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**Public Private Partnerships  
in Humanitarian Operations**



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# **Public Private Partnerships in Humanitarian Operations**

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**A THINK Executive Whitepaper**

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## EXECUTIVE SUMMARY

In relief operations, humanitarian relief organizations (HROs) often need political and economic support from both the public and private sectors. However, very few studies have been done on the aspect of public-private partnerships in the context of humanitarian operations. We thus conduct a qualitative study to investigate the partnership between HROs with both donor and host governments as well as the private sector from donor and host countries. Based on literature reviews and field studies with several international HROs in Asia, we capture the relationship of HROs with the public and private sectors along the humanitarian supply chain. We further classify these relationships, and explore the potential collaboration areas and conflicts of interest between governments and HROs as well as between HROs and the private sector.

This study sheds some insight on the large international HROs' relationship with their public and private partners. On the relationship with the public sector in donor countries, HROs normally maintain a friendly agency relationship, while their relationships with the strong central governments in the host countries are often not purely transactional but fully engaged in lobbying by the HROs to the central governments. In contrast, the HROs' relationships with local governments are generally much better due to their contribution to the beneficiaries.

Regarding the HROs' relationship with the private sector, traditionally it is either commercial or agency where the private sector is a passive donor. In recent years, the private sector has started to build long-term partnerships with the HROs. While the HROs are very selective in building partnerships with the private sector companies from donor countries, they see great growth potential. For the private sector in the host countries, the HROs face more challenges in developing long-term relationships, one of which is to build local markets during relief operations.

The first implication of our study is on the HROs' relationship with strong governments in host countries. HROs must be aware of the conflicts and be sensitive to the government's concerns. While they need to lobby for their beneficiaries, excessive lobbying could lead to the deterioration of their relationship with the government. Patience is the key for HROs in building a long-term constructive relationship with governments.

The second implication for HROs is in the local market development which relates to the relationship between the HROs and the private sector in host countries. HROs should be aware of the negative impact of their entry to the local market. Some HROs have initiated programs such as cash for aids to address the problem. Instead of giving supplies directly to needy people, HROs choose to give cash and

vouchers for them to buy from the local market. Cash transfers and vouchers can be appropriate and effective tools to support populations affected by disasters in a way that maintains dignity and choice for beneficiaries while stimulating local economies and markets.

The implication of our study for the private sector is also interesting. Instead of monetary or in-kind donations, companies can also collaborate with the HROs for commercial benefits also. Companies can partner with the HROs with both social and commercial values. Most large companies target customers in developed countries only due to the lack of customer demands and the difficulty of product distribution in most developing countries. However, these markets have strong growth potential as the developed markets are largely saturated. International HROs could be the valuable bridge between the two sides given their extensive networks in developing countries and knowledge of the market demands. Companies could thus partner with the HROs to develop products with social values, and leverage on the HROs' purchasing power and distribution capacity to deliver products to the end customer.

## 1. INTRODUCTION

The establishment of public-private partnerships (PPP) has been widely accepted as a key tool of public policy since the 1990s (Osborne, 2000). Not only seen as a cost-efficient and effective mechanism for the implementation of public policies, such partnerships have also been articulated as bringing significant benefits such as the development of socially inclusive communities. The rapid ascendancy of international Non-Governmental Organizations (NGOs) itself in the past decade is an evidence of the PPP's success (Kamat, 2004).

In humanitarian relief operations, various organizations are involved. They range from the multinational aid agencies (e.g. UN agencies) and governmental organizations to big international and small local NGOs, and differ in local presence, size, and mandate (Kovács and Spens, 2009). Dedicated to humanitarian operations with independence and impartiality, multinational agencies and international NGOs are often the central player in relief operations (Tomasini and Wassenhove, 2009), but their operations need support from other public and private stakeholders.

Focusing on international humanitarian relief organizations (HROs) such as multinational agencies and international NGOs, this paper investigates their partnership with other public and private players. For HROs to operate effectively in both donor and host countries for their humanitarian operations, they need to cooperate with both governments. Economically, the governments in developed countries (donors) are often the largest donors for humanitarian operations. According to a report by Global Humanitarian Assistance, international humanitarian aid was estimated at US\$16.6b in 2010, where the bulk (\$11.8b) is from the OECD countries, and more than 79% of such donations are channeled through the large international HROs (Kellet, 2011). Politically, any humanitarian operation is doomed to failure without the support of the host governments. Relief goods may be simply stalled at customs while people are suffering.

Besides the support from the public sector, the private sector has been playing a more active role in humanitarian operations in recent years. With increasing globalization, companies are now not only expected to be responsible to their shareholders but also to society in general. More companies have seen corporate social responsibility (CSR) as important as profitability, and many of them are actively involved in humanitarian work (Heal, 2008). Given their lack of expertise, they often partner with the HROs. In addition to the private firms in developed countries as donors and partners of the HROs, HROs often collaborate with private firms in host countries as well. These private firms often participate in relief operations by being suppliers or service providers. The relationships between the HROs and the private sector can be either commercial relationships

involving monetary transactions or philanthropic relationships when private sector companies collaborate with HROs non-commercially (Balcik *et al.*, 2010).

While PPPs have been examined in the context of international development aids (Osborne, 2000), very few studies have been done on humanitarian operations. We develop a framework on the interaction between the HROs and governments as well as the private sector. Based on a literature review as well as interviews with staff from the HROs with experience at the ground, we capture the relationship of the HROs with the public and private sectors along the relief supply chain. Thus, this study seeks to fill the gap in the literature on public-private partnerships in the context of humanitarian logistics operations, and explore the potential collaboration areas and conflicts of interest between governments and HROs as well as HROs with the private sector. Practice-wise, it can help the HROs build more constructive relationships with both the public and private sectors by better understanding of challenges and barriers in these relationships.



