



Fewer, Bigger, Better and Simpler

Potential lessons for Public Private Cooperation and Partnerships in MSB's international engagements

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Titel	Färre, större, bättre och enklare – möjliga lärdomar för Privat-Offentlig Samverkan i MSB:s internationella insatser.
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Sammanfattning

Naturkatastrofers konsekvenser har lett till en ständigt ökande internationell uppmärksamhet för katastrofbistånd, men även för arbete med katastrofriskreducering i utsatta länder. Behoven är stora och kommer förmodligen att fortsätta att vara det. En viktig fråga för traditionella givarländer och biståndsaktörer är hur humanitärt bistånd och utvecklingsbistånd kan få än bättre effekt och kostnadseffektivitet i att möta dessa behov. En möjlig lösning som tillämpas av såväl enskilda givarländer som stora internationella organ är olika former av offentlig-privat samverkan (OPS). Den grundläggande idén med OPS är att skapa nya lösningar där offentliga och privata aktörer ingår mer långsiktiga partnerskap för att tillsammans dela på risker, ansvar och fördelar, bl.a. effektivt utnyttjande av resurser.

Denna förstudie, genomförd av FOI på uppdrag av Myndigheten för Samhällsskydd och Beredskap (MSB), innehåller en internationell utblick kring erfarenheter av olika OPS-lösningar i ett urval av internationella organisationer och i MSB:s motsvarigheter i andra länder. Resultatet är ett underlag till MSB:s utveckling av OPS i sitt operativa uppdrag. Syftet är att lyfta fram behov och problematisera kring privat-offentlig samverkan, särskilt avseende de operativa förmågor som berör internationella insatser. Resultatet skall kunna ligga till grund för avgränsning och fortsatta fördjupningsstudier under 2014-2015.

Studien resultat kan sammanfattas under rubrikerna *terminologi och definitioner*, *förutsättningar för framgångsrika partnerskap*, *behov av särskild organisationsstruktur*, *vikten av att hitta rätt partners*, *att bedriva systematisk kunskapsinhämtning*, *att tillse skydd för MSB:s varumärke*, *möjligheter till kontroll och ansvarsutkrävande*, samt *vikten av öppenhet*.

Nyckelord: Privat Offentlig Samverkan, POS, Offentlig Privat Samverkan, OPS, MSB, internationella insatser, humanitära insatser, katastrofbistånd, DRR

Summary

The consequences of disasters have increasingly brought the topics of emergency aid and Disaster Risk Reduction (DRR) onto the international agenda. The needs are immense and will in all likelihood remain so. An important issue for traditional donors and humanitarian assistance actors is how to increase effectiveness and efficiency in meeting the needs.

One potentially important alternative for addressing the challenges above is increased *Public Private Cooperation* (PPC). PPC is becoming increasingly important in humanitarian assistance and development work, and it is being explored by national and international actors. Broadly explained, PPC is about public and private actors engaging in partnerships to find mutual benefits and share risks.

This pre-study, conducted by FOI on assignment from the Swedish Civil Contingencies Agency (MSB), contains an international outlook on experiences from various PPC-oriented solutions among international and national actors engaged in humanitarian assistance, DRR, civilian conflict management, mine action, and early recovery. The result is intended to inform the future work of MSB in developing its PPC approach, and to guide continued studies in 2014-2015.

The key findings of this study can be summarized under the categories: *terminology and definitions, prerequisites for building successful partnerships, the need for supporting organizational structures, the importance of finding the right partners, absorbing knowledge for learning and improvement, raised awareness of issues around branding, the importance of achieving resilience and accountability, and last, but not least, the enforcing of transparency.*

Keywords: MSB, Public Private Cooperation, partnership, private sector, Disaster Risk Reduction, DRR, humanitarian assistance, emergency aid,

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1 Introduction

In the period 1990-2005, natural disasters have resulted in the loss of more than 60.000 lives annually, while affecting another 212 million people per year, especially in developing countries. The consequences of disasters – aggravated by climate change, growing populations, urbanization, and environmental degradation – have increasingly brought the topics of emergency aid and Disaster Risk Reduction (DRR) onto the international agenda.¹ Public awareness of humanitarian needs has increased and there is public preparedness to contribute to assistance.

Disasters such as the floods in Pakistan, the Haiti earthquake in 2010 and the 2011-12 drought in the Horn of Africa are painful reminders that even though progress has been made over the last 20 years, the efficiency and effectiveness of humanitarian assistance could still be enhanced.² As much of the delivery of humanitarian assistance and DRR is provided through public agencies, there is constant pressure for cost-efficient use of public resources and enhanced performance in delivery of services, which follows from widespread management theories such as *New Public Management* (NPM).

The need for humanitarian assistance and risk reduction work is likely to increase in the years to come. There is growing awareness of the complexity involved when working with these issues as well as of the need for integrated approaches to humanitarian and development cooperation aid.³ One potentially important alternative for addressing the challenges above is increased involvement from the private sector, through different forms of *Public Private Cooperation* (PPC). PPC, including *Public Private Partnership* (PPP), is becoming increasingly important in humanitarian assistance and development work, and it is being explored by national and international actors. For the Swedish Civil Contingencies Agency (*Myndigheten för Samhällsskydd och Beredskap*, MSB⁴), PPC may provide new opportunities – as well as potential challenges – for ongoing and future work. The present study aims at assisting MSB in the development of an approach to PPC, by providing an overview of some of the practical lessons learned among a selection of relevant national and international actors over the last 10 years.

¹ Fink and Redaelli 2011.

² DFID June 2012.

³ Binder and Witte 2007.

⁴ MSB was established in 2009 and replaced Swedish Emergency Management Agency (Krisberedskapsmyndigheten, KBM), Swedish Rescue Services Agency (SRSA), (Statens räddningsverk, SRV) and National Board of Psychological Defence (Styrelsen för psykologiskt försvar).

PPC is an elusive term, and no single definition or interpretation exists that transcends the specific organizational context where it is applied. The nature of the concept varies between different states, agencies and international organizations. Broadly explained, PPC is about public and private actors engaging in cooperation with an aim of finding mutual benefits and sharing of risks. In PPC solutions, the rationale for public actors is to engage in long term cooperation arrangements where risks, rewards, responsibilities, resources and competencies are shared, and by thereby improving effectiveness and efficiency – i.e. enhancing performance. PPC can lower the costs through more effective and efficient use of public funds, and by providing access to expertise and other resources that the public sector may be lacking. For private sector actors, the attractiveness of PPC lies in new market opportunities, innovation, staff motivation and recruitment, and marketing and brand recognition issues. For private sector companies, the issues of long term revenue and *Corporate Social Responsibility* (CSR) may also constitute incentives for engaging in PPC.

For MSB, the stock-taking of experiences made by other actors, such as the British *Department for International Development* (DFID), the *World Food Program* (WFP) and the *United Nations High Commissioner for Refugees* (UNHCR), makes it timely to consider the added value of increased engagement in PPC for the purpose of delivering on its mandate for international operations. The study will provide recommendations that draw on existing best practices within the emerging field of PPC in humanitarian and development work.

2 About the Report

This report is the result of a study aimed at bringing together PPC- oriented experiences obtained by international actors engaged in a field of work that is similar to that of MSBs. The study was conducted by the Swedish Defence Research Agency (*Totalförsvarets Forskningsinstitut*, FOI) at the request of MSB. It contains an analysis of international perspectives on PPC, including some related future trends of relevance for MSB's international operations. For MSB, such activities generally fall within the agency's operational capabilities *to conduct aid projects in Disaster Risk Reduction (DRR)*, and *to conduct aid work in humanitarian assistance, early recovery, mine action and civilian conflict management*.

This study will show how the PPC domain is of increasing importance for public sector actors like MSB. A few case studies are used to exemplify this development. Analysis of these case studies and interviews conducted with knowledgeable individuals with experience from relevant agencies and private sector companies result in conclusions and recommendations that are of relevance for MSBs future work in the field. The focus is on how national and international actors in humanitarian assistance and DRR engage with and regulate PPC. This includes concrete experiences of cooperation with private sector actors. Through this approach, the study aims at providing knowledge about how MSB through PPC proactively can increase the effectiveness and efficiency of the agency's operational work. The study will not provide a thorough theoretical and analytical perspective on the findings, as this will be addressed further in subsequent studies for MSB.

In dialogue with MSB, a set of framing delimitations were made:

- The overall question whether or not MSB *should increase* its PPC arrangements is beyond the scope of this study. The outlook and recommendations are based on the assumption that PPC is indeed a *modus operandi* that MSB will employ, and that it will increase in scope in the years to come
- The pre-study focuses on a limited, although relevant, set of actors which were selected in cooperation with MSB. The national public agencies selected are the Norwegian Directorate for Civil Protection (*Direktoratet for Samfunnssikkerhet og Beredskap*, DSB), the German Federal Agency for Technical Relief (*Technisches Hilfswerk*, THW) and the UK *Department for International Development* (DFID). In terms of international organizations, the UN organizations the *United Nations High Commissioner for Refugees* (UNHCR), the *World Food Programme* (WFP) and the *United Nations Children's Fund* (UNICEF) were selected.

- The scope of the pre-study is further limited to the activities of MSB financed by Sida, and to PPC primarily with private sector business actors (and less with e.g. civil society organizations)
- The pre-study will not address the specific legal aspects of PPC, as such aspects will be determined by the specific national or organizational context where the actual PPC is applied.

The report draws on existing evaluation material, peer-reviewed documentation, policies and guidelines from national and international humanitarian agencies, private sector documentation, and interviews with key representatives of public and private actors, agencies and organizations. Due to the contemporary character of the focus of the report, access to peer-reviewed material is limited and the reliance on interviews with key respondents is consequently high in the present study. While this approach ensures high validity, it also makes the report vulnerable to interpretation biases and reliability challenges. Triangulation of data has therefore been sought as far as possible.

As indicated in the introduction, there is little consensus regarding terminology and definitions in the area of PPC. In this report, 'PPC' will be used as a general umbrella term, encompassing several concepts in the areas of public-private cooperation, collaboration and partnerships. In order to provide some background to the various approaches to public-private cooperative arrangements, as well as their interdependencies, a separate chapter (chapter 3) addressing terminology is included. Traditional *public procurement* takes the form of one-off contractual arrangements with the private sector through purchase, lease, hire or rental, and is usually the preferred option when goods and services are simple and straight forward. This allows for cost overview and competition among many possible suppliers. PPC is more appropriate when the requirements are more complex, the costs are higher and when the transaction involves a long term interaction. A public actor like MSB needs to be aware of the risk that private sector actors involved in PPC with MSB (or other agencies or public actors) may be given an unfair advantage in subsequent procurement processes. As the report will show, UN agencies therefore tend to separate procurement and PPC processes organizationally to minimize this risk. It is likely that procurement procedures needs to be amended if used also for choosing PPC providers.

