

Rationale for involving the private sector in humanitarian assistance and disaster relief in the Indo-Pacific

印太地區需要私部門參與人道援助與災害救援之基本原因

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摘要

印太地區的災害頻率和強度持續上升，使的正逐步推動人道援助的機構遠超出其應對能力。雖然在這種情況下使用軍隊是該地區的標準做法，但強大且資源充足的私部門角色仍尚待發展。因此，國際人道援助和災害救援系統與組織有一重要的機會，即謀劃策略促使私部門能在其中發揮作用，協助縮限大規模自然災害所帶來的嚴重影響，並減輕整體印太地區未來的災害衝擊。如果沒有這種新動力，過度使用軍隊的趨勢將持續增加，方能應對在亞洲地區不斷擴增的城市中，缺乏人道援助非政府組織的問題。

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然而，國際災害系統的設計限制了私部門的參與。因此我們正在推動從整個災害週期中，由傳統的“即時反應”活動，轉變成“內涵豐富的倡議”的相關範例。全系統變革的需求將要求政府單位、聯合國機構和人道援助組織與私部門進行合作，使其能在災前、災中和災後發揮能力。私部門的參與是發展人道援助重要的下一步，將於某種程度上解決人道援助在能力和資源上日益擴大的全球差距。

關鍵字

危機管理(Crisis management)，企業持續營運(business continuity)，企業社會責任(corporate social responsibility)，援助差距(aid gap)

Abstract

The continued rise in disaster frequency and intensity throughout the Indo-Asia-Pacific region is progressively pushing humanitarian agencies well beyond their ability to cope. While the use of the military in such situations is standard practice in the region, the powerful and well-resourced private sector remains untapped. A significant opportunity thus exists for international humanitarian and disaster relief systems and organizations to develop strategies enabling the private sector to play a role in limiting the worst effects of large-scale natural disasters and mitigating future disaster impacts across the Indo-Asia-Pacific. Without this new dynamic, the trend of overtasking the military will continue to increase to address the lack of humanitarian non-government organization presence in the sprawling cities of Asia. However, the design of international disaster systems limits private sector involvement. We are promoting a paradigm shift from traditional “immediate response” activities to “productive initiatives” across the disaster cycle. The required systems-wide changes would require governments, U.N. agencies and humanitarian organizations to work cooperatively with the private sector to engage its capabilities before, during and after a disaster. Involvement of the private sector represents a vital next step in the evolution of humanitarian assistance that will go some way towards addressing the expanding global gap in humanitarian capacity and resources.

Key words

Crisis management, business continuity, corporate social responsibility, aid gap

1. Introduction

Rapidly enabling the private sector to help mitigate future disaster impacts across the Indo-Asia-Pacific (Region) is vital. When a disaster occurs, the bulk of physical damages and economic losses are incurred by the private sector [1]. For example, approximately 85% of investments across the world are from the private sector. The majority of infrastructure systems and networks are also owned and operated by the private sector. Despite this, international disasters systems are not designed to easily enable private sector involvement, however, it has the local assets required to rapidly provide humanitarian assistance and disaster relief (HADR) through existing stockpiles of food, water and shelter materials, and often employees 80% of the population [2, 3].

The private sector includes enterprises, companies or businesses, farmer organizations, cooperatives, industry and trade associations, private academia and research institutions, and foundations that have for profit orientations [4]. The need for a paradigm shift is heightened by the expected increase in frequency of disasters in the region due to the large and varied landmass, multiple river basins, flood plains and other zones at high risk from natural hazards [5]. This combined with rapid unsustainable urbanization in disaster prone areas will place more people, communities, businesses, and nations in the region at risk [6, 7].

The United Nations (U.N.) and humanitarian networks are increasingly unable to meet the demand for international HADR missions with the military often requested to fill this gap [8]. An international HADR response is required when the severity of the disaster affects the country's capacity to cope [9]. For example, Typhoon Haiyan/Yolanda (2013) created significant damage in the Philippines and an

international response was required, which included Foreign Military Assets (FMA) from more than 22 countries along with a range of non-government and impartial organizations [10]. The use of the military in such situations is becoming standard practice in the region [8]. However, the result is often overtasking in areas where the private sector can respond, such as local food supply and construction [2]. Unless the private sector is enabled, the trend of overtasking the military will continue if not increase, particularly considering there is little to no humanitarian non-government organization presence in the sprawling cities of Asia. [11, 12].