## 2. LITERATURE REVIEW

### 2.1 HROs and Public-Private Partnerships

For humanitarian operations, HROs, governments, and the private sector have their strengths as well as weaknesses as illustrated in Table 1. The public sector possesses greater authority and legitimacy compared to private firms, but may be short on resources and limited by the national boundary. In contrast, the private sector often enjoys global coverage and business expertise, but is weak in regional knowledge and relief mandates. In between, HROs possess expertise and are mission driven, but may be short on resources. It shows that successful relief operations often need the collaboration of the three parties.

	STRENGTHS	POTENTIAL LIMITATIONS
HROs	<ul style="list-style-type: none"> <li>✓ On-the ground presence and regional knowledge</li> <li>✓ Mission driven</li> <li>✓ Flexibility</li> </ul>	<ul style="list-style-type: none"> <li>– Limited resources and capacity</li> <li>– Governance</li> <li>– Reliance on donations and grants</li> </ul>
Public Sector/ Host Governments	<ul style="list-style-type: none"> <li>✓ National reach</li> <li>✓ Resources, tools and funding</li> <li>✓ Authority</li> </ul>	<ul style="list-style-type: none"> <li>– Limited international capacity/reach</li> <li>– Political challenges</li> </ul>
Private Sector / Business	<ul style="list-style-type: none"> <li>✓ Global reach</li> <li>✓ Business expertise and skills</li> <li>✓ Innovation</li> <li>✓ Access to resources</li> </ul>	<ul style="list-style-type: none"> <li>– Sometimes limited regional / local knowledge and networks</li> <li>– Business obligations / needs</li> </ul>

*Table 1: Strengths and Weaknesses of HROs, Public, and Private Sectors (Martinez, 2012)*

Examining PPPs from a management perspective, Rangan et al. (2006) applied theories such as transaction cost economics and the theory of externalities to understand the phenomenon. They suggested that private-public alliances will materialize when the planned economic activity satisfies one of the following three conditions: 1) requiring industry specific capabilities but results in positive externalities (i.e. implies private actions with significant public benefits); 2) clouded by high uncertainty for private actors; 3) experiencing high governance costs of contracting, coordinating and enforcing for private actors. When public benefits exceed private benefits significantly, but public costs are much higher than private costs (i.e., private firms are more efficient), public-private partnerships are most likely to emerge as a form of governance.

Rangan et al. (2006) further explained the rationale for the three-party partnerships. When the governments are viewed as unsuitable collaborators by private firms due to either the lack of adequate human, financial, or institutional capabilities or the political /ethical reasons, private firms would prefer neutral and more capable partners such as UN bodies and international NGOs as the middlepersons to coordinator their partnership with the governments.

In the context of humanitarian operations, governments in host countries are often limited in resources, capabilities, and even credibilities. In contrast, donor governments or the private firms lack the authority and legitimacy to conduct the relief operations directly. Both parties need the participation of HROs including UN bodies and international NGOs to coordinate the relief operations.

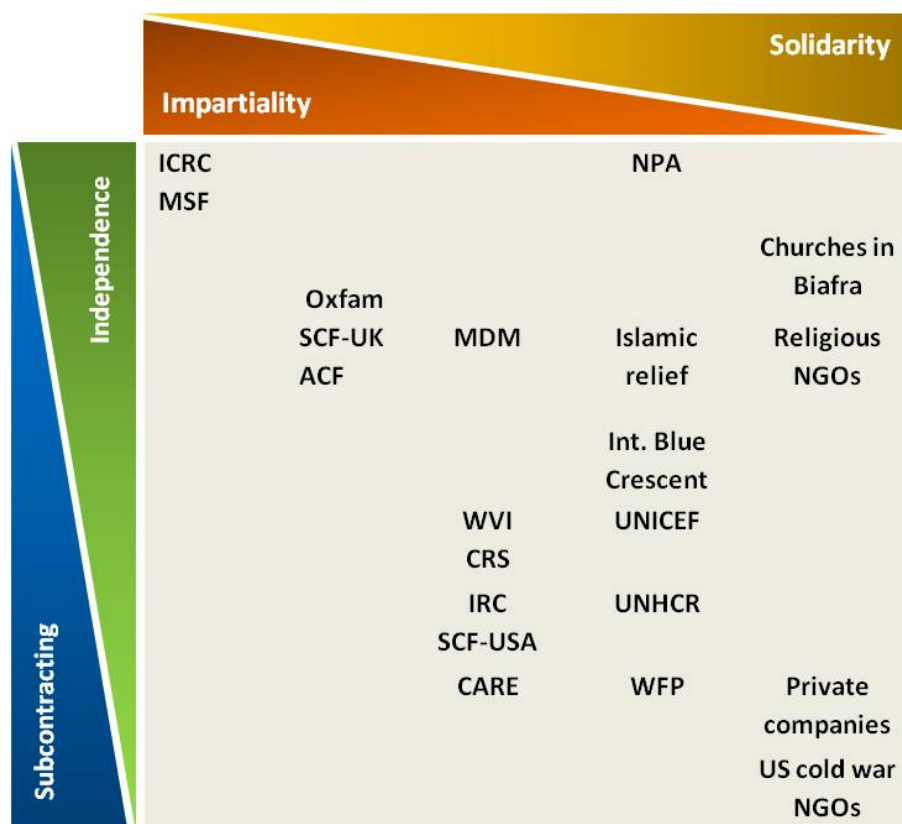
Teegen et al. (2004) gave a detailed classification of NGOs by the public benefits they create. Club NGOs are primarily serving their members and social purpose NGOs promote broad social interests, which can be further divided into advocacy NGOs and operational NGOs. Advocacy NGOs are issue based and the constituency they represent may encompass different regions and countries. They are campaigning globally for their causes. In contrast, operational NGOs focus on action by providing critical goods and services to clients with unmet needs, are more important in humanitarian operations. Practically, many NGOs are hybrid, using both advocacy and operational means for social benefits.