3 Public Private Cooperation: What is it and why should MSB get involved?

Two major categories of driving forces for change, one ideological and one economic, have dramatically changed the public procurement landscape in the past three decades. As one of the consequences of *New Public Management* (NPM), i.e. the ideological driving force, *Public Private Cooperation* (PPC) has emerged as an alternative to public provision of goods, services and facilities. The argument here is that the public sector should not compete with the private sector, and should therefore reduce, or perhaps even eliminate, production that could be provided by the private sector.

The other major driving force is economic in nature, and comes in two distinct types; private sector financing and *Value-for-Money* (VfM). In the case of private financing, the argument is that by inviting capital from the private sector, infrastructure projects that would otherwise be delayed, or perhaps even cancelled, can be realized. In the case of VfM, the argument is that the private sector is likely to be able to provide goods, services and/or facilities faster, cheaper and better than the public sector, and should therefore be engaged to a larger extent.

The implementation of manufacturing philosophies, such as “*Just-in-Time*”, “*lean*” and “*Six Sigma*”, in the public sector, has led to a situation where some sectors of society, e.g. the defense sector, have become so slim lined that a third category of driving force for change has emerged: In these sectors, PPC is now *necessary*, because the public sector has downsized to a level where PPC is a prerequisite if goods, services and/or facilities are to be provided at all.

This report addresses PPC from a Swedish (Scandinavian) perspective, with a particular focus on international trends in humanitarian assistance and *Disaster Risk Reduction* (DRR) practice. The term PPC is used since it is a direct translation of the Scandinavian corresponding terms, e.g. the Swedish *Offentlig Privat Samverkan* (OPS), which is not necessarily equivalent to other similar terms, such as the *Public Private Partnership* (PPP) concept used in for instance the UK and by the UN. Quite to the contrary, PPPs can be argued to be a subset of PPC. However, it must be made explicit that definitions of the terms PPC and PPP are in no way uncontested. There is no consensus regarding definitions, and the perspectives between different sectors of society, organizations, countries and cultures vary significantly. Whereas some would argue that PPPs are the same as PPC, others would state that one encompasses the other.

The term PPP originates in the UK, where it succeeded the term “*Private Finance Initiative*” (PFI), which was initially predominantly used for infrastructure projects. Hence, particularly in the UK, some would argue that a

PPP is the same as a PFI, i.e. a way of bringing private financing into infrastructure projects, such as airport terminals, jails, or bridges. Others would argue that the term PPP encompasses all different forms of cooperation between the public and private sectors, i.e. the entire trend of outsourcing in the public sector. Consequently, for the purposes of this report, it is obvious that a selection of perspectives on PPC and PPPs has to be made.

From a Swedish perspective, a definition of PPC of relevance to the study is the ones provided by MSB itself. MSB defines PPC as: “[...] a voluntary, agreed cooperation between public and private actors with the purpose of reinforcing the society’s preparedness for emergencies”⁵.

Another potentially relevant Swedish definition is provided by the Swedish Armed Forces. This is of interest since they have some responsibilities and areas of operations that are similar to MSB’s, and since they started the journey on the route towards increased PPC close to a decade ago. In 2006, based on directives from the Swedish Government, the Swedish Armed Forces established a strategy⁶ for PPC, where PPC is defined as: “different forms of cooperation and partnership between public and private actors regarding services, supplies and facilities. Public Private Cooperation is an umbrella term which encompasses contracting out of services, alternative financing solutions, and partnership solutions, for services, supplies and facilities”⁷.

In this report, and in line with the Swedish Armed Forces’ definition, PPC is considered to be an umbrella term for all different forms of cooperation between the public and the private sectors. Furthermore, PPC is considered to be relevant for all different areas of policy and sectors of society, and not be restricted to infrastructure projects or private financing. PPC can thus be used for the provision of goods, services, as well as facilities. In line with Ekström’s argument (2012, p 117), PPC is considered to fill the space between public provision and outright privatization. Consequently, PPC comprises, e.g., public procurement, outsourcing, contracting out, PPPs, franchising, and concessions. The entire spectrum from public provision to outright privatization can be referred to as *Public Private Participation* (OECD, 2008, p 20). In Figure 1, the relations between Public Private Participation, Cooperation and Partnerships are illustrated.

⁵ Krisberedskapsmyndigheten (Swedish Emergency Management Agency) 2008:8.

⁶ While the strategy has not formally been revoked yet, it should be noted that roles and responsibilities between the Swedish Armed Forces and the Swedish Defence Materiel Administration (Försvarets Materielverk, FMV) are currently undergoing a radical transformation, and that, as of January 1st, 2014, the responsibility for PPC has been transferred from the Swedish Armed Forces to FMV.

⁷ Försvarsmakten (Swedish Armed Forces) 2006a:3

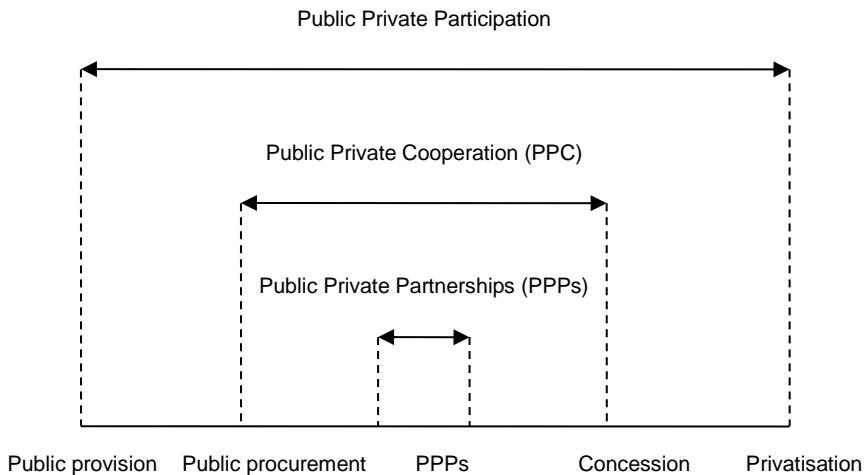


Figure 1: The relations between Public Private Participation, Cooperation and Partnerships.⁸

As described above, from a Scandinavian point of view, PPPs can, in a strict sense, be regarded as a subset of PPC. However, from an international perspective, the use of the term PPC is not particularly common. Furthermore, internationally, the term PPP is often used as an all-embracing term, very similar to the Scandinavian use of the term PPC.

This similarity can be illustrated by a couple of definitions provided by the UN agencies that are of greatest relevance to MSB, i.e. WFP and UNICEF, which use PPP as the term of choice: WFP defines partnership with the private sector as “collaboration by WFP units with businesses, foundations and individuals in joint or coordinated action for the purpose of advancing WFP’s work under its Strategic Objectives. Such action may range from providing resources to enhancing WFP’s capacities.”⁹

UNICEF defines PPPs as “voluntary and collaborative relationships among various parties, both public and non-public, in which all participants agree to work together to achieve a common purpose or undertake a specific task and, as mutually agreed, to share risks, responsibilities, resources and benefits.”¹⁰

The above definitions of PPPs display a striking resemblance with the definition of PPC provided by MSB. It is obvious that these definitions include many

⁸ Ekström 2012:111

⁹ WFP 2013:5

¹⁰ UNICEF: (A/RES/62/211)

different forms of cooperation between the public and private sectors. Consequently, in the remaining chapters of this report, the Scandinavian term PPC is taken to be equivalent to the internationally more used PPP.

MSB has some, albeit still limited, experience from working with the private sector in their aid-financed operations. Today, the Division for Operations has PPC agreements with the organization *Lions* and the company *Ericsson*, but relations with Swedish and international companies are most often in the form of procurement of materials and equipment. Usually MSB is reactive rather than proactive in its interaction with the business sector, not least in times of crisis when offers of in-kind donations dominate.

Why, then, should MSB seek more cooperation with the private sector? For WFP, an actor that has come a long way in terms of moving towards PPC, the potential advantages may include “[...] opportunities to leverage skills, expertise and resources to: build a stronger institution by decreasing response times, improving operational efficiency, strengthening capacity, and sharpening skills; tap into a company’s base of employees and consumers to increase awareness and visibility for a humanitarian cause; and expand its resource base.”¹¹

More generally, public sector entities engage in PPC in order to decrease costs, enhance the quality of services, and reduce risks. However, it is important to keep in mind that in PPC, the public actor remains accountable for the delivery of public goods, services and facilities, since accountability can never be outsourced. The public sector is responsible for providing public goods, services, and facilities, even if a private contractor is engaged in the production. Furthermore, the public sector can only transfer risk to the private sector to a certain extent. Some aspects of technical and financial risk can definitely be transferred, whereas it is highly questionable if operational risk can be transferred at all.

The challenge for the UN system and public agencies like MSB, DSB and DFID is to properly position themselves in relation to private sector actors. How can risks be reduced while at the same time ensuring Value-for-Money (VfM) and that the efforts and time invested in these partnerships is increased, so that ultimately, humanitarian assistance is improved?

¹¹ WFP’s Private-Sector Partnership and Fundraising Strategy (WFP/EB.1/2008/5-B/1):5

4 Partnership Trends

Taking stock of private sector engagement in humanitarian and development work requires that we place this specific aspect within a broader framework of development cooperation. For example, in the present discussion on the post 2015 Millennium Development Goals (MDGs) Agenda, it is clear that previous engagement by the private sector in this process largely has been a disappointment.¹² One should therefore have realistic expectations of private sector contribution to humanitarian action and DRR. At the same time, there is growing support for private sector involvement in the post-2015 agenda,¹³ and there are also increasing expectations that the private sector can make a difference in humanitarian and development work – should the right forms of engagement be developed.

The influence of market forces on development has been a subject of much debate. Following the modernization school paradigm, growth, markets and economic progress was seen as the main driving force for broader development, such as health and education, in the post Second World War context. These economic aspects were also seen as a thrust for institutional development and democracy. This perception was followed by a socialist driven ideology in the late 1960s and 1970s. This time period is also characterized by the liberation from colonialism, and the focus was on the state to deliver development. This period was replaced by another ideological trend in the 1980s: neoliberalism. The focus of the neoliberalist thought was “less state” as opposed to the “more state” character of the socialist ideology. In this new paradigm, market forces and actors were seen as the solution and Structural Adjustment Programmes (SAPs), spearheaded by IMF and the World Bank, dominated aid policies. The lessons learned from this period of neoliberal policies however revealed disappointing results. Up to this point, humanitarian aid as a separate discipline was largely absent.

