airport management, and community delivery for disaster response. As part of the initiative, logistics emergency teams were created to assist in an emergency if such services needed to be called upon by the WFP. These teams have now been deployed several times since 2008 in coordination with the WFP.

A newly emerging meta-initiative also being coordinated under the World Economic Forum’s umbrella and is called the Disaster Resource Partnership (DRP). DRP was actually conceived back in 2001 but has only come together in the last couple of years. Unlike the logistics cluster that functions at the global level, DRP comprises 11 engineering and construction companies that function according to a network of national networks. This means that companies can tap into national networks to which they might not otherwise have access. These countries are currently

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52. Ibid., 10.
54. DHL is not formally part of this sector-specific initiative because it has chosen instead to establish an extended partnership with the United Nations Development Program and the UN OCHA. Nonetheless, it is apparently still quite active in sharing information and best practices informally with this grouping of logistics companies. Key informant interview, August–October 2011.
55. Key informant interview, August–October 2011.
Indonesia, Mexico, and India, although the pool is sure to expand. This grouping of engineering and construction companies signed a formal memo of understanding with the IFRC, the head of the UN Shelter Cluster, and will be holding a joint training with the IFRC in New York to discuss common goals at the end of 2011.56

In the context of discussions about corporate engagement in response to disasters, it is often remarked that "businesses are not in the business of disasters." Such a comment is presumably made to underline the inherent limitations of public-private partnerships in this area of international action. However, the phrase—even as it is uttered—would seem to betray the widespread understanding among corporate actors that disasters will in reality continue to be very much a part of their businesses. Because disasters affect global markets, they are altering the ways in which companies operate. In an increasingly hazard-prone future, disasters will be a major aspect of risk management, and companies will need to invest in ensuring the resilience of consumer markets and the security of production and supply chains to remain competitive.

On the basis of this emerging business premise, it is important to think strategically about how best to encourage corporate engagement in this sphere of international action. This is particularly so in the context of an increasingly uncertain global economy, wherein long-term corporate commitments to global citizenship portfolios are indeterminate. Despite constraints on world markets, disasters are befalling the world with such frequency that it is unlikely that continued pressure on companies to respond will diminish. Given the significance of business engagement in response to disasters for corporate culture, brand reputation, and employee loyalty, companies have an increasing imperative to establish relationships and coordination processes that align value chains for efficient and cost-effective disaster response.

By connecting networks of resource and competence along a global public-private value chain, societal disaster resilience can be enhanced multifold. This cannot be accomplished through the discrete implementation of individual, disconnected programs, but requires the design of coordination systems and processes that connect supply and demand in an appropriate manner and allow the best ideas to be brought to scale. Recommendations for reaching this goal and for implementing the public-private agenda in this field of international action include six key steps.

- **The first step is to invest in more streamlined and permanent convening platforms for stakeholders to share strategic thinking and collaborate for design.**

One of the primary wishes of the key informants interviewed for this study was the establishment of one-stop convening platforms for governments, businesses, and NGOs to coordinate before, during, and after a disaster strikes. Traditional humanitarian actors noted that there is still a tendency for many companies to say, “Here is what we have to offer,” instead of asking what is actually needed. Moreover, the engagement remains overly episodic when creative and complex humanitarian design requires continual dialogue and collaboration through investment in longer-term personal relationships and institutional commitments. The Business Civic Leadership Center’s efforts to bring together the various stakeholders in the U.S. context are widely applauded and should be further supported by the companies that are active in this space. More important, its
work should be facilitated through strong and consistent U.S. government engagement as well as broad NGO inclusion.

In addition to the U.S.-focused platforms, the innovative World Economic Forum sector-specific initiatives should also be encouraged and expanded to include corporate expertise in the areas of crisis finance, energy, and public communication.

- **The second step is to press for strong and consistent U.S. government engagement in partnership systems.**

One way in which the U.S. government’s engagement could be facilitated more consistently in this area of public-private partnerships is through the establishment of a small unit at USAID that includes a handful of midlevel disaster experts specifically responsible for mapping needs and fostering coordination with corporate actors. The unit could augment the capacity of USAID/DCHA and the Global Development Alliance to mobilize and follow up on high-level government initiatives and to provide convening and coordination support as required, even if only informally in some disasters.