Teegen et al. (2004) further discussed the role of NGOs in the international business literature and highlighted the role of NGOs in public private partnerships by interacting with both state actors and private organizations to create values through collaboration activities. Thus NGOs are given “official space” by state actors in inter-governmental partnerships, and they can also work with multinational enterprises (MNEs) for their CSR activities.

Bräutigam and Segarra (2007) empirically examined the growth of governments and NGOs partnership for economic development in three developing countries with the support of World Bank. It is found that these bank-sponsored efforts generally failed to take root in the 1990s, yet by the 2000s, NGOs and state actors were successfully engaged in multiple partnerships. The paper suggests that over time, bank officials' repeated efforts to embed these new ideas fostered a social learning process that led NGOs to adopt more strategic partnership practices and government officials to see NGOs as useful partners.

Dijkzeul and Moke (2005) has classified HROs on two dimensions, horizontally between impartiality and solidarity, and vertically between independence and subcontracting. The vertical dimension describes the HRO's relationship to major donor countries, and the horizontal dimension measures the HRO's relationship to beneficiaries. The positions of several large international HROs are presented in Table 2 based on Dijkzeul and Moke (2005). The horizontal dimension actually

measures the level of advocacy. A pure operational HRO would be positioned at the left and a strong advocacy HRO would move to the right side.



*Table 2: Classification of large international HROs (Dijkzeul and Moke, 2005)*

Acronyms in Table:

- ACF: Action Contre la Faim
- CARE: Cooperative for American Relief Everywhere
- CRS: Catholic Relief Services
- ICRC: International Committee of the Red Cross
- IRC: International Rescue Committee
- MDM: Médecins du Monde
- MSF: Médecins Sans Frontières
- NPA: Norwegian People’s Aid
- SCF-UK: Save the Children Fund UK
- SCF-USA: Save the Children Fund USA
- UNHCR: United Nations High Commissioner for Refugees
- UNICEF: United Nations Children’s Fund
- WFP: World Food Programme
- WVI: World Vision International

In summary, humanitarian NGOs would be both advocacy and operational NGOs since they are both the speakers and doers for their beneficiaries. Other

international multilateral relief organizations play very similar roles, and thus we combine them together in later analysis, and refer them as international HROs or simply HROs. These HROs are important players in humanitarian operations by their neutrality and value creation capabilities, and are generally strong in capabilities in both appealing for donations and distributing relief goods to beneficiaries.

## 2.2 Country Classification

Literature seldom differentiates recipient countries in humanitarian operations. In reality, disaster-prone developing countries are not homogenous in relief operation capabilities. According to the feedback of the HROs, we classify host countries on two dimensions, power of the government (more relevant to the government—HRO relationship), and the logistics environment (more relevant to the private—HRO relationship).

The dimension of government power is straightforward. Governments in most developing countries are strong (even stronger than their counterparts in developed countries), and hold strong control over civil and relief activities. However, some countries are almost in a state of anarchy due to civil wars or other conflicts. The control of the official government may be limited to a few cities only, as is the case of Libya after the fall of the Gaddafi regime in 2011.

On the dimension of logistics environment, we classify countries into logistics heavy and logistics light. We define a logistics heavy country as a country weak internally in institutional and logistics infrastructure and depending on a “heavy” involvement of the HROs to manage their relief supply chains. In contrast, a logistics light country is institutionally stronger internally, and the HROs can operate with a “light” involvement in humanitarian logistics as many processes can be managed by the private sector. Though both types of countries are disaster-prone and need substantial international relief support after the onset of disasters, their infrastructure differences would affect the partnership between HROs and the private sector.

Combining the two categories, normally a logistics light country would be a strong country in government power, but a logistics heavy country could still be strong in government power such as Bangladesh. A country with a weak government would surely be poor in logistics environment. Thus we should generally have three types of countries, logistics light with strong government, logistics heavy with strong government, and logistics heavy with weak government as shown in Table 3.

	Logistics Heavy	Logistics Light
Strong Power	<ul style="list-style-type: none"> <li>- Weak private sector</li> <li>- Less active local NGOs</li> <li>- Poor logistics infrastructure</li> <li>- Effective central government (<i>e.g., Bangladesh, Zimbabwe</i>)</li> </ul>	<ul style="list-style-type: none"> <li>- Strong and vibrant market</li> <li>- Active local NGOs</li> <li>- Better logistics infrastructure</li> <li>- Effective central government (<i>e.g., Indonesia, Kenya</i>)</li> </ul>
Weak Power	<ul style="list-style-type: none"> <li>- Ineffective central government</li> <li>- Weak private sector</li> <li>- Non-existence of local NGOs</li> <li>- Poor logistics infrastructure (<i>e.g., Libya, Afghanistan</i>)</li> </ul>	N. A.