The 1990s started with the end of the Cold War-era and the rapid democratization that followed in Eastern Europe and Africa (after a similar wave of democratization in Latin America in the 1980s). The period also brought with it a strong focus on champions of democracy and the Non-Governmental Organization (NGO) community in general. This actor-oriented perspective also prompted an increased focus on the private sector, both as a challenge and as an opportunity for development. The UN found itself under pressure from powerful

¹² Vandemoortele 2012.

¹³ See for example documentation from the latest High Level meeting of the post 2015 Agenda meeting in Mexico, <http://effectivecooperation.org/2014/04/17/global-leaders-pledge-new-action-to-boost-development-co-operation-in-mexico/>

member states to invite the private sector to participate in its operations. Adding to this was the increasingly difficult financial situation for the UN which demanded new and innovative ideas for funding and the achievement of results. Multinational corporations welcomed this opportunity for new partnerships and procurement opportunities while themselves being under pressure to improve their social and environmental reputation and to ensure a more positive brand-recognition.¹⁴

Former Secretary-General Kofi Annan took a leadership role in championing United Nations cooperation with the private sector through the establishment of the United Nations Global Compact¹⁵ in 2000 and the United Nations Commission on the Private Sector in July 2003. The UN Global Compact¹⁶ promotes alignment of business action with UN universal principles—and stipulate 10 principles for the business community to adhere to. The 2011 Ruggie Report, outlining the UN Guiding Principles on Business and Human Rights, has in important ways contributed to a clearer and more wide-spread acceptance of CSR in relation to human rights—both in development and humanitarian settings.¹⁷ International law is paramount to CSR, and contains two principal clusters of laws: International Human Rights Law (IHRL) and International Humanitarian Law (IHL). For MSB, and its potential PPC engagements, it is important to observe that while only IHRL apply during peacetime—both IHRL and IHL apply in situations of armed conflict.¹⁸ As MSB's DDR work is likely to increasingly focus on countries in New Deal contexts, IHL may be part of the relevant legal framework.

Researchers and scholars focusing on natural disasters base their studies on a number of different paradigms. Research initially largely revolved around the *hazard paradigm* (in which disasters were seen as geo-physical hazards or acts of God, and where the blame also was put on all aspects of culture relating to development for the creation of disasters). Thereafter, the *vulnerability paradigm* (recognizing that some groups are more vulnerable to the consequences of disasters than others, and that some environments are more resilient) was followed by the paradigm that dominates today's research, namely the *resilience paradigm*. The focus on resilience emerged in the face of a rapid increase in the loss of lives and livelihoods as a result of natural disasters. While there now is an emerging consensus of the close connection between disaster management and

¹⁴ See for example Global Policy Forum 2012: *Public Private Partnerships: How Corporations are Influencing the UN*.

¹⁵ See for example WFP 2008:5.

¹⁶ UN Global Compact, <http://www.unglobalcompact.org>

¹⁷ Hansson 2013:4, Ruggie Report: Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework (2011: A/HRC/17/31)

¹⁸ Hansson 2013:13f - offers a more detailed account of international law in this regard.

development work, this has not always been the case. A shift away from the hazard paradigm did not occur until the 1970s – when the idea of institutional improvements emerged as an important aspect for the management of disasters. This paved the way for both the DRR rationale, and for humanitarian assistance.¹⁹

In contrast to broader development work, “humanitarianism” therefore barely existed as a research discipline until the late 1980s. Many developments have contributed to the sharp rise in scope and importance of humanitarian action, but some are more important than others. Since the 1990s, natural disasters have increased in numbers and also received much more visibility in media and through the proliferation of social media and mobile phones. This has led to an increased will among the general public to assist and contribute, which in turn has led to a growing market and growing opportunities – and incentives – for private actors to take part in humanitarian work. The devastating consequences of the 2004 tsunami in South East Asia, and Thailand in particular, further accelerated this process. Other contributing factors have been the failure to deal with disasters like the Darfur situation in Sudan, and human catastrophes such as the genocide in Rwanda. These failures have prompted calls for improvements and professionalization of humanitarian practices, which in turn has accelerated the growth of the humanitarian community.

Interviews for this study reaffirm today’s strong trend towards closer cooperation, beyond procurement relations, between public and private partners.²⁰ This trend is driven partly by political pressure by governments for more effective and efficient management of funds (much in line with New Public Management ideas)²¹, but also by public and private actors seeking cooperation based on their specific interests and mandates. It is now generally agreed and accepted that the public sector cannot address all humanitarian challenges alone. Business and civil society actors have increased in numbers, importance and scope over the last 20 years. They now realize their growing responsibility in sectors like humanitarian aid, health, infrastructure, environment and manufacturing. The private sector sees the advantages from their side in terms of new market opportunities, improved image by acknowledging *Corporate Social Responsibility* (CSR), innovation opportunities, and also for recruiting and retaining staff.²²

Another trend is that private companies want to work with governments in developing countries and they see cooperation with public actors like MSB,

¹⁹ Manyema 2012.

²⁰ For example interview UNICEF 140213, Ericsson Response 140115.

²¹ See Ekström 2013:37ff for a more detailed account.

²² Interview Ericsson Response 140115, IKEA Foundation 140303, UNHCR 140213.

THW, DFID and DSB – and UN-agencies – as a gateway to such engagements. Having access points to governments is seen as important for improving market opportunities in fragile environments.²³

It is recognized that US companies have been a step ahead of European companies in developing their CSR profiles and making themselves more compatible and attractive for PPC solutions.²⁴ Many European private actors are however catching up fast, including Swedish companies and their humanitarian branches.²⁵ A third group of private sector actors could be loosely described as coming from the Global South, not least represented by companies from South Africa, Brazil and India – for example the *Tata Group*.

The New Deal for engagement in fragile states

The latest policy development relevant for MSB Sida-funded operations is the *New Deal for engagement in fragile states*. Today, 1.5 billion people live in conflict-affected and fragile states. About 70% of fragile states have seen conflict since 1989 and basic governance transformations may take 20-40 years. These numbers add up to a very complex and challenging environment for making a difference in fragile environments. It is estimated that in 2010, 38% of Official Development Assistance (ODA) was spent in fragile states like Afghanistan, Central African Republic, Democratic Republic of Congo, Liberia, Mali, Sierra Leone, Somalia, South Sudan—and the trend is towards more investment of ODA in fragile environments. For MSB, this means that their international, operational work is likely to expand in fragile states—and within the policy framework of the New Deal. For private sector actors, it is attractive to be on the ground in these fragile environments for innovation and market share reasons, but also for exploring opportunities of closer connections and cooperation with governments in these fragile states. It is therefore likely that opportunities for MSB to engage in PPC in these fragile environments will increase.²⁶ What then is the New Deal?

Development cooperation, or ODA, has increasingly been directed to conflict-ridden and fragile states, but with poor results in terms of achieving satisfactory results measured against the Millennium Development Goals. As a complement and reaction to the Aid effectiveness agenda²⁷ under the Paris Declaration and the

²³ Interviews UNICEF 140213, UNHCR 140213.

²⁴ Interview UNHCR 140213.

²⁵ For example Ericsson/Ericsson Response and IKEA/IKEA Foundation.

²⁶ Hansson 2013:9 on the emerging awareness among development actors and the private sector that they increasingly are engaged in the same fragile regions and countries – which also offers new areas for cooperation.

²⁷ OECD 2008: <http://www.oecd.org/dac/effectiveness/34428351.pdf>

Accra Agenda for Action, a group of fragile states (G7, and later G7+ group as more countries joined) initiated a process in 2008 aimed at fundamentally changing the way the international development community engage in these states. The foundation of the engagement policy is five peacebuilding and state building goals (PSGs). These PSGs are combined with nationally owned and led processes and development plans – and donor alignment according to these plans and processes. The five generic PSGs are: Legitimate politics, Security, Justice, Economic Foundations, and Revenues & Services.

Today, MSB's work on DRR and early recovery is increasingly taking place in countries that either are in the process of establishing a New Deal framework (country Compact), or already are working according to this framework. As a comparison, DFID's work²⁸ in areas of fragility and instability will be guided by the New Deal framework. Presenting result proposals within the New Deal framework and Sweden's country result strategies is both an opportunity and a challenge for MSB.

²⁸ DFID, June 2012:2

5 How to do it: Cooperation and partnerships

This study focuses on the activities of MSB that are financed by Sida. In the year 2013, the Sida-funded contribution amounted to 139 million Swedish crowns (MSEK), which comes directly from Sida's humanitarian assistance budget.²⁹ Sida's support to MSB has recently been evaluated in detail³⁰ and the present study will therefore focus on future challenges.

Today, 80% of the funding received from Sida goes directly towards MSB's operational capability *to carry out aid work in humanitarian assistance, early recovery, mine action and civil conflict management*, while the remaining 20% is directed towards the capability *to implement aid projects in disaster risk reduction*. In the new Sida guidelines for its support to MSB (forthcoming 2014) it is envisaged that the distribution of the funding will remain the same. Sida and MSB have cooperated in the development of a joint management response to the 2012 evaluation and key areas for improvement of future MSB support operations include:³¹

1. MSB must be more strategic and clear on how its operations complement other Swedish humanitarian support to national and international NGOs, UN-agencies and UN-managed pooled funding (to avoid double payment/dipping).
2. Better informed contribution by MSB through improved coordination with UN-agencies, but also coordination with direct support from Sida to UN-agencies so that overlapping Swedish funding can be avoided (overlapping funding from Sida and MSB to same UN-agencies ("double dipping")).
3. More co-financed operations with UN-agencies.
4. Improved resilience of operations.

The 2012 evaluation identified many instances where cooperation with private sector actors could have contributed towards improved results, but provided little practical guidance for how this should be achieved.³²

²⁹ In 2011, the Sida funding to MSB constituted 5% of the total humanitarian aid allocation, the other recipients being NGOs 25%, ICRC 25% and UN, WB and IOM making up the remaining 45%.

³⁰ Baker, Jock et al. 2012, also Mowje and Randel 2010 for an evaluation of Sida's total humanitarian assistance.

³¹ Interview Sida 140121.

³² See for example Baker et al 2012: 28, 40, 45 and 76.

5.1 National Agencies

Among the national agencies selected for this study, the level of engagement with private sector actors differ. The general impression is that DSB and specifically DFID are actively seeking to advance their cooperation with the private sector, while the THW experiences less external pressure to establish PPC – and, as a result, has very limited engagement (beyond a well-established cooperation with E.ON, see below).

