The Aid Industrial Complex: Private Sector Engagement and Reform

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Introduction

The perception of humanitarianism is constantly transitioning in tandem with our perception of capitalism, human rights and the physical state of the planet. Those skeptical of modern global market practices argue that the roots of humanitarian aid lie in colonialism:\(^1\); countries such as England and Spain used Christianity as a means of connecting with natives of conquered territory and distributing food, shelter and clothing before fully implementing a Eurocentric government, thereby cementing a lasting dependency on European political influence.\(^2\) Humanitarian aid has since evolved to fit a more secularized framework that focuses on a number of different crises throughout the world concerning hunger, poverty, gender equality, education and environmental sustainability, for example. However, flaws within contemporary methods of aid distribution may reflect the same colonial legacy in the wake of centuries of European imperialism. Although global institutions such as the International Monetary Fund and the World Bank undertook initiatives to uplift developing countries out of poverty over the last few decades, opponents argue that these agencies enforce a Western perspective on how a government and economic system “ought” to be run; this intervention can ultimately impact affected regions in negative and long term ways.\(^3\)

Foreign aid has played a crucial role in diplomacy and global economic growth, particularly within the last century. However, as globalization progresses, the pursuit of humanitarianism has become more than a bilateral political venture. It is argued that the world

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economy is currently in the midst of late-stage capitalism, where wealth inequality is one of the greatest global challenges we have faced in the 21st century\(^4\); this issue combined with global environmental challenges such as climate change and conflict scattered across the world has made humanitarianism a crucial agent in keeping impoverished regions afloat; the COVID-19 pandemic also left many developing countries vulnerable to further turmoil. Sustainable and ethical business practices have increasingly become more important to consumers. Those who do not comply with requirements such as those defined in the Paris Climate Accords or the UN Global Compact risk public scrutiny and the potential loss of profit. Modern public relations has transitioned towards social justice efforts, environmental protection, and the idea of “decolonization” often as a ploy to sell more products, even if it means covering up one’s tracks with a veil of what anthropologist Raoul Eshelman refers to as “performatism”.\(^5\) According to Eshelman, performatism is a cultural response to postmodernism and is the process of attempting to externally preserve values and beliefs which may directly conflict with one’s true internal reality. (Eshelman 2000). Although the concept has been applied to a number of different subjects, performatism applies in this case to companies attempting to externally place value on environmental sustainability and human rights in order to preserve positive relations and ultimately profit. This phenomenon is referred to by human rights watchdog as “bluewashing”, in which corporations partner with the UNGC or other NGOs to rebrand themselves as a socially responsible company.

A dramatic increase in privatization of the development field within the last few decades has led to the establishment of the aid industry, in which multinational corporations profit off of

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the prolonged poverty of the Global South while donating a regulated amount of money and resources to impoverished communities to promote positive public relations—as well as distract from any negative press regarding malpractice suits or contributions to humanitarian crises. Some opponents of this type of engagement with humanitarianism have called for different solutions to the issue: the concept of localization has sprung up in some nonprofit strategies as well as in the surrounding literature. As corporations launch more relief initiatives and partner with organizations such as the various aid agencies within the United Nations, the question of modern aid’s efficacy and ethics becomes increasingly prevalent. As this private sector engagement increases, it is important to keep in mind the historical context and implications of this engagement.

As different ways of providing and funding aid emerge, the definition of aid becomes more ambiguous. The United Nations Office for the Coordination of Humanitarian Affairs (OCHA) defines aid in its annual reports as “actions designed to save lives, alleviate suffering, and maintain and protect human dignity during and following emergencies. The characteristics that separate it from other forms of assistance are 1) it is intended to be governed by the principles of humanity, neutrality, impartiality and independence; 2) it is intended to be short term in nature and provide for activities during and in the immediate aftermath of an emergency.” Additionally, these annual reports only account for aid where it is specified as such by the donor. Aid manifests in corporate partnerships, nongovernmental organizations and more recently, grassroots movements through crowdfunding. The complexity of financing relief initiatives is often the obstacle that thwarts organizations and companies’ humanitarian efforts.