**Table 3: Classification of Host Countries**

The World Bank classifies developing countries into three groups, upper middle income with gross national income (GNI) per capita between \$4,036 and \$12,475 according to 2011 data, lower middle income (GNI per capita between \$1,026 and \$4,035), and low income with GNI per capita at \$1,025 or less (World\_Bank, 2012). While lower middle income and low income countries are the main recipients of international humanitarian aid, income alone is not sufficient to differentiate these countries. For example, Nigeria is a lower middle income country with GNI per capita at US\$1200 in 2011, while Cambodia is low income at \$830 in 2011. Both are not landlocked countries. But Cambodia is ranked higher in many indices compared to Nigeria. Its global ranking in the Enabling Trade Index (ETI) proposed by the World Economic Forum is 102 in 2012 (score 3.52) compared to Nigeria's 123 (score 3.13), and ranking in Logistics Performance Index (LPI) is 101 in 2012 (score 2.56) compared to Nigeria's 121 (score 2.45).

Comparing to GNI per capita, ETI is a better measure on country's institutional and logistics infrastructure. It focuses more on the extent to capabilities of countries in supporting global trade. It measures the extent to which individual economies have developed institutions, policies, and services facilitating the free flow of goods over borders and to destination (Lawrence *et al.*, 2012). ETI has four sub-indices, namely, market access, border administration, transport and communications infrastructure, and business environment. It is found that a one percent increase in the average ETI score of any given country pair would be associated with a four percent increase in bilateral trade, all else being equal. Having 132 countries covered in the ETI report with full score 7, we define countries with total score above 3.5 (ranked 105, Kazakhstan) as having more healthy institutions compared to the lower ones.

There are other relevant global ranking on countries such as World Bank's Worldwide Governance Indicators (Kaufmann *et al.*, 2010) and Logistics Performance Index (LPI) (Arvis *et al.*, 2012). However, the former only focuses on the governance capabilities of the country without any consideration of logistics infrastructure and capabilities. The latter is too narrow as it focuses on logistics service capabilities of the country without sufficient consideration on the general business environment. For example, Kenya is ranked 122 with score 2.43 in 2012 LPI, while Zimbabwe is ranked at 103 with score 2.56, largely due to its high score on timeliness (a fact not very relevant as the logistics environment would be very different after the strike of a disaster). In contrast, the ETI score for Kenya and Zimbabwe is 3.52 (103) and 2.96 (129) respectively. The two score differences between the two countries is largely due to the adding of sub-index market access in ETI as Kenya has a much more open market compared to Zimbabwe. With similar logistics infrastructure, Kenya would be easier for relief operation with the support of a more vibrant private sector compared to Zimbabwe.

### 3. RESEARCH FRAMEWORK

#### 3.1 PPP along the Relief Supply Chain

To understand public-private partnerships in humanitarian operations, we first define the public and private sectors. For the public sector, we divide them into two categories, the public sector of donor countries and the public sector of host countries. The former is the suppliers of humanitarian aid while the latter is the recipient of aid and normally less economically developed<sup>1</sup>. The private sector can be similarly divided into private firms in donor countries and that in host countries. HROs are then the third party collaborating with both public and private players.

In a typical humanitarian relief operations, humanitarian supply chains consist of a range of processes, including procurement, transport, tracking and tracing, customs clearance, local transportation, warehousing and last mile delivery as illustrated in Figure 1 (Thomas, 2003). The preparedness starts before the disaster while others after.