The differences are also indicated by the varying degrees of documented policies for PPC-arrangements in these organizations. Neither DSB nor THW have developed specific principles, guidelines or handbooks for how to work with the private sector. DFID has since 2011 engaged more concretely with these issues, initiated through the *Humanitarian Emergency Response Review*, but more detailed policies have yet to be developed. Within MSB, little specific policy work on PPC in international humanitarian assistance and DRR exists, though there are some documents addressing PPC, albeit from a national, Swedish perspective.

In comparison, UN-agencies have worked actively on PPC since the year 2000 and they are in many respects leading the development – as will be discussed later in this chapter.

5.1.1 Sweden: MSB

MSB has procedures in place and experience of procurement from the private sector, but limited experience of agreements that can be classified as PPC in humanitarian assistance and DRR. At present, one example is the PPC with the organization *Lions*, where *Lions* donates tents that MSB store in preparation for international actions.³³ This 2012 PPC agreement builds on a previous agreement from 2009. The time estimated for the completion of the cooperation agreement was therefore shorter and amounted to approximately two working months. Typically, the agreement was worked out by the Operations Section, with support from the legal and economy divisions. According to staff at MSB, this is a well-functioning cooperation that provides MSB with the opportunity to react quickly and supply tents in humanitarian surge moments.³⁴

The agreement between MSB and *Lions* regulates and provides a code of conduct for *Lions* representatives that are assigned from the organization to MSB and MSB's personnel pool (these staff representatives from *Lions* also undergo training through MSB) to take part in actions where the tents are used. However,

³³ MSB. 2012. *Avtal om samarbete mellan Myndigheten för samhällsskydd och beredskap och Lions Clubs International MD 101 Sverige*. Diariennr. 2011-5042. Also interview MSB 140324.

³⁴ Interviews MSB 131115, 131121 and 140324.

there is no mentioning in the agreement that *Lions* needs to ensure that the procurement and production of the tents (believed to be produced in China) follow international CSR standards, or other codes of conducts. It is therefore, in terms of the formal agreement, unclear to which extent *Lions* are ensuring that they uphold such standards in their procurement of the tents.

In cases like this, MSB needs to ensure that accountability is upheld throughout the entire process. A proper due diligence process is an important step towards ensuring that MSB's partners are both credible and accountable in a general sense, but also that proper CSR and other standards are secured throughout the supplier chain.

MSB and Humanitarian and Peace Support Operations

To a large extent, the empirical material in this study relate directly to the operational mandate of MSB's team working on Humanitarian and Peace Support Operations (PSOs). This team within the *Operations Section* is well established at MSB, and its staff has extensive experience from working with humanitarian assistance. The parallels are clear to the work carried out by UN agencies like UNHCR and WFP.

One identified challenge is how to move away from *ad hoc* solutions during crises and surge moments where MSB often approached by companies with offers for in-kind and cash donations. Developing more stand-by cooperation and partnerships with the private sector could be a part of the new strategic approach by MSB, and the existing cooperation with *Lions* on the supply of tents is one model that could be scaled up – although some improvements of the existing cooperation and partnerships should be included as indicated above.

It is also recognized within MSB that cooperation initiatives tend to end up at different Departments and Divisions (often at the operational units rather than administrative or support functions) within the agency, making it difficult to accumulate knowledge and experience over time.³⁵ As MSB increases its partnership and broader cooperation with the private sector (and NGOs) this institutional capacity needs to be ensured within MSB, indicating that PPC issues have a clear organizational location (such as some form of a private sector line unit), within MSB.

MSB needs to be more strategic and proactive in its dealing with the private sector. Matching core operational objectives to skills and resources in the private sector is a challenge that requires new skills among the staff at MSB, and most likely also organizational changes, e.g. specialized units, within the agency.

³⁵ Interview MSB 140324a

A more serious concern for this team at the *Operations Section* is the overlap or “double dipping” between MSB and primarily UN agencies. This challenge was identified in the recent evaluation of MSB by Sida, and it was also articulated in the new guidelines formulated by Sida for its financial contribution to MSB. Improved coordination with other bilateral agencies on the engagement with the UN actors in the field should be a priority. The *International Humanitarian Partnership* (IHP) is a key forum for achieving this, but MSB should also explore a closer engagement with other coordination arrangements, such as e.g. NOREPS (see elaboration below 5.1.2), in striving for complementary rather than overlapping activities.

Opportunities within DRR and early recovery

MSB’s *DRR and Early Recovery* work is carried out by staff with experience from relief and aid work rather than humanitarian assistance. While this team of the *Operations Section* is in a more formative stage than their colleagues working on Humanitarian and Peace Support Operations, there are emerging best practices on which future work can be based. The recent evaluation of Sida’s funding of MSB makes a strong case for building on the experiences from MSB’s work in Mozambique,³⁶ and this observation is seconded by Sida.³⁷ The 2012 evaluation however also notes that even in the successful case of MSB’s work in Mozambique, PPC engagement could be one way of further improving the support.³⁸ MSB’s work on DRR and early recovery can also benefit from the *New Deal* framework. Many of the countries where MSB is involved, or could potentially be engaged with in the near future, will apply this new framework. If MSB manages to incorporate the framework early on, the team at the *Operations Section* may be well placed to play an important role in building resilience in fragile environments. Private actors find these emerging environments interesting for market and innovation purposes, and MSB may therefore find PPC to be an increasingly viable strategy for their work on DRR and early recovery.

The capacity of this team at MSB is at present higher than that of the ongoing programs, partly due to difficulties in finding financing.³⁹ MSB’s current, Sida-funded efforts in DRR include programs in Mozambique, Bangladesh and Liberia. It is important to note that in none of these ongoing programs is PPC engagement present.⁴⁰ Liberia is a country now following a national Compact based on the New Deal-initiative, and could be a useful case-study for MSB to build relevant experience. MSB needs to develop a strategy for attracting

³⁶ Baker, Jock et al. 2012.

³⁷ Interview Sida

³⁸ Baker, Jock et al. 2012.

³⁹ Interview MSB 131206.

⁴⁰ Interview MSB 140110.

development cooperation funding within the New Deal framework. This involves securing sufficient competence to engage with relevant strategy processes in Swedish development aid (i.e. the *results strategies*) at country level. Should funding become available through this channel, then this section of MSB has the potential to expand its activities quickly. It is however necessary for MSB to invest in the required resources to engage fully with the New Deal initiative and the results strategy processes. Coordination is also necessary between the Ministry of Defence and MSB—and the Folke Bernadotte Academy (FBA) under the Swedish Ministry of Foreign Affairs, as there are overlapping mandates with regard to the New Deal framework.

5.1.2 Norway: DSB and NOREPS

DSB and its international humanitarian related work is entirely financed by the Norwegian Ministry of Foreign Affairs. DSB represents Norway in the civil protection sector in international cooperation bodies, and provides international assistance during catastrophes. DSB contributes by providing experts to the EU, UN or NATO when these actors are engaged in civil crisis management and response, and it is the national point of contact for these organizations when Norwegian assistance is requested.⁴¹

DSB is the Norwegian point of contact for the UN's work on prevention of natural disasters, and it participates in bilateral cooperation to prevent humanitarian disasters in cooperation with the Ministry of Foreign Affairs. DSB cooperates with the Ministry of Foreign Affairs in order to maintain constant preparedness for humanitarian efforts, primarily under the auspices of the UN, and much of the work is directed through the International Humanitarian Partnership (IHP). DSB has stand-by agreements with WFP and UNHCR, as well as with the UN's *Office for the Coordination of Humanitarian Affairs* (OCHA) through the IHP. DSB welcomes increased Nordic cooperation in recent years (now also including Estonia), and acknowledges that MSB – not least due to the size of its operations which roughly equals all other Nordic partners combined – has a key role to play in the development of Nordic solutions for humanitarian assistance.⁴²

There has been increased political pressure in recent years for the establishment of more PPC. It is therefore interesting to note that DSB has no existing policies, principles or handbooks for how to work with PPC. What exists for PPC-solutions are recently established requirements for framework agreements between DSB and private actors, and a competitive procurement process between the parties with whom DSB has such framework agreements. The framework

⁴¹ The Norwegian Directorate for Civil Protection (DSB). 2012.

⁴² Interview DSB: 140110

agreements run for 4 years. Existing partnerships include the companies *ROFI* for tents, and *Ansur Technologies* which provides map- and communications solutions. The motive for DSB's PPC is primarily improvement of their products that are used in crises situations, such as tents.⁴³ This means that service solutions or access to expertise potentially available through PPC has not been explored so far by DSB.

DSB's work exists primarily in the equivalent field to MSB's operational capability to conduct humanitarian assistance, early recovery, mine action and civilian conflict management. DSB's DRR work has only really been undertaken in Cuba where DSB has assisted in establishing a national center for disaster prevention.⁴⁴

Norwegian Emergency Preparedness System (NOREPS)

The *Norwegian Emergency Preparedness System* (NOREPS) was initiated in 1991 by Jan Egeland, who brought extensive experience from work as e.g. Head of OCHA. NOREPS has a yearly budget of about 30 million NOK, divided between support to UN agencies and DSB, but also Norwegian NGOs and about 30 private sector actors. Much like MSB, the most important UN partners are WFP and UNHCR, but cooperation also exists with UNICEF, the *World Health Organization* (WHO) and the *United Nation's Office for Project Services* (UNOPS).

NOREPS is managed by *Innovation Norway* which was established in 2004 through a merger of several government agencies. It has 750 staff and a budget of 7 billion NOK per year. The organization includes 53 offices internationally, often hosted by Norwegian Embassies. The main mandate of Innovation Norway is to promote Norwegian business and employment opportunities.⁴⁵ In this regard, Innovation Norway is comparable to *Business Sweden* (the Swedish Trade and Invest Council).