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The global supply chain plays a crucial role in distributing resources and assistance to regions in need of relief, with particular emphasis on disaster response. However, it is equally crucial to understand who controls the aid supply chain, as well as where and how private investment could skew the efficient allocation of funding and resources. Corporations controlling and profiting off of the global aid supply chain inhibits economic growth in impoverished regions. This research will examine the different agents in controlling the supply chain, and identify areas of imbalance within the chain that can potentially be improved.

As private enterprises engage with charity operations across the globe, there is an emerging intersection between humanitarian aid and the tourism industries. Globalized transportation enables affluent members of Western society to pursue relief missions in the Global South as a means of gaining cross-cultural exposure and making a positive impact in the world. Notwithstanding arguments that this practice carries colonial sentiments, this method of humanitarian engagement, commonly referred to as “voluntourism”, has exponentially grown in popularity as a more ethical alternative to traditional tourism in impoverished countries. Critics of this method argue that voluntourism takes work opportunities away from members of the affected community and gives them to unskilled temporary volunteers who are often visiting the community for the first time. Additionally, it has been argued that voluntourism is a type of aid that prolongs poverty in the Global South in that volunteer groups who habitually return to the same communities promote dependence on the aid while potentially thwarting economic growth.

Poverty tourism is another facet of aid in tourism. Despite ethical controversy regarding the proliferation of poverty tourism, the purpose of this thesis is not to question whether or not

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these business opportunities should exist, but rather to analyze the ways new methods of private sector aid initiatives are supplementing traditional foreign aid. In a world that is progressively globalizing, how do we reconcile the benefits of the aid industry and the structural flaws that curb efforts to bring marginalized communities out of poverty? An analysis of research surrounding aid tourism suggests the possible reform of the system to maintain the cross-cultural exposure and education that businesses promote while reducing the marginalization of the affected communities. With policy change and awareness campaigns, voluntourism and poverty tourism have the potential to economically empower communities, educate affluent travelers, and still manage to be profitable.

The Aid Industrial Complex, also referred to as the NGO-Industrial Complex and Poverty Industrial Complex, encapsulates the increasing privatization of global aid and development initiatives. Recalling President Eisenhower’s popularization of the Military Industrial Complex in his Farewell Address to describe the ongoing issue of corporate influence in countries involved in warfare for the purpose of profit gain, the Aid Industrial Complex applies the same notion to the global aid industry. The altered phrase referring to the aid industry is not widely used in academic settings, but encompasses the various structural flaws within the field. The Aid Industrial Complex has appeared in various nonacademic literature, such as online activist blog posts and articles. Emanuel Licha’s 2021 award-winning documentary, Zo Reken, describes the Aid Industrial Complex through the lens of Haitian passengers in a hacked vehicle owned by a local NGO. The term has become increasingly popular in activist discourse, and has the

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potential to be used by a broader range of actors, including academic institutions, NGOs, corporations and state governments.

Opponents of the perpetuation of the Aid Industrial Complex argue that despite the aforementioned issues emerging in response to modernization in the global economy, aid has always carried a colonial legacy. This shift towards private sector influence reflects a different side of neo-imperialism inhibiting the Global South from actual empowerment through economic and political autonomy. Scholars, journalists and nonprofit organizations have called for reform in the system and UN intervention. Advocacy for localized action in aid distribution and multilateral accountability of corporate-led human rights violations could reshape the global aid industry towards a more sustainable, empowering model. This change is crucial as the climate emergency and other pressing humanitarian crises continue to affect vulnerable regions. As it stands, any powerful corporation has the potential to publicly alleviate the strife of one humanitarian crisis while privately fueling the fire of another.

The several case studies and multilateral negotiations between global institutions, corporations and nonprofit organizations outlined in this research better define the modern practices of aid and development as the Aid Industrial Complex, as well as offer new methods of aid distribution that preserve corporate social responsibility and advocate for local representation. The highlighted flaws in this thesis foster a modern culture of aid aimed at promoting companies’ images rather than empowering affected communities. Many of these flaws, such as inefficient allocation of funding, lack of local representation and commodification of poverty via tourist attractions in developing countries, are potentially rooted in neoliberalist influence in the global market. This thesis examines aspects of the increasingly privatized
modern aid industry with a critical lens and offers possible solutions to the issues in the face of current humanitarian crises.