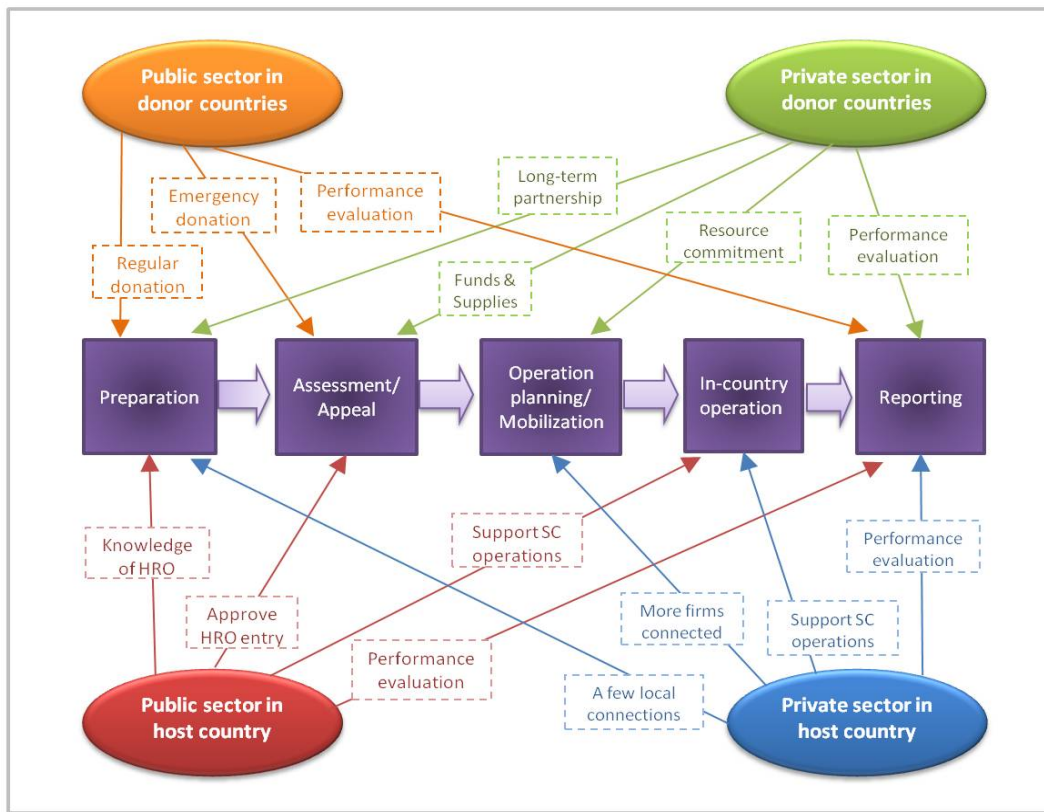


*Figure 1: Supply chain processes during a relief operations (Thomas, 2003)*

Within a given disaster response operation, there are five major activities in HROs, assessment / appeal, operations planning / mobilization, in-country operations, coordination with other organizations, and reporting (Thomas, 2003). Here we skip coordination with other HROs as it is not in the scope of our study. Adding preparation, we have total five major supply chain activities for the relief operation related to public-private partnerships. We thus examine each activity to develop a comprehensive map for HRO's interaction with public and private partners in Figure 2 as suggested by Gardner and Cooper (2003).

<sup>1</sup> There are exceptions such as highly developed Japan was the recipient of aid for the Great East Japan Earthquake in 2011.





**Figure 2: Public and private partnership in relief supply chain activities**

Before the start of the disaster, HROs have already built some relationships with public and private players. They may have some regular funding from both the public and private sectors of donor countries, and some connections with the public and private sectors of host countries as well. For example, logistics companies may sign agreements with HROs to commit certain amount of resources such as flight charters and cargo aircrafts to relief operations once a large scale disaster strikes. HROs may even establish closer partnerships with private firms for long-term strategic partnerships, in which the private sector companies (individually or forming a group) share expertise and resources to improve relief chain logistics in a more systematic way such as the TNT’s partnership with the World Food Program (WFP) (Samii and Wassenhove, 2004). However, most partnerships are short-term, established only after the onset of disasters with a clearer understanding of the needs and resources available.

Assessment /appeal start immediately after the onset of the disaster, and coincide with the first process in the humanitarian supply chain in Figure 1. During the stage of assessment, HROs quickly decide on the supplies required to meet the relief needs, followed by an appeal for donations of cash and relief supplies. In these two activities, the main issue of partnership is the appeal for donations towards both the public and private sectors in donor countries while HROs need



to approach the central government of host country for the permission of relief operation at the same time. While both the government and HROs intend to help disaster victims, their other motives may affect efficiency at this stage. The government is concerned about its international image while HROs may lobby for their causes in planned relief operation. As a result, not all HROs are granted the entry.

After the initial assessment and appeal with some understanding on the scale of the disaster and committed supplies, HROs start their operation planning for relief operations and mobilize their existing resources at the same time. The planning covers the whole supply chain processes and is critical for the operation success. During the planning, HROs need to quickly activate their existing networks in the host country as well as searching for new local partners. They may need to collaborate with other HROs or through local community /NGOs to share limited networks in the host country for effective operations.

Mobilization is the activity that links HROs to site operations, the second process in the humanitarian supply chain in Figure 1. Having an estimated demand and donations, HROs mobilize their existing material and human resources, recruit volunteers and professionals, and collect committed supports (cash and in-kind donations) from the public and private sectors. The main partnership issue in mobilization is the interaction with the private sector of donor countries for the commitment of funds, relief supplies, professional support, and volunteers. The private sector may also be involved in long- and short-haul delivery of relief supplies and equipment to the disaster-affected areas (Balcik *et al.*, 2010). The public sector is also relevant but their response to sudden-on-set disasters is normally much slower due to administration processes.

The in-country operations cover all supply chain processes in the country, from the arrival of supplies at the local port of entry to the last mile delivery of goods to beneficiaries, which include in-country/local distribution, tracking /tracing, stock and asset management. Here the partnership is between HROs and the public and private sectors in the host country. The smooth supply chain operation of HROs requires the support from both the public and private sectors. The government of the afflicted country could affect the logistics operations by either facilitation such as special customs arrangement for the clearance of relief goods or deterrence such as prohibiting the entry of certain supplies as what Zambia did to genetically modified maize during the 2002 famine in Southern Africa (Tomasini and Wassenhove, 2004).

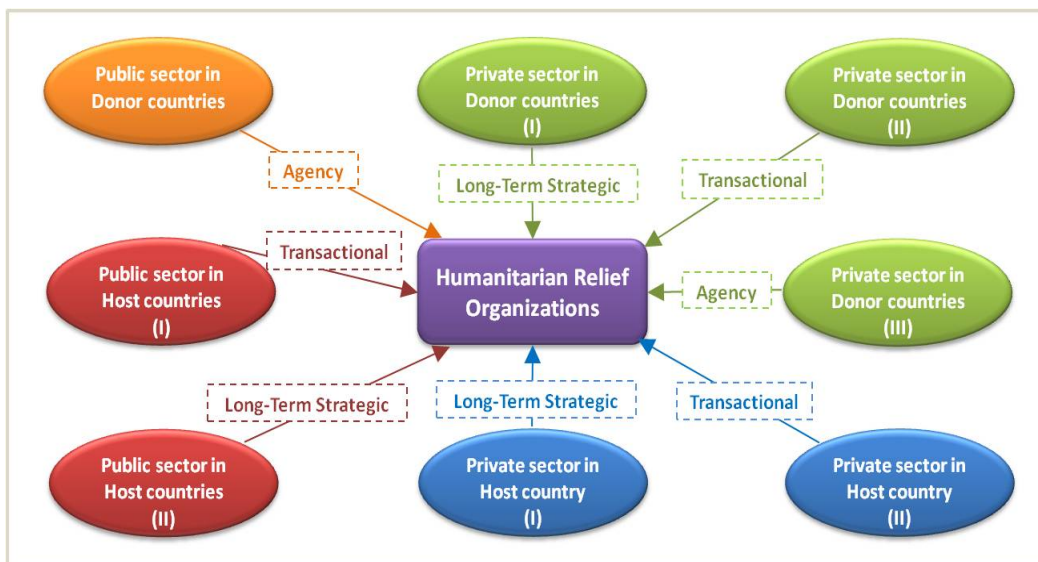
The private sector is also important in the supply chain operation as the disaster often causes a demand surge for supplies and logistics services. One form of commercial partnership is the pre-planning for post-disaster procurement. It includes identifying a list of suppliers that can provide relief items with the