There are three pillars of NOREPS – personnel, supplies and service packages – and many of the initiatives under these pillars take place within the framework of the IHP. The sectors include sustainable energy, water and sanitation, logistics, health care, and supplies such as tents. The incentives for private sector actors to engage with NOREPS are primarily revolving around access to counseling and advisory services, market innovation opportunities, and access to new,

⁴³ Interview DSB: 140110

⁴⁴ Interview DSB: 140110

⁴⁵ Interview Innovation Norway: 140310.

international networks. When engaging with NOREPS, there are no explicit demands on Norwegian companies to adhere to CSR requirements.⁴⁶

At present, DSB could make greater use of NOREPS, who are increasingly engaged by UN agencies. The support to UN agencies is unrestricted; there are no demands for procurement from or for wider cooperation with Norwegian actors, but Norwegian members of NOREPS receive invitations to UN tender-processes. NOREPS therefore has a facilitating role but there is no procurement process which involves NOREPS directly. It is by conscious decision that NOREPS is separate from DSB in order to not confuse roles. For innovation purposes, NOREPS engages with research actors such as the Norwegian Defence Research Establishment (*Forsvarets Forskningsinstitutt*, FFI) and Norwegian universities. This has proven to be a successful strategy that will be developed further.⁴⁷

5.1.3 The United Kingdom: DFID

In pursuit of VfM, UK humanitarian assistance was recently reviewed in search of faster and more effective response mechanisms.⁴⁸ The ensuing report; the March 2011 *Humanitarian, Emergency Response Review* (HERR)⁴⁹, and the June 2011 Government Response⁵⁰, are the most important documents in recent years for articulating the expansion of the private sector in the field of humanitarian action. At present, however, no specific policies or guidelines for PPC exist beyond standard CSR requirements for private actors involved in procurement and partnership engagement with DFID.⁵¹

Initially, the understanding of humanitarian action among private sector actors needed to be improved, as much of the previous private sector experience originated from the defense industry. In 2012 the government set up the Rapid Response Facility (RRF)⁵² for NGO partners, but this facility does not include the private sector. An outreach drive was instead launched for attracting the private sector, which resulted in about 20 framework agreements. There is now a

⁴⁶ Interview Innovation Norway: 140310.

⁴⁷ Interview Innovation Norway: 1400310.

⁴⁸ DFID June 2012.

⁴⁹ Humanitarian Emergency Response Review. March 2011.

⁵⁰ DFID June 2011.

⁵¹ Interview DFID/CA 140115.

⁵² DFID: *The RRF enables DFID to commit to rapid humanitarian funding for pre-qualified partners. This will be done in the first 72 hours following a rapid onset disaster, spike in a chronic humanitarian emergency, or other disasters as deemed necessary. It enables DFID to work with partners that have a proven record of response. It also ensures, through a pre-qualification process, that partners provide high quality results and deliver Value-for-Money (VfM) for UK tax payers and people affected by disasters. Partners who are judged to have performed badly will be removed from the RRF.*

tender process in place that has resulted in the use of these framework agreements and thereby also competition and development of a greater understanding of humanitarian work among framework partners.⁵³ For improving PPC, public actors should look more at partnerships with NGOs. The RRF could be such a model for private sector cooperation.⁵⁴

Another DFID approach for engagement with the NGO-sector is the *Humanitarian Accountability Partnership* (HAP) Standard which could possibly also be applied to private sector partners – although this has not yet been tried in the UK. In short, The HAP Standard is a practical and measurable quality assurance tool that represents a broad consensus of what matters most in humanitarian action. The Standard helps organizations design, implement, assess, improve and recognize accountable programs. By comparing an organization's processes, policies and products to the Standard's six benchmarks, it is possible to measure how well the organization assures accountability and quality in its humanitarian work. Organizations that comply with the Standard:⁵⁵

- declare their commitment to HAP's Principles of Accountability and to their own Humanitarian Accountability Framework (a set of definitions, procedures and standards that specify how an agency will ensure accountability to its stakeholders);
- develop and implement a Humanitarian Quality Management System;
- provide key information about quality management to key stakeholders;
- enable beneficiaries and their representatives to participate in programme decisions and give their informed consent;
- determine the competencies and development needs of staff;
- establish and implement a complaints-handling procedure;
- establish a process of continual improvement.

Within DFID, it is the *Conflict, Humanitarian and Security Department* (CHASE) that deliver much of the humanitarian assistance that is carried out by MSB in Sweden. CHASE collaborates closely with other UK Government Departments, particularly the Ministry of Defence (MOD), Foreign and Commonwealth Office (FCO), and the Ministry of Justice and Home Office. DFID has in-house technical skills in for example humanitarian assistance and disaster resilience. What separates DFID from its Swedish equivalent Sida is that an Operations team, contracted through *Crows Agents* (CA), is embedded within CHASE . The OT provides support for the UK response to rapid onset

⁵³ Interview DFID/CA 140115.

⁵⁴ Interview CHASE OT 140214.

⁵⁵ HAP Standard 2010: <http://www.hapinternational.org/what-we-do/hap-standard.aspx>

emergencies.⁵⁶ This PPC is substantial as the CHASE OT comprises over 70 full time CA staff, located inside the DFID offices in London. Crown Agents are also on call 24/7 to respond urgently to other humanitarian needs in procurement, quality assurance and inspection and air charter.⁵⁷

The DFID-CA engagement constitutes a PPC arrangement in itself – with CHASE OT carrying out many of the same tasks for which MSB receives Sida-funding. The DFID’s response unit has contracted out procurement and management of PPC to Crown Agents. CA has been an integral part of DFID for a long time; CA sits in the same building and is therefore well familiar and integrated with DFID policy frameworks. The CA also performs due diligence reviews and audits in the field. DFID’s Private Sector Department is responsible for higher level policy.⁵⁸

New DFID programs with the private sector include *Business in the community* (matching NGO demands with private sector supplies), and *Disaster and emergencies preparedness program*. DFID is also increasingly using the private sector for mapping risks globally. This includes cooperation with the global risk and strategic consulting firm *Maplecroft*, which provides quarterly reports that track development in countries at risk for DFID. Overall, cooperation with private companies is considered to be more labor intensive than engagement with the NGO-sector – with CA as an exception to this rule due to the long-term engagement between DFID and CA.⁵⁹

5.1.4 Germany: THW

Today, the Agency for Technical Relief (*Technisches Hilfswerk*, THW) has no internally developed principles, guidelines or handbooks on PPC. The agency is not experiencing an articulated demand from the government to seek increased cooperation with the business sector, and there are no ongoing initiatives within THW to expand such cooperation. In fact, THW is reluctant to work with the private sector in disaster and humanitarian action as they have considered the risks associated with less direct control over actions to be too high. Instead, the THW has focused its cooperation on standby agreements with UNHCR and WFP – and will shortly also have a stand-by agreement with UNICEF.

One substantial PPC exists, with E.ON, that is well documented and recognized as a model for possible future PPC. The cooperation covers three main areas.⁶⁰ The rapidly growing demand for emergency energy is a key function in

⁵⁶ DFID June 2012.

⁵⁷ Interview DFID/CA 140115 ,also Crown Agents: "Our work with the UK Government" (<http://www.crownagents.com/about-us/our-clients/uk-government>)

⁵⁸ Interview DFID/CA 140115.

⁵⁹ Interview DFID/CA 140115.

⁶⁰ Interview THW 140120.

international humanitarian relief. Within the agreed PPC, *energy experts* from E.ON Group are already active in the organization, and vital for THW's future pool of experts. These experts can be used in disaster areas as consultants for exploring damage to the infrastructure of electricity, and for evaluation and monitoring of rehabilitation and reconstruction needs. E.ON has declined compensation for loss of income for the necessary training through THW and during deployments – which the company sees as adding value for its own staff.

Another focus area is the *development of efficient energy* solutions. E.ON *Energy Research Center* is technically integrated with THW's actions and will develop solutions for climate neutral and flexible supply of power in crisis areas. A first study on this is already underway.

In addition, E.ON helps the younger staff in THW to *build skills and expertise*. Given the demographic change with an ageing population, a change away from voluntary work and the abolition of conscription in Germany, the THW needs to find new paths for recruiting younger staff. Many E.ON employees and staff are already committed volunteers in civil defense and civil protection and therefore serve as a potential recruitment base for the THW.

5.2 UN Agencies

As briefly discussed in Chapter 4, a number of factors contributed in the late 1990s to an increased PPC engagement by the UN system; the NPM ideology, influence from powerful member states, a precarious financial situation for the UN, coupled with an increased interest from the private sector to improve corporate images but also for seeking new procurement, market and partnership solutions. These factors have contributed to the proliferation of PPC engagement by the UN agencies over the last 15 years.

As seen in the discussion on National Agencies above, there are few examples of explicit PPC principles, guidelines or handbooks developed with a focus on international humanitarian assistance, DRR and PSOs. On the UN side, the selection of documents below indicate the extent to which UN agencies can provide input for MSB for their exploration of PPC opportunities (see 7.2 Web resources for links to documents).

The following UN general resources are relevant for MSB:⁶¹

- UN Global Compact (2000: promote alignment of business action with UN universal principles, 10 principles for business)

⁶¹ See 7.2 for a more extensive list including also UN-agency specific documentation, and web links to the documents.

- Guiding Principles for Public-Private Collaboration for Humanitarian Action (2007: UN and World Economic Forum)
- Towards global partnerships (Dec. 2005: UN General Assembly Resolution A/RES/60/215)
- Public-private partnerships (2008, ILO: GB.301/TC/1)
- Protect, Respect and Remedy: A Framework for Business and Human Rights , (UN, A/HRC/8/5, 7 April 2008)
- Ruggie Report: Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework (2011: A/HRC/17/31)

Following on the principles above, the UN system has also developed a number of guidelines and handbooks for pursuing PPC.

- Implementing the UN Global Compact: A Booklet for Inspiration (2005: *United Nations Development Programme* (UNDP), *Danish International Development Agency* (DANIDA))
- Guidebook on Promoting Good Governance in Public-Private Partnerships (2008)
- Guidelines on Cooperation between the United Nations and the Business Sector (Nov 2009)
- The Global Compact: An organizational innovation to realize UN Principles (2011)
- UN-Business Partnerships: A Handbook (2013: UN: Global Compact)

What, then, are some of the lessons learned so far from UN PPC?

5.2.1 The World Food Program (WFP)

The first World Food Program private sector strategy was published 10 years ago, and the second phase in WFP’s PPC engagement is now in process based on the WFP’s 2012 *Private Sector Partnership and Fundraising Strategy: An Evaluation*, the new *Private-Sector Partnership and Fundraising Strategy (2013–2017)*, and the forthcoming tools for monitoring and evaluation of PPC in 2014.⁶² The basis for WFP’s approach to PPC is to acknowledge the expertise in the private sector, for seeking mutual relevance among the partners and to be very specific in the set-up of PPC.

⁶² WFP interviews 140210 and 140114, also WFP 2013.