**Historical Context**

Although this research focuses primarily on identifying issues in the modern business methods in the aid sector, it should be emphasized that humanitarianism has always operated within the framework of an imbalanced system. European colonial powers often utilized relief projects as diplomatic means of conquering territory in the Global South without spending money and resources on warfare and maintaining mostly positive relations with the conquered natives. Christianity was utilized for centuries as an instrument of assimilation and eventual submission. Today, many post-colonial societies still practice the religion that was introduced to them by European powers. English is currently the most popular language utilized in business negotiations across the globe. Although most former colonies have gained full sovereignty since the latter half of the twentieth-century, the hold that colonialism has on the global economy is still prevalent, evident by the stark wealth inequality between the developed and the developing world.

Although international power dynamics are still regulated by the hegemony of global powers such as the United States, China, and the European Union, global inequality has since evolved towards a secularized, business-oriented system. 1970s neoliberalism paved the way for wealthy corporations to expand their power and coalesce into massive, multinational entities. Where some analysis suggests that World Trade Organization free market policy paved the way for massive economic growth on a global scale, this does not reflect the true nature of the unequal distribution of wealth and the logistical ways that wealth was amassed over the years.
The World Trade Organization inhibits the economic growth of many former colonies through the encouragement of neoliberal policies. Although microtransactions from the IMF and World Bank have the potential to stimulate an economy on a local level in impoverished communities, the efforts made by these institutions have largely perpetuated a staggering wealth inequality between the developing and the developed worlds. Forced labor refers to the unpaid work by a person threatened by violence, poverty or other forms of compulsion.\textsuperscript{11} Companies within industries such as mining, agriculture and manufacturing have thrived with the utilization of forced labor, and many of these industries contribute heavily to annual carbon emissions among other environmental violations. Well-known names such as Apple, Google and Tesla are often the first to be indicted by watchdog groups for contributing to the use of forced labor in their extraction and manufacturing processes.\textsuperscript{12} Because of the meshing of political affairs and corporate influence in countries across the globe over the last five decades, nationalism and particularly populism has been a major response from citizens marginalized by their increasingly corrupt governments. It is possible that the recent rise in unilateral approaches to foreign policy may be a primary factor that led to the emergence of private entities encroaching on the field of aid and development.

The establishment of the United Nations and its affiliates reflected a massive leap towards global cooperation and solidarity. The general post-World War attitude towards foreign engagement discouraged imperialism-driven violence and paved the way for a transnational society that can work together to address global issues, such as poverty, hunger, natural disasters, and wealth inequality. Agencies within the UN were given specialized missions that

\begin{itemize}
\item \textsuperscript{12} Kelly, A. (2019). Apple and Google named in US lawsuit over Congolese child cobalt mining deaths. \textit{The Guardian}.
\end{itemize}
emphasize these different issues. Peacekeeping operations were designed to prevent further violence in regions suffering from political and economic turmoil. However, these carefully constructed institutions were only as effective as their donors were powerful. The effectiveness of peacekeeping operations has long been disputed; horror stories such as the incident of peacekeepers bringing cholera to Haiti immediately after the 2010 earthquake is just one example of the ways that the operations have brought more harm than help to a region in turmoil.\textsuperscript{13} The establishment of the UN led to the creation of the affiliates such as the Office for the Coordination of Humanitarian Affairs and non-UN entities such as the Organisation for Economic Co-operation and Development and the International Labor Organization. These groups and nongovernmental organizations (NGOs) helped establish an ongoing focus on the advancement of human rights outlined in the Universal Declaration of Human Rights, ratified in 1948 by the United Nations.\textsuperscript{14}

A recurring problem through the twentieth century that has carried into today’s aid policy is the ambiguity surrounding the definition of aid itself. In 1969, OECD adopted the concept of Official Development Assistance (ODA) to properly assess the way countries distribute and receive aid within the global supply chain. This measurement accounts for the annual bilateral and multilateral loans and grants administered by donor countries and the organizations operating within them. It was only recently that the OECD sought to include ODA policy in the private sector discourse. In 2016, OECD launched a program to develop private sector instruments to assist in partnerships between corporations and nongovernmental aid organizations. Since its launch, however, issues in legalities have prolonged negotiations. “…


Despite best efforts by all parties, the implementation rules to report private-sector instruments in ODA have not yet been agreed, primarily due to disagreement over the discount rates to be used in calculating the grant-equivalent of loans to private sector companies (PSI loans), equity investments, mezzanine finance and guarantees.”¹⁵ Despite the limitations, ODA may play a crucial role in the future of the aid industry.