The success of a HADR operation must be measured by how it mitigates the urgent needs of a population with a sustainable reduction of their vulnerability in the shortest amount of time and with the least amount of resources [13]. The determinates for success include population density, the multiple national and local stakeholders that represent the unwieldy control of urban neighborhoods, the absence of population data, public health infrastructure and protections, tenuous land ownership, and the profound poverty in a cash exchange system [7]. In these places there is scarce international humanitarian representation and limited national programs of merit from which to enhance or build capacity. To overcome this all sectors must be engaged in disaster prevention, preparedness, response and recovery. The result would be a paradigm shift from the traditional “immediate response” activities to a more unfamiliar but critically “productive initiatives” across the disaster cycle [7].

As many disasters are predictable and recurrent in the region, there is now an opportunity for international HADR systems and organizations to develop strategies enabling the private sector to mitigate the worst effects of large-scale natural

disasters. To provide a platform for this to occur, this paper explores eight rationales for private sector involvement in HADR.

2. Eight reasons to enable the private sector

1. Enhances disaster resilience

Disaster resilient societies cannot be created without energizing the private sector to work with the public sector and other stakeholders to achieve the outcome and goal of the *Sendai Framework for Disaster Risk Reduction 2015-2030* (Sendai Framework). The need for this to occur has been recognized by the United Nations Office for Disaster Risk Reduction (UNISDR) through creation of the Private Sector Alliance for Disaster Resilient Societies (ARISE), which now has more than 140 member companies [14]. The UNISDR private sector mission is “to create risk-resilient societies by energizing the private sector in collaboration with the public sector and other stakeholders to achieve the outcome and goal of the Sendai Framework in a transparent and inclusive way that delivers local and measurable impact” [14]. A private sector committed to disaster risk reduction can steer public demand toward materials, systems, and technological solutions to build and run resilient communities [15]. As result, the private sector has begun to demonstrate its commitment to areas such as risk transfer, corporate social responsibility in reducing the vulnerability of communities, better risk assessment and the overall reduction of the potential impact of disaster on their own business [16].

2. Local capabilities

Successful prevention, preparedness, response and recovery depends heavily on local capabilities. Private companies are often well versed in shipping, building, food preparation, and first aid, which can allow them to provide the quickest response [2].

This is a very important consideration, which was demonstrated during the Nepal earthquake response where community groups with a work history and experience were more effective in aid distribution than inexperienced international actors [17]. Also, there is little or no presence of humanitarian non-government organizations in Asian cities [12]. Meanwhile, the private sector may be best position to develop and deploy cutting-edge recovery support technologies [1]. Private sector companies can also use noticeboards, websites and other means to promote preparedness, response and recovery activities among employees and customers.

3. Direct relationship with communities

The private sector has a direct relationship with customers, suppliers and communities, which can help influence thinking that is more resilient. When private companies invest in disaster risk reduction to preserve their own business continuity, it has the effect of protecting communities where their workforce and customers reside, thus help communities advance their disaster prevention, mitigation and preparedness [18]. It also helps to protect the jobs and incomes dependent on that business.

Private sector companies have history and experience in the affected areas, understand supply chains, have a community connection, can drive innovation, growth and jobs, and the type of businesses in an area often reflect a communities needs and priorities [19]. This has been recognized by the Indian National Disaster Management Authority who is partnering with Facebook to get real-time information to people, feedback from those affected and allow disaster responders to access maps of affected areas [20].