PPC is an important part of WFP's future and this form of engagement is increasing. In the last 5 years, private companies have also developed a better understanding of how to interact with the WFP, and the Davos World Economic Forum is an important meeting place in this regard. The *Private Partnership Europe Department* at WFP has about 40 full time staff, including representation at country offices but excluding relevant staff at the legal and communications departments. Due diligence for PPC, for example, is handled by the Legal Department, separately from the Private Partnership Department, in order to prevent conflicts of interest in WFP's private sector partnerships division.⁶³

According to WFP, partnerships with the private sector are generally more time consuming to initiate compared to the NGO sector, with 12-18 months being a realistic timeframe for establishing a partnership. When careful matching of WFP and private sector actors' motives and core competencies is carried out, branding issues usually work without misuse, new markets are made available for the private sector and provide innovation opportunities for both parties, and retention and employment opportunities usually follows. These issues – branding, communication, innovation etc. – should be regulated in the contract, and owned by the companies. UN agencies cannot claim property rights or own innovations, but this is possible for public actors like DFID and MSB.⁶⁴

The most productive PPC for WFP are usually engagement with bigger actors like the companies *Unilever* and *Vodafone* – and also with *Ericsson Response* (ER) through the Emergency Telecommunications Cluster (ETC) (see more on the ETC below). The partnership with is ER regulated through a 5-year framework agreement.⁶⁵ Another PPC solution for WFP is the so called *Logistics Emergency Teams* (LET) with major logistics companies such as *United Parcel Services Inc.* (UPS), *Thomas Nationwide Transport* (TNT), and *Agility*.⁶⁶

Important steps in the PPC process identified by WFP are:⁶⁷

- Due diligence (now in the process of being moved to Legal Department and thereby separated from the Private Sector Partnership Division to avoid conflict of interest)
- MoU (provisions for logos, branding, and intellectual property rights etc.)

⁶³ WFP interview 140210 and 140114, WFP Executive Board, Annual Session, 3-6 June 2013. <http://italien.um.dk/da/~media/Italien/Documents/wfpjuni4.pdf>, retrieved 140220. Also WFP 2012:19.

⁶⁴ WFP interview 140210.

⁶⁵ *FRAMEWORK AGREEMENT relating to The Provision of Information Technology Services between UNITED NATIONS WORLD FOOD PROGRAMME and ERICSSON AB*, June 2011.

⁶⁶ WFP interview 140114.

⁶⁷ WFP interview 140114

- Letter of understanding (regulation of staff-contribution to WFP, e.g. from emergeny.lu and Ericsson Response, and including relevant codes of conduct)
- Framework agreements
- Monitoring and follow-up: results, reporting, and evaluation.

WFP has Long Term Agreements (LTAs) that run for 1-2 years with an agreed fixed price for material or services. Today there are around 20 LTAs.⁶⁸

Determining the value of in-kind donations is important but also difficult. The valuation matters for reporting and financial statement purposes, but also for PPC, where in-kind donations and estimated value of goods may be part of the broader partnership engagement. The WFP makes use of the International Public Sector Accounting Standards (IPSAS)⁶⁹ that provides a system for assessing value of goods that includes all costs (such as transport, customs etc.) and therefore is a market value check.⁷⁰ WFP is the first United Nations agency to implement IPSAS. In its 2008 financial statements, WFP adopted all standards issued by the IPSAS Board.⁷¹ MSB staff has in interviews expressed concern over how in-kind donations are to be valued, but also that such contributions are time-consuming and cumbersome to deal with during crises.

Given the long track-record of WFP PPC engagement, the recent evaluation of the Private-Sector Partnership and Fundraising Strategy provide some relevant conclusions and recommendations. The evaluation specifies areas that WFP should strengthen:⁷²

- establishing clearer objectives and direction for corporate partnerships that are mutually beneficial to WFP and the companies involved;
- recognizing that WFP can play a role in mobilizing the private sector to contribute to achieving WFP's broader objectives in humanitarian assistance and development;
- prioritizing areas for partnership based on their potential for addressing WFP's Strategic Objectives;
- defining the scope and limits of partnerships with private corporations in terms of WFP objectives and activities.

The evaluation also concludes that the areas where the private sector has specific comparative advantage is specialist areas of technical expertise and for provision

⁶⁸ WFP interview 140114.

⁶⁹ <http://www.ifac.org/public-sector>.

⁷⁰ WFP interview 140114.

⁷¹ Wikipedia: International Public Sector Accounting Standards (IPSAS). Retrieved 140415.

⁷² WFP 2012:13f.

of technology. In addition, business actors were found to sometimes have facilities, access and presence on the ground in emergency and humanitarian settings⁷³, which provide better reach and local knowledge. These findings underscore the importance for clear objectives and mutual beneficiary PPC, which address the core, strategic objectives of the agency. It is unlikely that this can be achieved without a deliberate agency strategy for PPC, and that proactive engagement from the public actor is necessary for establishing PPC that lives up to these criteria.

The evaluation goes on to specify that strategy development needs to continue at both a comprehensive and sub-sector level.⁷⁴ There is need for a *comprehensive strategy* for how PPC can contribute to WFP's objectives and mandate. The comprehensive strategy should define the concepts, benefits and limits of partnership and recognize that WFP will need to devote resources to partnerships to realize their full potential. There is also need for *sub-strategies* covering resource mobilization (less relevant for MSB in terms of donations) and partnership with all non-governmental sources, including private corporations, independent foundations and the general public.⁷⁵ As a UN agency having worked on PPC engagement for many years, this consideration clearly signals the need to engage in strategy development specifically targeting PPC, but that this sector-strategy needs to be placed within an overall strategic approach.

Communication with non-state actors should be strengthened by formal mechanisms.⁷⁶ The International Humanitarian Partnership (IHP) is one such important coordination body. Another example is the Emergency Telecom Cluster (ETC) with WFP as the chair and where Ericsson Response is part of the network.⁷⁷

5.2.2 UNHCR and UNICEF

Besides WFP, UNHCR and UNICEF are the two UN agencies with the greatest relevance for MSB in terms of mandate and operations.⁷⁸

UNHCR and UNICEF agree on many lessons from PPC engagement that also are corroborated by the analysis of WFP in this report. While it is recognized that PPC engagement is likely to become increasingly important in the years to come, it is also recognized that PPC engagement more labor intensive than similar engagement with the NGO-sector. Setting up a PPC engagement usually takes 12 to 18 months, and UN agencies need to be more proactive in this process to

⁷³ WFP 2012:14.

⁷⁴ WFP 2012:15.

⁷⁵ WFP 2012:15.

⁷⁶ WFP 2012:17.

⁷⁷ Interview WFP 140114.

⁷⁸ Interviews MSB 131121, 131206, 140110.

ensure that their core objectives are covered by the PPC. Typically, companies know what they want from the start, while public actors need to elaborate and clarify their priorities and objectives and seek out overlapping areas of interest. It should be recognized that the private sector is driven by business interests and that risks associated with this need to be carefully managed. To do so involves having a clear purpose for and definition of the PPC from the start, and careful vetting and due diligence processes are very important. It is also very important to have staff with experience from working directly with the private sector. Organizationally, a private sector support unit or similar needs to be separated from the operational units.⁷⁹

According to UNICEF, communication is another challenge in PPC engagements. With the widespread use of social media such as twitter, blogs, Facebook etc., efforts to control the *information disseminated through these channels* (rather than trying to regulate the media channels used) is key. Working closely with the UN-agencies' own communication departments is important as it is possible to regulate the information disseminated through UN channels, but not the use of media channels. There are also problems with endorsement associated with messaging. UN-agencies do not endorse and it should be clear that the right to use a UN logotype in a certain context does not mean that UNICEF in any way endorses products of business actors.⁸⁰

In terms of successful PPC, UNHCR mentions the emergency communications provider *emergency.lu* and the company IKEA's charity branch *IKEA Foundation*.⁸¹ Emergency.lu provides solutions related to information and communications technology, and is now a stand-by partner to UNHCR, with a Letter of Understanding defining the responsibility of partners. Solutions involve two mobile applications for how to plan a refugee camp and for GPS capacity.⁸²

The PPC with IKEA Foundation (IKEA Foundation is also the single largest donator to UNHCR with donations amounting to 120 MUS\$ per year) involves the provision of shelter, which is still at testing stages of development. IKEA also offers valuable knowledge of packaging that benefits UNHCR.⁸³ Innovation and skill-sharing is an important aspect of PPC engagement for UNHCR. UNHCR is also managing the *UN Field Innovation Cooperation Network*, consisting of nine UN agencies working together on innovation in humanitarian assistance solutions.⁸⁴

⁷⁹ Interviews UNHCR and UNICEF 131213, 140213.

⁸⁰ Interviews UNHCR and UNICEF 140212.

⁸¹ UNHCR 2012. Also interviews with UNHCR 131213 and 140212.

⁸² Interview UNHCR 131213.

⁸³ Interview UNHCR 131213.

⁸⁴ Interviews UNHCR 131213, 140212. The network includes UNHCR, UNICEF, WFP, OCHA, UN WOMEN, UNDP, UNIDU, UNFPA and Global Pulse.

Private companies increasingly see advantages of working with governments in developing countries. Close cooperation with governments are seen as providing in-roads to development programs and emerging markets. PPC engagement therefore becomes important as it provides opportunities for private actors to make use of UN agencies' relations, e.g. UNICEF's, to these governments.⁸⁵ This is a concern for the UN system and should be taken into consideration by other public actors seeking to advance PPC engagement.

The time periods of PPC engagements are usually 3-5 years for UNICEF. It is very important to have a communications plan for the PPC engagement, and regular meetings with the corporate partner. Ultimately, according to UNICEF representatives, the public partner should be prepared to walk away from PPCs that do not live up to contracts or expectations.⁸⁶

5.3 Some Private Sector Experiences

According to some observers, there is a shift towards a more critical approach to PPC among both public and private actors, and there is recognition that partnerships are highly contextual. The Davos World Economic Forum remains an important meeting place for discussing PPC engagement as well as for the inclusion of the private sector in the post-2015 agenda.⁸⁷

There are different rationales for public and private actors within a PPC arrangement. The key motivational factors for the private sector are access to new markets (and access to governments in developing countries is a key factor here), reputation and branding ("we stayed, we helped, throughout the hard times"), innovation opportunities, and generating profit. On the last aspect it may vary considerably depending on the business sector, where private actors with a focus on consumer goods have a specific interest in new markets.⁸⁸

The latest *Global Corporate Sustainability Report* from 2013 (surveying nearly 2000 companies from more than 100 countries) concludes that there still is a big gap between what companies say and what they do. The most significant factor for determining the sustainability performance and adherence to UN Global Compact principles is *size*, with larger companies being more likely to move from commitment to action. The supply chain is regarded as the main obstacle to improved CSR performance. Overall, the report finds that 70 per cent of the companies surveyed are advancing UN goals and issues, and that momentum is

⁸⁵ Interview UNICEF 140213.

⁸⁶ Interview UNICEF 140213.