Aid and development have always been core principles of UN operations. The proposed budget for 2021 of $3.2 billion will likely provide funding for some of the largest relief projects undertaken by the UN and its affiliated agencies.¹⁶ As more opportunities emerged in the latter half of the twentieth century for aid agencies to be established and relief projects to commence, different ways of providing aid manifested. The way that a country defines aid can have a significant impact on the type of aid it receives and distributes. In 2018, the British government led negotiations to alter the definition and rules of aid. This policy change is significant due to the United Kingdom’s influence over Penny Mourdant, a conservative member of the UK Parliament, spearheaded the shift to formally enable private sector engagement into the aid industry. At the time, the OECD maintained strict rules about defining aid so that it excluded private investment and was reserved only for public finances, such as that from government spending and nonprofit organizations. The British aid watchdog group, the Independent Commission for Aid Impact (ICAI), for years had criticized private sector involvement in the aid industry, and urged international organizations such as the OECD to remain resilient against increasing pressure to annul restrictions. At the time, there was an international backlash against Mourdant’s proposal. A statement from Global Justice Now described the policy change as “a

betrayal of our country’s responsibility for ending global poverty and inequality, [which] instead turns other people’s poverty into a money-making opportunity.”  

Despite the backlash, there were many proponents of Mordaunt’s policy change. Those in support of an altered definition that expands accessibility to private business ventures have argued for years that the long-term goals of governments and the United Nations, such as the Sustainable Development Goals, are unrealistic without private influence. This criticism is a valid point in development discourse; watchdog groups have criticized the UN for failing to hold member states accountable for not reaching expected milestones of sustainability as promised in 2015 (and beyond). Not only have proponents accused governments and donors of not allocating funds and resources to the best-fitting communities, but many advocates for the potential entrepreneurship aimed towards members of the community itself.

Although this policy change was UK-focused, it set a precedent that opened the door for corporations across the globe to invest in new partnerships with aid organizations. Although agreements made by OCHA helped to establish ethical guidelines for the emerging private sector engagement, most intergovernmental and nonprofit organizations encouraged the partnerships. They saw them as a mutually beneficial transaction in the name of uplifting marginalized people. Despite the glaring irony of multinational corporations, which profit off of humanitarian crises such as forced and child labor, partnering with aid organizations to combat other humanitarian crises, the partnerships received general positive feedback and promoted brand awareness in a sustainable framework. The partnerships are mutually beneficial, but often at the expense of the community. Because large corporations are more likely to partner with equally large

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international nonprofits, grassroots relief organizations found themselves facing a new and growing obstacle of garnering enough funding to maintain operations. While massive entities in both the private and public sphere amassed millions of dollars, there was a growing silence of community members infecting the Global South. This evolution of aid then led to the emergence of companies that specialized in negotiating the partnerships between corporations and NGOs. Each factor contributing to the rise of private sector engagement carries the legacy of a post-colonial world.

**Tied Aid**

The concept of “tied” and “untied” aid often refers to bilateral or multilateral foreign aid negotiations between governments. Tied aid can be defined as the concept of providing aid for one country or community on the condition that it comes directly from the donor country’s own company or organization. This form of conditional relief takes advantage of vulnerable communities trying to stay afloat amidst environmental, political, and/or economic strife. According to a 1991 study on tied aid by Catrinus Jepma, tying aid can “increase costs to the recipients by as much as 20 or 30 percent.”

Communities are often in greater debt to a country than they were before they received any form of aid, establishing a long-term dependence on the country or corporation providing the aid. Although countries such as the United Kingdom adopted policies of untying aid in response to the reports on aid malpractice, it is difficult to quantify and identify tied aid in the industry because of the different forms of aid. (Jepma 1991).