The proposed unit could also serve as a secretariat for the documentation of public-private partnerships for responding to disasters, including government-initiated funds. Although there is little value in overinstitutionalizing these funds within government (they are widely viewed to have worked so well thus far precisely because they have existed outside government), there is utility in building a level of institutional memory within the U.S. government about how these funds can be started and managed and how they complement other forms of public and private giving. Since the 2005 Indian Ocean tsunami, support for these funds has been heavily dependent on the star power of former U.S. presidents—Clinton, in particular, is a personality whom many corporate actors are said to trust; some observers even refer to his credibility among businesses as the “Clinton Effect.” A more profound institutional understanding of how and why these funds work will ensure their viability even when big personalities such as Clinton are no longer in the picture.

- **The third step is to understand the diversity of stakeholders and articulate tailored entry points for different kinds of actors with varied experiences and capabilities.**

Neither the corporate sector nor the humanitarian community is monolithic. With each new disaster, new corporate actors will enter the arena and others will diminish in profile. Some companies will become more invested in shaping the system; others will be satisfied with making one-time-only contributions and walking away. The challenge in designing effective coordinating systems is to address the information and partnership needs of a growing corporate presence in the field and to update them continually.

It is important for corporate actors to be able to identify tailored and appropriate entry points into traditional relief machinery, allowing them to plug in quickly and easily and according to their specific business and philanthropic goals. This will require a more robust articulation of needs, capabilities, and expectations by all stakeholders and a more consistent interface with each other over the long term. It will also require greater investments of time and resources by government and NGO actors in understanding the different segments of the corporate sector and visa versa. This work is being pioneered through the mapping efforts of the BCLC, Interaction, and FedEx, but additional tools are required. Here again, the U.S. government has an important role to play in creating inclusive platforms that facilitate the matching of a wide array of public-private partners.
The fourth step is to transfer key business expertise to governments and NGOs through more widespread corporate skills-based volunteering and staff exchange programs.

The traditional humanitarian actors who were interviewed for this report explained that volunteerism based on corporate skills has in many ways proven more valuable than any cash contributions. The management, finance, and organizational skills and technologies that companies can introduce to government and NGO systems greatly enhance surge capacity during an emergency at a level not previously possible and also help to build organizational capacity over the longer term. Skills-based volunteering and staff exchange programs permit a day-to-day working relationship between business representatives and humanitarian partners that can engender common values and strategic goals for mutually beneficial long-term relationships.

Two different types of skills-based volunteerism should be promoted: (1) event specific; and (2) core capacity. In the first instance, private-sector experts are mobilized when a disaster strikes either through their decentralized business offices or at headquarters level through a preexisting surge support system focused on such areas as fund-raising, external relations, public affairs, and supply chain management. In the second instance, extended staff exchange programs can be implemented in noncrisis periods to transfer core competency skills from the private sector to government and NGO partners. The core value is in enabling volunteerism to have an impact that goes beyond an exchange of a couple of days to allow for a true transfer of private-sector skill sets to humanitarian institutions.

The fifth step is to encourage more robust corporate engagement in disaster risk reduction (DRR) and disaster recovery.

It was repeatedly noted by key informants that disaster risk reduction and disaster recovery are a much harder sell for companies and their boards than disaster relief. Neither is viewed to offer the same level of brand recognition as emergency relief and, thus, is not prioritized by most businesses (see figure 3 above). Despite companies’ traditionally small appetite for DRR and recovery, there is a growing recognition that corporate engagement in these areas is not just about social responsibility but also about economic risk management and the longer-term vitality of consumer societies. For this reason, an increasing number of companies are expressing an interest in more sustainable disaster risk management investments—but they lack the business tools to make a case for them to their staffs and shareholders.

Humanitarian and development partners, particularly those in the U.S. government, should prioritize corporate education in DRR and recovery, linking it to broader social and economic development issues, and illustrating its importance to sustainable international business markets and supply chains. The recent disaster in Japan demonstrated with striking clarity the increasing impact of disasters on international markets, highlighting the need to reinforce business continuity and supply chain management for disasters as a means to save on investments and get back into business as quickly as possible in the event of a natural hazard.