⁸⁷ Interview Geneva Peacebuilding Platform 140212.

⁸⁸ Interview Geneva Peacebuilding Platform 140212.

building as companies look for ways to align actions with global development priorities.⁸⁹

The present study has not allowed time for more in-depth empirical or analytical work on how Swedish or Scandinavian companies perform in humanitarian and fragile environments. Recent studies indicate that private actors struggle to properly integrate human rights laws and considerations into their operations in conflict-prone countries and contexts.⁹⁰ MSB needs to be conscious of the risks involved when establishing PPC in these environments, and allow time and resources for rigorous vetting and due diligence procedures before engaging with the private sector.

With these observations in fresh memory, how do some private actors look at their PPC engagement in humanitarian assistance and development work?

5.3.1 Ericsson Response (ER)

Ericsson's involvement in humanitarian action began in 2000 as a response to the earthquake in Afghanistan, and an expressed willingness among Ericsson's staff to provide help and assistance to Afghanistan. This was supported by Ericsson's management and a container with equipment was packed and transported to Kabul. The Swedish communications company *Telia* joined the initiative which enabled Ericsson to establish not only a local network, but also a network with access to the outside world. The response was overwhelming from aid organizations. Since then, this type of operations has been institutionalized in the form of *Ericsson Response* (ER) which now has two full-time employees and about 140 volunteers. When ER goes out on missions they are still employed and paid by Ericsson, but associated to organizations like the WFP, usually via a stand-by agreement. ER never goes out alone.⁹¹

ER has standby PPC arrangements with OCHA, MSB, WFP and UNICEF, and ongoing discussions with *Save the Children* and the *International Federation of the Red Cross and Red Crescent Societies* (IFRC). ER is also a member of the Emergency Telecommunications Cluster ETC where WFP is the chair organization. UN agencies have previously approached PPC with detailed contracts and agreement formats, according to ER, but are now more problem- and solutions-oriented, with a shift from contract-oriented to more of a real partnership engagement.⁹² In 2012, ER worked with the ETC partners – *emergency.lu* and the WFP – to provide communications solutions to relief workers in the Republic of South Sudan. The combined ETC solution provided

⁸⁹United Nations, Global Compact 2013: *Global Corporate Sustainability Report 2013*:7ff.

⁹⁰ See Hansson 2013:27 for a more detailed account.

⁹¹ Interview ER 140115.

⁹² Interview ER 140115.

reliable, high-speed internet connectivity that assisted the humanitarian community to work in remote areas more effectively. Ten ER volunteers worked with this mission for six months on-site.⁹³

Emergency.lu consists of the *SES*, which has satellite capacity, and the *HiTech* consortium, which provides technical solutions. The initiative comes from Luxembourg's Ministry of Foreign Affairs who buys the service from *emergency.lu* to keep capacity ready for deployment into crises and humanitarian emergencies. Luxemburg therefore provides the full financing and then offers this capacity to UN agencies as a pre-paid solution. In this regard it is justified to talk about government financing of the private sector. ER's responsibility in the ETC cooperation is to provide the capacity to distribute technical solutions provided by *emergency.lu*. There are currently also on-going negotiations with the Red Cross on how the ETC-solution (*Ericsson/ emergency.lu*) can be used by the Red Cross.⁹⁴ From the perspective of the WFP, it is very valuable that ER and *emergency.lu* ensure compatibility through the ETC-solution. Previously, the engagement of separate private actors meant that WFP had to struggle to ensure the overall technical solution.⁹⁵

Ericsson Response has developed products designed for humanitarian efforts, which have later become commercial applications that *Ericsson* can take advantage of. This is one of the two key internal incentives for ER (especially in relation to the corporate side of *Ericsson*). The other incentive is that it is easier for *Ericsson* to recruit, motivate and retain staff through ER – not least the new generation which is more interested in global and development issues. It is stressed by ER that the CSR aspect is important and that *Ericsson's* general policies apply equally to ER. ER also has a mandatory eight day training course for volunteers in which CSR is one component. ER feels that there is scope for greater engagement with MSB, and that the ETC could serve as the framework for such cooperation.⁹⁶

5.3.2 IKEA Foundation

The precursor to *IKEA Foundation* (IKEA F), the charity branch of IKEA, was the *IKEA Social Initiative*, which was founded as a response to the problem of child labor in Asia. Five years ago, IKEA decided to adopt a broader approach to these issues, and IKEA Foundation was formed partly for this purpose. Children and youth are still the focus of the activities. Of the total funds available, 90%

⁹³ Ericsson 2013: "What is Ericsson Response?", http://www.ericsson.com/res/thecompany/docs/press/backgrounders/background_ericsson_responses.pdf

⁹⁴ Interview ER 140115.

⁹⁵ Interview WFP 140114.

⁹⁶ Interview ER 140115.

goes towards development work, whereas 10% is directed towards assistance in humanitarian and conflict areas.

Partnerships exist at two levels.⁹⁷ In relation to larger organizations like the UN the motivation is to:

- Achieve upscaling of IKEA F activities through access to resources of these organizations.
- Expertise – to assist in building expertise also within IKEA F
- New models for working with governments to improve conditions for children and youth
- Innovations in focus, test it and let others scale it up (e.g UNHCR – shelter)

For smaller organizations, IKEA F seeks to promote:

- great ideas and innovations, IKEA fulfilling a matchmaking role
- knowledge transition, funding to Lund university and *Barnforsknings fonden*

The main benefits for IKEA are:

- CSR knowledge and development—IKEA F is part of this process and this is of overall important for the IKEA corporation.
- The IKEA brand benefits from IKEA F programmes, CSR and reputation internationally is very important.
- Improved employment opportunities for young and socially aware people, e.g. the *Iwitness* program, where employees of IKEA are taken into the field to experience the work of IKEA F.
- Logistics and supply chain processes can be developed and strengthened through exposure to the challenges of working in crises and fragile situations.

IKEA F has a substantial financial support to *Refugees United* (REFUNITE) (3.8 million USD in 2011) – where Ericsson Response also plays an important part in the technical solution through in-kind donations – which assists family members and relatives to reconnect in crisis and refugee situations.⁹⁸ IKEA has been able to provide multi-year grants that have enabled e.g. UNHCR to apply long-term planning, resulting in activities like the shelter-initiative.⁹⁹

⁹⁷ Interview IKEA F 140303.

⁹⁸ Interview IKEA F 140303, also Refunite: <http://info.refunite.org/content/funders>.

⁹⁹ Interview IKEA F 140303.

The development activities of IKEA F accounts for 90% of the budget, and a good example of this is how IKEA F works with the Indian government to improve school curricula. This is partly done through UNICEF and is one example of how IKEA F seeks to scale up its support through PPC with larger actors like the UN-agencies.¹⁰⁰ It could also be seen as an example of how private actors seek increased engagement with governments in developing countries, which may or may not also be used for corporate gains.

In terms of corporate code of conduct for CSR, there is the IKEA *Iway*¹⁰¹ which has been developed by the sustainability group at IKEA, located directly under the executive level of the IKEA Company. A credible CSR approach by IKEA and IKEA F is very important for the company.¹⁰²

For the post 2015-agenda, IKEA is providing funding to Jeffrey Sachs and the Earth Institute at Columbia University so that they are provided with resources that enable them to provide input to the post 2015-Development Agenda. IKEA F does not have internal capacity to take part in such policy processes and therefore supports research that they feel represents the values of IKEA F.¹⁰³

¹⁰⁰ Interview IKEA F 140303.

¹⁰¹ http://www.ikea.com/ms/en_IE/about_ikea/our_responsibility/iway/.

¹⁰² Interview IKEA F 140303.

¹⁰³ Interview IKEA F 140303.

6 Fewer, Bigger, Better and Simpler

The aim of this study has been to identify and bring together experiences from international and national actors regarding the challenges and opportunities of PPC. The results are intended to support MSB in developing its approach to engaging the private sector for increased effectiveness and efficiency in MSB's international operations.

One of the underlying premises for this study was that MSB had noted an increased emphasis within Swedish development assistance on cooperation with the private sector and on private actors' potential contributions to development and poverty reduction. Interviews conducted with representatives of MSB and Sida indicate that MSB may perceive more pressure from Sida to increase its cooperation with the private sector than Sida is aware of or has intended to communicate. Regardless, MSB seeks to further explore opportunities for PPC in order to improve its operations and achieve better results.

The overall question whether or not MSB *should* increase its PPC arrangements is beyond the scope of this study. However, drawing on the theories behind PPC and the experiences from the organizations and actors studied here, there are potential gains to be made from more long-term PPC engagement, such as the sharing of risks, rewards, responsibilities, resources, and competencies – and thereby improving overall effectiveness and efficiency of operations in the field. PPC can therefore contribute towards lower costs for humanitarian assistance and DRR through more effective and efficient use of public funds. PPC can also ensure cost efficient assistance by providing access to outreach channels, expertise, technical solutions and other resources that the public sector may be in need of. There are, however, some important challenges to be aware of, as indicated in the recommendations set out below.

The recommendations offered in this report are based on the assumption that PPC is indeed a *modus operandi* that MSB will employ, and that it will increase in scope in the years to come. The findings are timely as they allow MSB to seek increased engagement with the private sector based on emerging lessons learned. The findings also provide ample opportunity for systematic and incremental exploration of PPC benefits and requirements.

Although PPC in humanitarian relief exists and has increased in momentum, the scope and scale of such arrangements still remain small in comparison to overall humanitarian assistance. This holds true both in terms of actual numbers of PPC engagements, and in considering the amount of funds involved.¹⁰⁴ Overall, the

¹⁰⁴ These findings are consistent with other studies, see for example Binder and Witte 2007.

current trend on the level of international organizations, such as the UN, is poignantly captured in one of the interviews as a direction towards fewer, bigger, simpler and better partnerships¹⁰⁵ and supporting legal frameworks.¹⁰⁶ During the course of this study, positive examples of PPC delivering good value and promises of increased efficiency have been found, but it seems that the requirements for developing supporting structures and administrative procedures should also be taken into account.

Overall, the public and UN agencies surveyed in this study and available evaluations (although limited in numbers) both support the conclusion that successful PPC is highly dependent on the matching of agencies' core needs and objectives with companies' core competencies and skills. This was also confirmed by the private actors consulted.

What, then, are the most relevant considerations for MSB in its future PPC engagement? Below, the key findings of this study are summarized under the categories: **terminology and definitions**, prerequisites for **building successful partnerships**, the need for **supporting organizational structures**, the importance of **finding the right partners**, absorbing **knowledge for learning and improvement**, raised **awareness of issues around branding**, the importance of achieving **resilience and accountability**, and last, but not least, the enforcing of **transparency**.