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Tied aid is not negotiated solely between countries’ governments and nonprofit organizations. The increased private sector engagement with the industry has led to increased tied aid between corporate partners and nonprofit organizations who distribute aid. Since the adoption of ODA, the Development Assistance Committee, a sub-group of the OECD which focuses on aid, has worked to prevent companies, nonprofit organizations, and government agencies from issuing high-interest loans to developing countries. The DAC has since promoted grants rather than loans as a means of supplying aid. Another major policy change was in 2014, when the DAC began measuring the distribution of aid through “grant equivalents”, which quantify the value of a loan at the time it was administered in order to account for the constantly shifting global economy.

Today, human rights watchdog groups argue that foreign direct investment (FDI) is a modern embodiment of imperialism. A recent example of foreign direct investment is that of China’s. The country’s Belt and Road Initiative (BRI) was launched in 2013; the primary goal of this FDI is to improve the infrastructure and overall economy of countries in Africa and South America. This growth would ultimately benefit the Chinese economy and improve diplomatic relations across the globe. However, skeptics question the actual effects and intent of the Chinese government. “according to the Wall Street Journal, China officially considers BRI to be both a humanitarian effort, offering emergency food aid, poverty alleviation and other infrastructure development projects to the countries in need, and a strategic alliance, strengthening trade routes across the continent and boosting economic growth both for fund-recipient countries and China itself. It is an oversimplification to define BRI as either aid or investment: it is best understood as a combination of the two.”

Although it technically is not defined as such, this is an example of

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tied aid. The development investment put into impoverished countries ensures the prolonged dependence on China.

Due to international criticism, there have been multilateral agreements in the effort to untie most forms of aid. Between 2010 and 2018, OECD created and altered several international aid agreements to ensure the untying of specific types of aid; over the years, the agreement expanded to include more countries qualifying for untied aid. However, these agreements did little to address the flaws of private sector engagement in relief and development; rather, the data demonstrated a frequent utilization of private sector entities in both the donor and provider countries. Between 2017 and 2018, 54% of tied aid from the United States came from private sector companies.\textsuperscript{21} Although those companies were operated by and within the provider country, the nature of the tied loan ensures future profit for U.S. agencies involved in the transaction. Opponents of tied aid perpetuates the prolonged dependence on aid from developing countries and an unequal global economy. (OECD 2020).

**Supply Chain Logistics**

The global supply chain is a fragile and complex system that heavily relies on the continued operational success of containerization, which redefined international markets when it was first introduced in 1956.\textsuperscript{22} The second half of the twentieth century launched an era of offshore manufacturing in countries with low corporate tax rates and a large supply of cheap


labor. The ability for tons of products to be shipped overseas via containerization for a low price provided a massive boost for the global economy; most of this boost resulted in increased wealth for Although the aid supply chain is different from other supply chains in that consumers at the end of the chain are not purchasing products, but rather gaining them unconditionally or under the condition of a tied loan. The way that this result alters the chain is significant when problems arise that lead to corruption, lack of transparency, and other major issues.

Is the extraction of resources meant for aid projects sustainably sourced, or is it contributing to a different humanitarian crisis? How many entities should be involved with the shipment of supplies and funding to developing countries before the process is too complex to the point of inefficiency? How active a voice should the affected communities have in how these resources are allocated? How do supply chain logistics change to adapt to emergency responses versus long-term aid distribution? These are questions to keep in mind while analyzing the global aid supply chain, and their answers greatly impact the future of the aid industry.

Unfortunately, there is scarce academic research regarding the humanitarian supply chain. This is largely due to the ambiguous nature of the aid industry and little transparency from both nonprofit organizations and private aid entities. Although it is true that NGOs have a legal obligation to divulge their financial information to the public, there is an ongoing issue of truly knowing how that money is being spent and how many actors are involved in the supply chain. That being said, the aid supply chain is the backbone of the industry; as such, weak or mismanaged points in the chain can yield devastating effects for the affected communities receiving aid. A highly contended type of humanitarian supply chain is disaster supply chain management. A 2018 study by the Journal of Humanitarian Logistics and Supply Chain Management examines some of the major implications of a divorced supply chain in the context
of humanitarian aid, particularly in disaster relief. Because internally displaced people, refugees, and other groups are especially vulnerable in these emergency situations, there is a stressed need for an optimized supply chain.