In building the case for corporate engagement in these relatively uncharted areas, it would be useful to look to the leadership of companies that have already taken this on. In some cases, these companies offer resilience consulting to small and medium-sized enterprises that form part of their value chain. The promotion of corporate-to-corporate stewardship and the sharing of best

57. Also recommended by the World Economic Forum’s Global Agenda Council on Humanitarian Assistance, as discussed by Bridges, Greenhill, and Rogan, Innovations in Corporate Global Citizenship, 5.
practices in this area could be encouraged under the BCLC umbrella. The objective of a DRR / disaster recovery awareness campaign would be to articulate the importance of this part of disaster response to businesses, to socialize them to the kinds of ways in which they could become involved, and to encourage them to “mainstream” disaster planning across their entire domestic and international giving portfolios.

- **And the sixth step is to prioritize localized engagement through more trisector partnerships.**

An axiom of rights-based and sustainable humanitarian action is that programs should be locally owned and community managed. For this reason, companies should concentrate on building more trisector relationships that include companies, international NGOs, and the national actors of the affected state.\(^{58}\) Up until this point, many American-based companies have relied on American-based NGOs to function as intermediaries and implementers for international disaster programming. However, this is not necessarily the only mode of operation.

Some companies with devolved business models—Chevron, General Electric, and Coca-Cola, for example—already rely heavily on the local networks of their national business units in determining disaster engagement and other social investments. Greater support by the U.S. government and NGOs in identifying credible partners in affected states with which American companies can form partnerships would be helpful in localizing engagement and enhancing corporate investments in this area of international action. Localized engagement could also function to match the resources of large multinational corporations with small businesses in affected areas through closer collaboration with business federations in affected states. This model is at the center of the CSIS Task Force partnership with Keidanren, the Japanese Business Federation. Given the role of tax considerations in determining many public-private partnerships, the U.S. government may wish to explore the possibility of loosening 501(c)(3) equivalency requirements as a means to encourage the localization of corporate engagement.

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\(^{58}\) Ibid.
### APPENDIX

#### KEY INFORMANT INTERVIEWEES

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Bartolini</td>
<td>Director</td>
<td>U.S. Agency for International Development (USAID) / Office of U.S. Foreign Disaster Assistance (OFDA)</td>
</tr>
<tr>
<td>Richard D. Berry, Ph.D.</td>
<td>Director, Strategic Partnerships</td>
<td>U.S. Pacific Command</td>
</tr>
<tr>
<td>Larry Burton</td>
<td>Executive director</td>
<td>Business Roundtable</td>
</tr>
<tr>
<td>Carol Chan</td>
<td>Deputy director</td>
<td>USAID/OFDA</td>
</tr>
<tr>
<td>Sandy Chapman</td>
<td>Manager, international government relations and public affairs</td>
<td>The Coca-Cola Company</td>
</tr>
<tr>
<td>Norberto Cintron</td>
<td>Chief engineer</td>
<td>U.S. Southern Command</td>
</tr>
<tr>
<td>Margaret Coady</td>
<td>Director</td>
<td>Committee Encouraging Corporate Philanthropy (CECP)</td>
</tr>
<tr>
<td>Jay Collins</td>
<td>Head, Public Sector Group for the Americas</td>
<td>Citi</td>
</tr>
<tr>
<td>Ollie Davidson</td>
<td>Senior consultant, Disaster Assistance and Recovery Program</td>
<td>Business Civic Leadership Center (BCLC), U.S. Chamber of Commerce</td>
</tr>
<tr>
<td>Petra Demarin</td>
<td>Senior project manager, Disaster Resource Partnership</td>
<td>World Economic Forum</td>
</tr>
<tr>
<td>Kathy Fulton</td>
<td>Director of operations</td>
<td>American Logistics Aid Network (ALAN)</td>
</tr>
<tr>
<td>Bill Garvelink</td>
<td>Senior adviser, U.S. Leadership in Development</td>
<td>CSIS (former deputy assistant administrator, USAID / Bureau for Democracy, Conflict, and Humanitarian Assistance; and U.S. ambassador to Democratic Republic of Congo)</td>
</tr>
<tr>
<td>Paula Luff</td>
<td>Director, corporate social responsibility</td>
<td>Hess Corporation (former senior director, international philanthropy, Pfizer Foundation)</td>
</tr>
<tr>
<td>Afzaal Malik</td>
<td>Vice president, international government relations and public affairs</td>
<td>Coca-Cola Company</td>
</tr>
<tr>
<td>Charles MacCormack</td>
<td>President</td>
<td>Save the Children</td>
</tr>
<tr>
<td>Carol McCauley</td>
<td>Global programs senior specialist</td>
<td>Chevron Corporation</td>
</tr>
<tr>
<td>Gerald McSwiggen</td>
<td>Senior manager, Disaster Assistance and Recovery Program</td>
<td>BCLC, U.S. Chamber of Commerce</td>
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## Appendix: Key informant Interviewees (continued)