4. Aid funding not meeting demand

As humanitarian requirements outstrip available resources and a shortfall in funding is expected to continue there must be an expansion in focus to enabling the private sector to go beyond providing finances to deliver the services required by those in need. For example, the amount of funding received for UN-coordinated appeals in 2016 was US\$12.4 billion, however, this left a shortfall of US\$8.2 billion, or 40%. On average over the past decade the shortfall has been 36% [9]. Although government funding is higher than the private sector (74% compared to 26%) for such appeals industry provides 60% of funding for non-government organizations, which accounts for 87% of their funding for HADR activities [9]. Also, companies are often willing to provide in-kind donations of their products but lack the knowledge of what is needed or the means to deliver [1].

5. Supply chain management

As many disasters are predictable and recurrent in the region, there is now an opportunity for the international HADR community to work with the private sector to refine supply chain frameworks and develop strategies for mitigating the worst effects of large-scale natural disasters. This is because supply chains in today's world are increasingly complex and global, so a disaster in Thailand can be disruptive to businesses as far away as Nebraska or Germany [21]. Humanitarian organizations provide a valuable service in HADR but are behind their private sector counterparts in understanding how to implement efficient supply chains, particularly given the increasing opportunities to “go global” [22]. Private sector companies also have history and experience in the affected areas, understand supply chains, have a community connection, can drive innovation, growth and jobs, and the type of businesses in an area often reflect a communities needs and priorities [19]. Also,

businesses that utilize wide geographic spatial distribution between facilities can use employee stationed outside the disaster area to assist those that are directly impacted [1]. In recognition of this, moves are already underway to expand the role of the private sector in disaster response, for example, a medical countermeasure is distribution through community pharmacies [12].

6. Role in housing and construction

In most parts of the world, housing is privately owned and, as such, housing recovery must be managed differently than recovery in the public sector (roads, schools, hospitals, and government and cultural facilities) [23]. Construction companies located in disaster-affected areas have assets that can be invaluable to humanitarian and government relief organizations. For example, when new houses are built businesses generally supply materials, finance reconstruction, and connect electricity, telephone, and internet [24]. Also, the HADR international humanitarian community has geared itself to provide immediate care within organized refugee camps or similar settings with limited supplies [7]. However, future disasters will be urban orientated where the majority of the community are reliant on the private sector for housing and construction.

7. Enhance recovery

The private sector can have a particular role in reimagining economic recovery after a disaster in ways that ensure inclusiveness [25]. For example, Airbnb will be collaborating with Portland and San Francisco to pre-identify hosts for displaced people and services when an emergency occurs and to provide alerts via web and mobile technology [25]. The private sector can also contribute to disaster-recovery financing via the speed and timing of funding. After Hurricane Sandy, mobile ATMs

were moved into the area to allow current customers and others access their cash and to provide liquidity to the market after the disaster [21]. Mortgage customers were also offered relief programs, enabling customers to postpone payments and suspend foreclosure sales [21].

Global Development Banks have also created a variety of products to try to address the challenges for government recipients, such as the timing of disaster financing [21]. For example, the World Bank helped the Caribbean Community (CARICOM) establish the Caribbean Catastrophe Risk Insurance Facility (CCRIF), a joint reserve facility intended to offer 16 countries exposed to earthquakes and hurricanes liquidity coverage akin to insurance [21]. By using the financing tools of the World Bank to create a self-funded parametric insurance instrument and an accompanying process for the deployment of this funding, participating countries are now able to access relief funds immediately after disasters, reducing the likelihood of a mismatch in timing [21, 26].

8. *Autonomy*

The autonomous nature of private sector leadership allows for quick decisions and front-line empowerment to establish centers of relief to distribute food, shelter, water and medical supplies as well as support communications and logistic efforts [2]. Private-sector investment is a more flexible pathway for communities, free of many of the administrative hurdles that come with government dollars [22] Also, by investing in products, services and infrastructure that help reduce risk along with working with suppliers and partners, including those in government, the private sector can build to enhance disaster resilience in economies [24].