OCHA in their 2007 annual report, made analyzing the efficiency of supply chain management in disaster zones their main focus. The engagement of the private sector was referenced throughout the report as a beneficial asset in quick responses to emergencies. Even then, the OCHA had already led investigations into the negative and positive implications of private sector engagement.23 “In working towards the greater engagement of non-traditional donors in humanitarian assistance, more productive relationships with the private sector were consolidated in 2007. The World Economic Forum (WEF) and OCHA initiated a year-long process to develop the ‘WEF-OCHA Guiding Principles for Public-Private Collaboration for Humanitarian Action’ (launched in Davos in January 2008), which promote principled and coordinated corporate engagement in support of strengthened humanitarian response. At the same time, OCHA continued to bolster its public-private sector partnerships by adopting an internal policy on cooperation with the private sector and by continuing its discussions and joint activities with corporate entities, including Ericsson, DHL, Veolia, KPMG, Microsoft and Google.”24 This initiative calls for increased transparency within partnerships; however, this transparency should extend to the groups receiving aid. (OCHA 2007).

The question of sustainability within the aid supply chain should not be overlooked in research and analysis. Maintaining a constant source of fresh water and electricity in refugee camps requires an abundance of energy, which can cost aid agencies millions of dollars annually.

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Aside from expenses, another negative factor in providing for refugee camps is a lack of sustainability. Providing energy and resources for marginalized groups contributes to a different humanitarian issue; the increasing threat of climate change will ultimately lead to a higher number of refugees and displaced persons in need without massive multilateral policy implementation towards a more sustainable economic model. To combat this issue, Francesco Nerini of the academic journal Energy Conversion and Management developed “The Energy and Water Emergency Module” in 2015. This system relies on local energy sources while simultaneously investing in alternative energy within that region, such as solar and wind power. This module has multiple benefits. For example, a localized source of energy reduces the number of actors involved in the global supply chain, preventing the potential for mismanagement and estrangement from the affected group. Investing in alternative energy in impoverished communities sets a long-term precedent for economic growth and future self-determination. Additionally, these investments decrease the use of nonrenewable resources and work to alleviate the effects of climate change. The module was successfully implemented in a refugee camp on the Chad-Sudan border, in which over 20,000 people inhabit. This study and analysis demonstrate the benefits of a localized approach to aid supply chain management.25

Disaster supply chain management takes a different approach than development aid; however, many of the solutions found through academic research, such as the Energy and Water Emergency Module, could economically benefit communities for years to come. Models such as Nerini’s would contribute to the anticipated “green economy”, in which corporations invest in sustainable fields as a means of combating climate change without a massive loss of profit.26

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Although there is a divide in development and disaster response, there is an overwhelming call for sustainability and transparency among academic institutions and NGOs. Additionally, OCHA, the Journal of Humanitarian Logistics and Supply Chain Management, and Energy Conversion and Management each emphasize a need for further research, particularly in development aid. (Nerini 2015).

Organizations in recent years have called for accountability within the global aid supply chain to ensure sustainability, anti-corruption and overall transparency. This is where the International Labor Organization (ILO) plays a crucial role in overseeing the aid industry. ILO research in the past few decades has assessed the “scalability” within the development field. As aid operations increase in size and number of involved entities, so too does the complexity of the supply chain. A more complex chain often opens the door for mismanagement, preventing necessary resources from being efficiently sourced and properly allocated upon arrival to the affected communities. To combat this, the International Labor Conference met in Geneva in 2016 to adopt a generalized guideline for members of the ILO managing a supply chain, titled Decent Work in Global Supply Chains. Each point emphasizes human rights, sustainability, and encourages private entities to join the UN Global Compact.