desired specifications. These suppliers are registered into the system and then eligible to submit bids (Balcik *et al.*, 2010). Close partnerships with local players can significantly reduce the supply chain costs and improve the effectiveness of the operation.

Reporting is the last activity but nonetheless important. Reports serve as a coordinating mechanism and as a means to monitor is effectiveness of relief during and at the close of an operation. Reporting is used by public and private partners for performance evaluation and affects their partnerships with HROs in the future. For partners in donor countries, they may evaluate the reports to decide either increase or decrease their commitments to the HROs. While for partners in the host country, they would rely on both the reports and their own information to either expand or reduce their collaborations with the HROs in the future.

### 3.2 Classifications of PPP in Relief Logistics Operations

Based on the supply chain map, we classify partnerships. Generally, any open system can be governed as hierarchies, markets, or networks (Williamson, 1991). In the context of humanitarian logistics, we would thus have three types of public-private relationships, transactional relationship as market-based, strategic partnership as network-based, and agency relationship as hierarchy. The three types of relationships can be observed between the HROs and their various public and private partners along the relief supply chain as shown in Figure 3.



**Figure 3: Types of HRO’s relationship with the public and private sectors**

*Note: Sectors with I/ II/ III indicate the sector’s relationship with HROs is not homogenous. Some part of the sector is closely to HROs compared to the rest.*

A transactional relationship is based on a market system where the HROs are viewed as buyers to the private sector and service providers to the public sector. Their contacts are one-off transactions without any long-term commitment. It often happens in the commercial relationship between the HROs and the private sector in both donor and host countries, as well as the relationship between the HROs and the central government of the host country. HROs normally also avoid close partnership with the government of host country to maintain the neutrality and good public image among donors. On the other side, governments are often suspicious of the HROs and put lots of restrictions on their activities as well.

An agency relationship is based on a hierarchy where the HROs are viewed as agents to serve other public and private entities. As HROs are independent organizations, ownership is only partial, similar to the shareholders—managers relationship in public-listed firms, generally called principal—agency relationship (Eisenhardt, 1989). Donors from the public and private sectors are the principal who delegates some decision-making responsibility to the HROs. They would monitor the performance of the HROs closely and adjust their donation strategies frequently. Such a relationship happens more between the HROs and the public sector in donor countries as well as some private sector companies as pure donors.

The long-term strategic partnership is more complex. It is like a market in facilitating horizontal communication and independent decision making by individual organizations. At the same time, it is also like a hierarchy in attempting to reduce conflicts within the system. Members in the network tend to work collaboratively to plan, implement, and evaluate their activities (McLachlin and Larson, 2011). It could happen between HROs and some close private partners in both donor and host countries. It is also possible between HROs and the local government of host country for community relief and development as the case of community-based approaches in (Kovacs *et al.*, 2010).

## 4. RESEARCH METHODOLOGY

Based on the theoretical exploration, we move to examine the PPPs. Seeing the difference between strong and weak countries as well as that between logistics heavy and light countries, we investigate the partnership differences between the three types of countries. As research on PPPs is scant, we take a qualitative approach. A multi-case study is conducted to better understand the partnership for the development of a grounded theoretical framework. We mainly rely on semi-structured interviews for first-hand information from humanitarian logistics professionals. This allows respondents to share their experience and opinion, and provides the focus and scopes the discussion. Each interview lasts for about 45-60 minutes. Besides face-to-face interviews, secondary information such as company archives is examined to supplement the study.

Six international HROs with offices in Singapore were approached for the study in August 2012. Being a regional center of Southeast Asia, Singapore is often the regional center or even Asia Pacific center for many international HROs. It is thus a good location for the study. Two international HROs are willing to grant us interviews and we manage to meet them in one month. Both are large organizations with over US\$600 million annual incomes in recent years. Both have presences in all major developing countries. Both interviewees are senior staff. One is the Head of Logistics in Asia and the other Senior Coordinator with many years of field experience in Asia. While the sample is small, their insights would serve a good preliminary exploration for the development of a more sophisticated research agenda.

## 5. RESULTS

When we presented Figure 3 to the interviewees, both are agreeable but added much more detail. We grouped them by the public sector in donor countries, the public sector in host countries, the private sector in donor countries, and the private sector in host countries.

### 5.1 HRO Relationship with the Public Sector in Donor Countries

Both agree that the relationship is largely agency. Governments in developed countries normally support HROs through their grants. As one interviewee explained,

*Many developed countries have agencies in charge of distribution and management of government aids to humanitarian organizations, such as USAID in the US, DFID in the UK, AusAID in Australia. While giving money quite generously, these government agencies also set stringent criteria on the usage of their funds. For example, you have to buy US-made vehicles and fly on US airlines with funding from USAID.*

The other interviewee also mentioned that they had to report all their suppliers to the US government for background check for projects using the US grants.