3. Implementation

A collaborative governance approach provides a methodology for achieving system wide change [27]. This would commence with HADR system leaders articulating the need to enable the private sector to be involved across the disaster cycle [27]. The private sector would then be involved in: face-to-face dialogue; planning; the pooling and jointly acquiring of resources; and achieving intermediate outcomes such as enhancing the coordination of the private sector activities across the disaster cycle. An example of a step towards achieving this is the Regional Consultative Group (RCG) on Humanitarian Civil-Military Coordination for Asia and the Pacific, which has recognized the need to include the private sector in a Humanitarian-Military Operation Coordination Concept [10]. This concept, includes the private sector, is focused on establishing a system that supports the five priorities countries in the region based on vulnerability to large-scale natural disasters: Bangladesh, Indonesia, Myanmar, Nepal and the Philippines [10].

The private sector must be integrated into international, regional and national disaster management structures. Internationally, the U.N. Cluster System this could be easily achieved by embedding the private sector into all discussions and decisions. At the regional level, this would include ASEAN Coordination Center for Humanitarian Assistance on Disaster Management, South Asian Association for Regional Cooperation Disaster Management Center, Pacific Islands Forum and the Secretariat of the Pacific Community including the private sector in their activities. This would then be complemented by national disaster management offices including the private sector in all aspects of the disaster cycle, prevention, preparedness, response and recovery.

The paradigm shift towards including the private sector is not only driven by the decreasing capacity to meet HADR demand but a need to identify how to work cooperatively. There is often skepticism about involving the private in HADR activities, particularly from humanitarian networks. Humanitarians are often very skeptical of the private sector and, just as typical, companies see humanitarians as idealistic and inefficient dreamers but working together is not obvious though not impossible [22]. To overcome this, a decentralized model is required to manage aid funds, assume coordination of international responses from private, government and humanitarian sectors, and cater for people affected by both conflict and disasters [28]. Such a decentralized operational model would require oversight by an international agency to encourage an all-encompassing and inclusive cooperative approach to HADR.

The private sector needs the support of government and the humanitarian sectors to enable its capabilities before, during and after a disaster. Pre-disaster this could include working with business to ensure they have adequate reserves for a disaster and other types of emergencies and post disaster, teams could be rapidly mobilized to send logistics specialists to areas of need such as ports [21]. For example, drink bottles could be purchased from a few carefully selected suppliers who could pre-position the containers in their warehouses within accessible reach of disaster-prone areas with stickers ensuring that the companies name is visible when distributed by government and humanitarian organizations [22]. The approach to preparation and system design would ease the logistics of recovery and the disruption of supply chains through minimizing logistics bottlenecks [21].

For effective system wide change all stakeholders involved in HADR including governments, U.N. agencies and humanitarian organizations must be willing to work cooperatively with the private sector [29]. This includes taking the opportunity to involve business in all aspects of planning, recovery and reconstruction, which will not only help sustain economic growth but make communities inclusive, safe and resilient [24]. This would also provide clarity on how and when private sector capacities and capabilities are best mobilized at the time of a disaster (for example, military aircraft transferring private sector supplies) [25]. Achieving this will influence how HADR stakeholders work together in future years to mitigate the impact disasters on individuals, communities and nations.

4. Conclusion

A paradigm shift is required to include the private sector in international HADR activities across the region. The U.N. and humanitarian networks are increasingly unable to meet demand with the military requested to fill this gap. However, this results in overtasking in areas where the private sector can assist such as food supply and construction. International HADR systems are not designed to easily enable private sector involvement, which is a challenge because it is often best placed to ensure urgent needs can be provided to a population in the shortest amount of time with the least amount of resources. Also, there is little or no international humanitarian non-governmental organization presence in the sprawling cities of the region. Business are located in areas impacted by disasters and have relationships with customers, suppliers and communities, which can help influence thinking that is more resilient, and has a particular role in reimagining economic recovery. System wide change is now required but will require governments, U.N. agencies and humanitarian organizations to be willing to work cooperatively with the private

sector to enable its capabilities before, during and after a disaster. Achieving this will positively influence how HADR stakeholders work together in the future to mitigate the impact disasters on individuals, communities and nations.

The views expressed in this article are those of the authors and do not necessarily reflect the official policy or position of the Daniel K. Inouye Asia Pacific Center for Security Studies, the Department of Defense, or the U.S. Government.

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