Terminology and definitions

There is an abundance of terms and definitions in the areas of public-private cooperation, collaboration, participation and partnerships. Definitions of terms, including PPC and PPP, are in no way uncontested, and the perspectives between different sectors of society, organizations, countries and cultures also vary significantly. Whereas some would argue that PPPs are the same as PPC, others would state that the one encompasses the other. Consequently, it is recommended that MSB select, adapt and adopt terms and definitions that are relevant to MSB's operational objectives and capabilities. Once this has been done, staff at MSB must continue to be aware that they will encounter other perspectives and definitions in their dealings with other organizations, and be prepared to handle any problems that might arise as a consequence of these differences.

Building successful partnerships

UN agencies estimate that Public Private Partnerships take on average 12 to 18 months to establish. But even before that, MSB needs to initiate an internal

¹⁰⁵ Interview UNICEF 140213.

¹⁰⁶ United Nations Economic Commission for Europe, 2008:29ff.

process to define its core needs within the operational capabilities *to conduct aid projects in Disaster Risk Reduction (DRR)*, and *to conduct aid work in humanitarian assistance, early recovery, mine action and civilian conflict management*, where the private sector can make a meaningful contribution. It is only when the strategic objectives of MSB are matched by private partners' competencies that meaningful long-term partnerships can be expected to deliver an added value when compared to, e.g., procurement of goods and services or cooperation with NGOs. The next steps for MSB could be the following:

- MSB should invest time and resources to establish a better understanding of PPC for its international mandate.¹⁰⁷
- There is a need for a comprehensive strategy for how PPC engagement can contribute to MSB's objectives and mandate. A comprehensive strategy should define the concepts, benefits and limitations of PPC, and recognize that MSB will need to devote resources to PPC engagement to realize their full potential. In this regard, and following the DFID experiences, closer collaboration between MSB and e.g. the Swedish MOD on issues relating to PPC should be part of the strategy process.
- MSB needs to be more strategic and proactive in its dealing with the private sector, a lesson-learned that is stressed by all UN agencies surveyed in this study. This is the only way to ensure that MSB's strategic objectives and core needs are matched to companies' competencies and skills.
- MSB should invest necessary resources to engage fully with the New Deal initiative and results strategy processes of Swedish development cooperation. MSB's own experiences from working in Mozambique (although not a New Deal country as such) should be an important point of departure for this work. The New Deal initiative will provide guidance for Swedish humanitarian and aid engagement in fragile states, many of which MSB is active in today, or aims to engage with in the future.

Supporting organizational structures

Establishment of partnerships requires several important steps, including identification of relevant potential partners, vetting and due diligence procedures, and recurrent matching of core organizational needs and private sector competencies. Dedicated supporting structures within the public organization are required, such as a specific organizational unit with the required mandate, resources and skills. Another option is to outsource the vetting process, with the

¹⁰⁷ Ten years ago, MSB went through a similar process to establish a better understanding of PPC for its national mandate, see: Andersson and Malm 2005, Carlsson-Wall Kraus 2006. A handbook was also developed in 2008, MSB 2008.

possible downside that the competence then remains outside the agency. The management of PPC should be organizationally separated from *traditional procurement*, in order to avoid risks of preferential treatment. Some key considerations for MSB include:

- Matching operational objectives to skills and resources in the private sector is a challenge and requires specific skills and previous experience from engagement with the private sector.
- In establishing PPC, MSB needs to have a realistic time- and resource perspective, the necessary in-house strategies, and an adequate organization for dealing with PPC at the operational level
- Due diligence for PPC should be handled separately from the private sector unit, or equivalent, in order to prevent conflicts of interest in MSB's private sector partnerships division.

Finding the right partners.

Agencies and public actors need to be more proactive, strategic and thorough in their vetting and due diligence processes when seeking out relevant partners in the private sector. To deepen relations with actors in the private sector and explore the potential mutual benefits of PPC arrangements, formal communication mechanisms should be considered. If managed properly, both public and private actors can benefit in several areas from PPC, as shown throughout the study. The following recommendations are made:

- MSB should recognize that it can play a role in mobilizing the private sector to contribute to achieving MSB's broader objectives in humanitarian assistance and development. WFP experiences show that reaching out to the private sector's customer base is one viable strategy for achieving this.
- Communication with non-state actors should be strengthened by formal mechanisms. At MSB, this could be realized through a joint committee or observer status for private-sector and NGO representatives at the operations sections, or at senior management level at MSB.
- Drawing on the experiences from UN-agencies, MSB should explore closer engagement with large and experienced private actors in the relevant fields
- It is important to improve coordination for MSBs engagement with the UN actors in the field, to avoid duplication of effort. The *International Humanitarian Partnership* (IHP) is a key forum for achieving this, but MSB should also explore a closer engagement with e.g. NOREPS in

search for complementary approaches rather than overlapping support and operations.

Absorbing knowledge for continuous learning and development

Humanitarian assistance and PPC is an emerging field, which means that knowledge production – evaluations, studies and peer-reviewed material – have yet to produce a consolidated overview of experiences. In this context it should be recognized that the absorption capacity within public agencies constitutes a challenge. For example, staff at the humanitarian department of Sida is overburdened with administration tasks and cannot properly transfer feedback from evaluations into improved programs and projects. Interviews with operational staff at MSB provide tentative confirmation that they are experiencing similar capacity gaps in the present organization. There is also a need for evaluation-methods specifically tailored to PPC engagement in humanitarian assistance. Such monitoring and evaluation tools are being developed by the WFP, forthcoming in 2014, and could be an important step in the right direction to address the latter shortcoming. With the establishment of these WFP-tools, the WFP can serve as a useful model for PPC management as WFP then has policy and evaluation documents covering the full process of initiating, establishing, implementing and monitoring PPC engagements. These experiences, complemented by those documented by UNCHR and UNICEF, are important points of departure for MSB's future PPC engagement. In order to improve learning in the field of PPC, recommended actions include:

- MSB should draw on the PPC-work done by other national actors existing within the same legal and political system, such as the Swedish Armed Forces
- MSB could also draw further on the lessons of experienced equivalent agencies in other countries, e.g. the DFID CHASE-OT.
- For innovation purposes, NOREPS engagement with the Norwegian Defence Research Establishment (FFI) has proven successful and both DSB and UN-agencies have experienced successful cooperation with universities. MSB should therefore seek to deepen its engagement with relevant research actors. As any PPC-solution exists within a national legal and political framework, research actors in Sweden could be a preferred choice.
- MSB should draw more on lessons learned from partnership engagement with the NGO sector. The Rapid Response Facility (RRF) used by DFID could be one such model for private sector cooperation that could benefit MSB's PPC engagement.

Awareness of issues of branding

Branding and communication provide challenges due to the proliferation of channels in terms of social media (blogs, twitter, Facebook etc.). Trying to monitor social media takes too much time and effort and adds to the contractual rather than partnership character of the interaction. In terms of awareness of issues of branding, this study recommends that:

- MSB should focus on regulating the content of the messages that private sector partners can communicate – but not necessarily the channels used for such communication.
- In developing its PPC approach, MSB should proactively consider and regulate the manner in which MSB's brand name and logos may be used by partners, including contractual formulations that prohibit the explicit or implicit sanctioning or endorsement by MSB of the cooperating partner's goods or services.

Achieving resilience and accountability in PPC engagement

New demands for resilience and accountability in humanitarian assistance remain a challenge also for PPC and the private sector. As mentioned, a proper due diligence process on the part of public actors before entering into PPC is one important step for ensuring accountability of the private partners, but continuous monitoring and adherence to CSR and codes of conduct should also be enforced. Relying on the private actor to uphold these rules and commitments on a voluntary, non-regulated basis may not be enough. Building long-term partnerships is of key importance for addressing the challenge of accountability. But even then, putting in place the proper feedback loops to ensure that information from accountability processes inform future decisions on funding and partnership development remains a challenge.¹⁰⁸ Some key considerations regarding resilience and accountability are:

- Following the experiences of WFP, MSB should explore the applicability of the International Public Sector Accounting Standards (IPSAS) for valuation of in-kind donations in PPC engagement.
- While accountability in humanitarian action is nothing new to MSB, the 2010 Humanitarian Accountability Partnership (HAP) Standard in Accountability and Quality Management can potentially provide a practical tool for assessing and enforcing accountability for its operational capabilities. In the further development of MSB's PPC

¹⁰⁸ Mowjee and Randell 2010:22.

engagement, piloting the use of the 2010 HAP Standard should therefore be explored.

Enforcing transparency

There is a tendency in some international PPC arrangements of private sector partners wanting to limit access to information on innovations and partnership arrangements. A Swedish public actor like MSB should make transparency requirements a key priority in PPC, not least when being financed by Sida, to ensure that increased accountability of business practices is enforced. This is also an area where MSB can have a comparative advantage given national legislation on transparency and access to information requirements for Swedish public agencies. Based on this, the recommendation is that

- MSB should develop and enforce transparency requirements in PPC engagement.

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<http://www.ifac.org/public-sector/>

Logistics Emergency Teams (LET), working with WFP:

<http://www.wfp.org/logistics/blog/joining-efforts-emergency-logistics-emergency-teams-let>

HAP Standard 2010:

<http://www.hapinternational.org/what-we-do/hap-standard.aspx>

UN resources and documentation:

UN Global Compact (2000: promote alignment of business action with UN universal principles, 10 principles for business)

<http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>

Guiding Principles for Public-Private Collaboration for Humanitarian Action (UN and World Economic Forum)

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Public Private Cooperation (PPC) is becoming increasingly important in humanitarian assistance and development work, and it is being explored by national and international actors. Broadly explained, PPC is about public and private actors engaging in partnerships to find mutual benefits and share risks.

This pre-study, conducted by FOI on assignment from the Swedish Civil Contingencies Agency (MSB), contains an international outlook on experiences from various PPC-oriented solutions among international and national actors engaged in humanitarian assistance, DRR, civilian conflict management, mine action, and early recovery. Although PPC in these contexts exists and has increased in momentum, the scope and scale of such arrangements still remain small in comparison to overall humanitarian assistance. Overall, the current trend on the level of international organizations, such as the UN, is the direction towards fewer, bigger, simpler and better partnerships and supporting legal frameworks.

The key findings can be summarized as: problematic variations in terminology and definitions, identifying prerequisites for building successful partnerships, the need for supporting organizational structures, the importance of finding the right partners, absorbing knowledge for learning and improvement, raised awareness of issues around branding, the importance of achieving resilience and accountability, and last, but not least, the enforcing of transparency.