Being the fund providers, it is natural for these agencies to set criteria on the fund usage. However, some criteria may affect the effectiveness of the relief operation as one interviewee explained,

*While most criteria are simply commercial restrictions, some may have other implications. In countries unfriendly to the US, the US-made vehicles may expose our relief workers to unnecessary dangers.*

Overall, the relationship between the HROs and the governments in donor countries are largely smooth giving the good understanding and similar cultural background. However, for acceptance in some host countries, HROs may have to distant themselves from governments in donor countries, as illustrated by the example above.

## 5.2 HRO Relationship with the Public Sector in Host Countries

On the relationship with governments in host countries, both interviewees note that it is much more difficult and sensitive compared to the one with donor countries. While they generally agree to the transactional /long-term strategic classification, they feel the long-term strategic only apply to certain local governments where HROs have long-term development projects as one interviewee said,

*On our relationship with governments, we see the relationship at the local level is more important. We should be careful in the local community so that our programs can really bring benefits to them.*

On the relationship with central governments, both interviewees agree to the differentiation of strong and weak governments. One interviewee said,

*In many African countries, governments are relatively weak. HROs sometimes play the role of government in providing aids. But in Asia, most countries have strong governments. Therefore, governments play a more dominating role in the humanitarian operation in Asia. They see HROs as complements. Taking Indonesia as an example, with CSR as a mandatory requirement for the private sector, the government manages most relief operations and tends to contact HROs and the private sector separately for the relief support.*

While a strong government is generally better than a weak one, there are problems for HROs in dealing with both types of governments. One interviewee made the following comparison,

*In countries with strong governments, the typical problem is denial. After the strike of disasters such as floods and cyclones, governments may not be willing to call for international helps for reputation concerns. Often the international media coverage with the coming of aids is not positive about the country from the government perspective. In such cases, the relief works have to be done by our local staff and international relief supplies could be stalled at customs for a long period.*

*In countries with weak governments, the problem is a non-functional government and you have to do everything by yourselves. For example, after the fall of Gaddafi regime in 2011, Libya is largely in anarchy and you have to deal with many conflicting parties for the relief work.*

The other interviewee gave more examples to illustrate how controlling some strong governments are,

*For example, NGOs in Bangladesh are asked to submit all planned activities every year to the government for approval. Many countries would not accept international aids indiscriminately. For example, China and India only accept relief supports from NGOs with local presences. New international NGOs are not welcomed.*

He also explained reasons for such behaviors,

*In regions experiencing civil wars or civil unrests, HROs need to be extremely careful in not taking sides. Central governments would watch NGOs closely in such regions.*

The first interviewee also touched on the lobbying nature of some HRO,

*We try to promote issues such as health, drug-control, and water treatments. It is essentially a lobbying process. It is difficult as some governments are corrupted, some are bounded by existing cultures, and some may deny the problem. You have to lobby patiently for the change. For example, Nigeria government had denied the existence of child malnutrition till 2007, and substantive aids could only be initiated after the government acknowledgement.*

The HRO's relationship with most host governments seems to be more than transactional. The two HROs we interviewed are both in the middle in Table 2. Thus they are not purely impartial on the perspective of the government. In a country with a weak government, the government is largely unable to manage its own affairs, and thus often leave HROs alone without much intervention. But in a country with a strong government, the government is in control, and accepts HROs as only complementary helpers. The power balance clearly lies with the government. As HROs are using both advocacy and operational means to serve their beneficiaries (Teegen *et al.*, 2004), their relationships with host governments would be two dimensional. At the operation side, it can be a transactional relationship by providing relief services for the government without much conflict. However, at the advocacy dimension, there exists inherited tension between the government and HROs. Knowing HROs have their own agendas, the government would be suspicious of HROs and monitor their operations closely. From the perspective of HROs, they have their principles in relief operations and often lobby for their beneficiaries. The relationship then becomes a struggle between lobbying and control.

### 5.3 HRO Relationship with the Private Sector in Donor Countries

On the relationship with the private sector, both interviewees agree to the three types of relationship and notice the significant growth of both donations

and long-term partnerships during the last decade. Global firms are much more concerned about social responsibility nowadays and more willing to partner with HROs for CSR projects. However, here the power balance seems to move to large HROs. One interviewee made the following observation,

*We are very careful about whom to cooperate with. We have strict rules and due diligence process to select commercial partners. We won't associate ourselves with companies selling "bad" products such as guns and alcohols. We also have different levels of partnership with the private sector. For example, an Indonesian company is not clean in environmental protection, and we thus don't allow it to display its logo with ours together even though we work together. The partnership is very tricky and sensitive issue. The private sector may also have their own due diligence in selecting HRO partners.*

As large HROs are not short of funding, there are more interested in the expertise of the private companies. One interviewee shared the experience of his organization,

*Private sector can not only provide funding, but also use their expert knowledge to help logistics. There are much potential for collaboration. Private companies can provide transportation, skill, and IT solutions. For example, our Canadian branch developed the last mile mobile solution with the collaboration from the private sector. It could significantly improve the communication efficiency in disaster affected areas.*

Besides the contribution to the relief operation, the participation of the private sector could also generate business benefits to the companies. The interviewee made the following observation,

*Companies from donor countries could also benefit from HRO partnerships. For example, P&G cooperates with several HROs to distribute its PUR series of products for the water purification. The partnership provides P&G a low-cost distribution network in developing countries where the firm otherwise has no access.*

In summary, there is much variety on the relationship between the HROs and the private sector in donor countries. Traditionally, the relationship is either pure commercial (transactional) or agency one (passive donors). Now more companies are involved in CSR and desire for long-term relationship with HROs. Different from their relationships with governments, large international HROs with global recognition often possess leverage over their counterparts in the private sector.



