

COMBINING CAPABILITIES

HOW PUBLIC PRIVATE PARTNERSHIPS ARE
MAKING A DIFFERENCE IN HUMANITARIAN ACTION



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LEVERAGING FORMAL AND INFORMAL BUSINESS PARTNERSHIPS FOR DISASTER RELIEF

by Luis Ballesteros and Professor Michael Useem

The World Health Organization declared on February 1, 2016, that the rapid spread of the Zika virus had become a public health emergency. Initially centered in Brazil, the virus has already reached more than 20 other countries, and WHO executive director Margaret Chan has called for “a coordinated international response.”¹

While the World Health Organization is working to stimulate actions by health agencies around the world, given the potential scale of the calamity, it is a good time to reach out to other institutions as well. The United Nations recently warned that “never before” has humanitarian aid “been so insufficient” to deal with international disasters of this kind. With an estimated funding gap of US\$15 billion, the rising costs of disasters worldwide are increasingly outstripping the resources of our traditional public, multilateral and nonprofit responders.²

One of the non-traditional but ever more responsive providers is the business community. Fifteen years ago, less than a third of the world’s 2,000 largest multinational corporations donated to disaster recovery, but today more than nine in 10 provide some form of disaster support, including cash, goods, services, and sometimes even direct relief and logistics.

As a result, company giving has recently become a major source of international assistance in the wake of some calamities. After the 8.8-magnitude earthquake in Chile in 2010 and the 9.0-magnitude earthquake in Japan in 2011, for instance, corporate donations exceeded the aid from all other international sources combined.³

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1 Sabrina Tavernise and Donald G. McNeil, Jr., “Global Health Emergency Declared Over Zika Virus,” New York Times, February 2, 2016; World Health Organization, February 1, 2016; <http://www.who.int/media-centre/news/statements/2016/emergency-committee-zika-microcephaly/en>.

2 United Nations, “Too Important to Fail – Addressing the Humanitarian Financial Gap,” 2016.

3 Luis Ballesteros and Michael Useem, “The Social Value of Corporate Giving and the Economic Costs of Disasters,” Wharton School, 2016; Luis Ballesteros, “The Drivers of Corporate Philanthropic Catastrophe Response: The Community-Event-Firm Triad,” Wharton School, 2016.

Partnerships between the corporate donors and recipient countries can help ensure that the business assistance is directed where it is most needed. And those partnerships can either be de facto, with each informally complementing the other, or more formal, with each explicitly coordinating with the other. Both forms are to be encouraged.

De facto partnerships

For the value of a de facto partnership, consider Lawson, Japan's second largest convenience-store franchise with more than 10,000 outlets. It has a long-standing practice of working to remain open in disaster zones, no easy task given Japan's perch along the Pacific ring-of-fire. Lawson created a protocol for keeping its stores staffed and stocked in even the most calamitous moments, with twice-annual

drills to field-test its practicalities. Then, just five minutes after Japan's earthquake in 2011, Lawson executives invoked the emergency protocol among their convenience stores in the affected region. Of Lawson's more than 900 stores in the area, some 60 percent managed to remain open, and 90 percent of the rest

reopened within six weeks. The company proactively delivered food and water to evacuation centers. Even then, many roads remained impassable, and Lawson sent in truckloads of motorcycles to deliver its supplies. When motor fuel ran out, it dispatched a gasoline truck to bring more.

In the wake of the Ebola outbreak in West Africa in 2014, other companies did much the same on their own. Henry Schein, Inc., a supplier of health-care products, for instance, gave approximately US\$1 million in masks, gloves, gowns, coveralls, sanitizers and other protective gear to thwart the epidemic's spread. It also joined the Ebola Private Sector Mobilization Group, a coalition of more than 40 large corporations organized by steel-maker ArcelorMittal.

ArcelorMittal itself constructed new Ebola treatment centers. Firestone built a treatment center when a nearby hospital would not accept Ebola patients; Unilever gave several million bars of soap; Coca-Cola used its distribution network to deliver medical supplies; and Federal Express delivered urgently required medical supplies and protective equipment. Here we see companies acting informally alongside public agencies in the wake of a disaster, each providing what it is most capable of and complementing the public response.

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Formal partnerships

More formal partnerships have worked as well, as can be seen in Chile after it was struck by the world's sixth largest earthquake recorded by a seismograph on February 27, 2010. Anglo American, the multinational mining company with operations on four continents, asked the government of Chile how it could best assist with the resources at its own disposal.

Chile's president and minister of education were anxious to reopen the country's public schools within six weeks, but lacked the capacity for doing so in one of their regions. Anglo American had long worked with the makers of mobile structures, and in collaboration with the government it constructed temporary buildings, which might have rimmed a copper mine, but now served as emergency schoolhouses in the region.⁴

As disasters become ever more costly worldwide due to urbanization and international travel and trade, traditional resources for relief and recovery are falling increasingly short. Thus, it is an opportune time for national governments, multilateral agencies, and nonprofit organizations to work hand-in-hand with private companies that are increasingly ready to help when calamity strikes. Whether the partnerships are informal or formal, resources for recovery are likely to be leveraged in mutually reinforcing ways that no single institution could any longer achieve on its own.

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⁴ Michael Useem, Howard Kunreuther, and Erwann Michel-Kerjan, *Leadership Dispatches: Chile's Extraordinary Comeback from Disaster*, Stanford University Press, 2015.



Luis Ballesteros and Michael Useem

Luis Ballesteros is a doctoral candidate at the Wharton School of the University of Pennsylvania whose research focuses on business responses to systemic shocks and uncertainty, and he previously worked for JP Morgan Chase, World Bank and UNDP.



Michael Useem is a management professor at the Wharton School whose interests include leadership in disaster recovery, and he serves on the World Economic Forum's Global Agenda Council on Risk and Resilience.

They can be reached at luisf@wharton.upenn.edu and useem@wharton.upenn.edu.