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<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Organization</th>
</tr>
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<tbody>
<tr>
<td>Jock Menzies</td>
<td>President</td>
<td>ALAN</td>
</tr>
<tr>
<td>Jennifer Niyangoda</td>
<td>Senior director, corporate relations</td>
<td>American Red Cross</td>
</tr>
<tr>
<td>Jeremiah Norris</td>
<td>Senior fellow</td>
<td>Hudson Institute</td>
</tr>
<tr>
<td>Lori Bertman</td>
<td>Board chair</td>
<td>Center for Disaster Philanthropy</td>
</tr>
<tr>
<td>Susan Raymond, Ph.D.</td>
<td>Executive vice president</td>
<td>Changing our World, Inc.</td>
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<tr>
<td>Anne Roosevelt</td>
<td>CEO</td>
<td>Goodwill Industries of Northern New England (former vice president, global corporate citizenship, The Boeing Company)</td>
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<tr>
<td>Alison Poppe Rose</td>
<td>Manager, standards and measurement</td>
<td>CECP</td>
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<td>Dan Runde</td>
<td>William A. Schreyer Chair and director, Project on Prosperity and Development</td>
<td>CSIS</td>
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<td>Walter Sweet</td>
<td>Vice president</td>
<td>Rockefeller Philanthropy Advisors</td>
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<tr>
<td>Mark Ward</td>
<td>Senior deputy assistant administrator for Asia and Near East Bureau</td>
<td>USAID</td>
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<tr>
<td>Sam Worthington</td>
<td>President and CEO</td>
<td>Interaction</td>
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</table>
Stacey White is a senior research consultant with the CSIS Program on Crisis, Conflict, and Cooperation (C3), where she focuses on the intersections between natural disaster risk management and governance. In particular, she considers the effects of disaster risk on intra- and interstate governance dynamics and in creating broader social, economic, and political change. She is currently studying the influence of natural disasters on decentralization processes across a number of crisis settings. She also recently completed projects on the impact of the Pakistani floods on subnational governance in the country and on the role of disaster risk management in promoting regionalism in Asia.

Prior to her work at CSIS, White served as a senior researcher for the Humanitarian Futures Programme (HFP) at King’s College London, where she concentrated on the future of humanitarianism, crisis driver identification, and organizational strategic development for the future. Over the course of her career, she has worked with a number of different UN agencies and nongovernmental organizations in the area of humanitarian action with a focus on coordination, knowledge management, and sector-wide learning. First-hand humanitarian experience includes time in the former Yugoslavia, Rwanda, Burundi, Sri Lanka, and Tajikistan. She received an LLM in international human rights law from the University of Essex, an MA in international relations from the University of Chicago, and a BA from the University of California at Berkeley.

Hardin Lang is a senior fellow at CSIS, focusing on national security, stabilization operations, and the economic dimensions of conflict. He comes to CSIS with over 14 years of experience in peacekeeping, reconstruction, and humanitarian affairs. Most recently, Mr. Lang served as head of office for former president Bill Clinton in his role as UN special envoy for Haiti. He previously worked with the UN Department of Peacekeeping Operations, where he managed field operations in Afghanistan and Haiti and served as a senior adviser to the UN special representative to Iraq in the wake of the 2003 bombing of the UN mission in Baghdad. Prior to Iraq, Mr. Lang served for two years with the UN transitional authority in Kosovo, holding a series of portfolios from drafting an interim constitution to coordinating joint security operations with NATO forces. He began his career in Guatemala working on human rights issues during the civil war, before joining the UN verification mission charged with overseeing an end to the conflict.

Mr. Lang has led teams of international observers to monitor elections in Afghanistan, written for the Economist Intelligence Unit, Foreign Policy, and the Journal of International Peace Operations and appeared on the BBC, NPR, and Fox News. His research on political violence in Central America was published by the American Association for the Advancement of Science. He holds a master's degree in public policy from Princeton University’s Woodrow Wilson School and a master's degree in international history from the London School of Economics.
Corporate Engagement in Natural Disaster Response
PIECING TOGETHER THE VALUE CHAIN

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