## 5.4 HRO Relationship with the Private Sector in Host Countries

On the relationship with the private sector in host countries, while both transactional and strategic relationships exist according to the interviews, HROs tend to have more transactional relationships. One interviewee gave following explanation,

*In relationship with suppliers, we are restricted by company policies. We have several regular suppliers with good relationship, but cannot sign purchase agreements with them before the bidding processes. We have the policy of having at least three bidders for large quantity of supplies, and so we can avoid the monopoly of certain suppliers.*

In this case, the potential of developing partnerships with suppliers is restricted by the commercial nature of procurement policies. However, HROs do not see their interactions with local companies pure transactional. Having the mandate of helping beneficiaries, they see their local transactions as a means for economic development. In logistics light countries with more vibrant local markets, HROs are careful not to distort but to support the market development. The other interviewee said,

*One principle in supplier selection is to work with local suppliers as much as possible to stimulate local economy and build local market. For some commodities, the implementation of such a policy is not easy. For example, World Health Organization (WHO) only certifies pharmaceutical products from 16 countries, most of them are in Europe. Medicines bought from the local market may not meet the quality standards. To locally procure medical products, we have to conduct due diligence in the country to identify qualified ones. As local suppliers may push up the prices when we approach them, we have to be careful not to distort the market with our entry.*

HROs are also mindful of the difference between logistics heavy and light countries. It is more likely for them to build partnerships with companies in logistics light countries. One interviewee said,

*In countries with weak local market, we have to modify our practices to the market condition. For example, bidding may not be practical in some countries as locals only accept cash for transactions.*

In countries with active local NGOs (often logistics light countries as one interviewee mentioned that no local NGOs can be found in some logistics

heavy countries), HROs often work through local NGOs in partnership with the private sector.

*We often work with local NGOs and find local suppliers through them due to our shortage of local knowledge. However, we would not leave the supplier management to local NGOs totally as we have to monitor these suppliers closely to ensure the practices of suppliers are consistent to the policies of our donors as well ourselves.*

In summary, HROs are not close to the private sector in host countries in general as most relationships are transactional. The lack of local knowledge and the restriction of organization policies are cited reasons. Comparing logistics heavy with logistics light countries, partnerships in the latter are more prevalent.

## 6. DISCUSSIONS AND CONCLUSIONS

This study provides an overview of the PPP in the field of humanitarian logistics. We manage to capture the relationship of HROs with the public and private sectors along the relief supply chain, and classify the partnership into four categories, HROs with the public sector in donor countries, HROs with the public sector in host countries, HROs with the private sector in donor countries, and HROs with the private sector in host countries. Based on a preliminary field study on large international HROs, we find that they tend to have better relationships with both the public and private sectors in donor countries, and their relationship with the public sector in host countries is most problematic. We have also shown that host countries can be differentiated by logistics heavy and light for the private sector, and by strong and weak for the public sector.

This study sheds some insight on the large international HROs' relationship with their public and private partners. On the relationship with the public sector in donor countries, HROs normally maintain a friendly agency relationship, while their relationships with the strong central governments in the host countries are often not purely transactional but full of struggles between the lobbying of HROs and the control of central governments. In contrast, the HROs' relationships with local governments are generally much better due to their contribution to the beneficiaries.

Regarding the HROs' relationship with the private sector, traditionally it is either commercial or agency where the private sector is a passive donor. In recent years, the private sector has started to build long-term partnerships with the HROs. While the HROs are very selective in building partnerships with the private sector companies from donor countries, they see great growth potential. For the private sector in the host countries, the HROs face more challenges in developing long-term relationships, one of which is to build local markets during relief operations.

While the results from the study are still explorative, it aids future research explorations. Besides some general extension and validation such as more coverage of other types of HROs, there are three specific research opportunities. The first is the HROs' relationship with strong governments in host countries. The power struggle between the two parties is an interesting research topic. Researchers can use both economic and social theories to explore the nature of such struggles as well as practical solutions to reduce the tension. Trusting building process among economic players could be applied to the political actors in our contexts.

The second research area is the partnership between the HROs and the private sector in donor countries. Instead of monetary or in-kind donations, companies can also collaborate with the HROs for commercial benefits also. As the case of P&G's PUR illustrated, companies can partner with HROs with both social and commercial values. Most large companies target customers in developed countries only due to the lack of customer demands and the difficulty of product distribution in most developing countries. However, these markets have strong growth potential as the developed markets are largely saturated. International HROs could be the valuable bridge between the two sides given their extensive networks in developing countries and knowledge of the market demands. Companies could thus partner with the HROs to develop products with social values, and leverage on the HROs' purchasing power and distribution capacity to deliver products to the end customer. It can be a third type of relationship in addition to the commercial and philanthropic ones mentioned in literature (Balcik *et al.*, 2010).

The third area is the local market development which relates to the relationship between the HROs and the private sector in host countries. HROs are aware of the negative impact of their entry to the local market, and have initiated programs such as cash for aid. Instead of giving supplies directly to needy people, HROs choose to give cash and vouchers for them to buy from the local market. Cash transfers and vouchers can be appropriate and effective tools to support populations affected by disasters in a way that maintains dignity and choice for beneficiaries while stimulating local economies and markets. More research can be done in this area such as schemes as well as implementation mechanisms like the control on the possible fund misuse.

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