Although the guidelines do not specifically address supply chain management in the development or emergency response fields, each point can be applied to a humanitarian framework. “In line with the autonomy of social partners, the social partners should jointly promote decent work and fundamental principles and rights at work for all workers, including in global supply chains, through sectoral initiatives, collective agreements, cross-border social dialogue and international framework agreements, where appropriate. Particular attention should be paid to the rights to freedom of association and collective bargaining, especially for
vulnerable groups of workers in global supply chains."\textsuperscript{27} It is clear that across academic institutions, multilateral agencies and nonprofit organizations, there is a need for some kind of ethical code for distributing resources and funding to impoverished communities in the developing world.

Some scholars and NGOs suggest that unionizing the supply chain would lead to greater efficiency that benefits all parties involved, most importantly the affected groups receiving aid. Research conducted by The Reality of Aid International Coordination Committee suggested that private sector partnerships in the aid industry are only effective if those involved are unionized. Goals highlighted in the Sustainable Development Goals and the guidelines published by the ILO require unions to improve accountability and prevent malpractice.\textsuperscript{28} Unions within the global aid supply chain inherently contribute to economic growth in vulnerable areas and set a precedent for other global supply chains. As foreign direct investment rises with countries such as China heavily investing in the Global South, it is possible that the need for unions will become more apparent. However, it is only through the cooperation of all members within a supply chain that ensures the protection of human rights and the economic empowerment of vulnerable communities.


Aid in Tourism

As private enterprises gain greater access to the aid market, global poverty becomes a commodity that can be advertised to the affluent. It is important to note the emerging intersectionality between humanitarian aid and tourism. This trend is a reflection of the increased accessibility of formerly isolated communities via globalization. Some private aid campaigns promote the decolonization of modern institutions and ideas as a means of reaching a diverse and inclusive audience. Others, whether or not they are aware of it, mirror colonial-era methods of forced cultural assimilation in vulnerable communities. Poverty tourism, for example, provides affluent tourists with the experience of visiting slums across the developing world as a means of exposure to a life that is different from theirs. For a short period of time, and a varying price range, customers can venture anywhere from the favelas of Rio de Janeiro, Brazil to the slums of Delhi, India, before returning to luxury hotels and resorts closed off from the rest of the community. Although this does not necessarily fall under the category of humanitarianism, proponents of slum tourism promote the industry as a means of employing slum inhabitants as tour guides, and bringing awareness to the global poverty crisis.

For those who are seeking exposure to the developing world without as much controversy, “voluntourism” is an increasingly popular alternative. This feature of the private aid market enables groups of Western tourists to spend a short period of time in an impoverished country to participate in a relief project, such as building a school or providing basic medical assistance. Oftentimes, these tourists will have little to no training prior to the trip, and many companies that provide such services target high school and college students. By participating in the project, the tourists are able to swap the homogenized, mundane resort model of a vacation for a culturally immersive experience that rewards them with humanitarian work. But the
satisfaction of a job well done has ramifications for the communities that welcome groups of tourists each year. A major issue of voluntourism is its ability to fly under the radar of international agencies. According to a study by Wageningen University, voluntourism is lauded as a mutually beneficial mode of travel by powerful entities in the aid sector: “The United Nations Educational, Scientific and Cultural Organization (UNESCO) has indicated that philanthropic travel can help bridge the gap between the traveler seeking the opportunity to help and the socio-economic needs of some natural and cultural sites.”

Government programs such as the United States Peace Corps were among the first to utilize the voluntourism method, starting in the 1960s. As many countries in the Global South gained independence following World War II, the staggering wealth inequality and political instability of a newly self-determinant region enabled global powers to develop aid programs to promote growth and security. President Kennedy established the Peace Corps as a means of uplifting these impoverished regions while maintaining American hegemony. The launch of this volunteer program paved the way for similar organizations to develop, such as SAVE Volunteering, International Volunteer HQ, and Global Vision International (GVI). The difference between these programs and the Peace Corps, however, is that they are private entities that often partner with nonprofit organizations. The majority of volunteer programs such as these, including the Peace Corps, require little experience or prior training. Most durations of the work fall anywhere between a few weeks and over two years. These short-term commitments with a lack of required skills is an appealing proposition for early career professionals and post-graduate students.

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Today, the Peace Corps operates in 61 countries and more than 7,300 volunteers. However, research has shown that the programs are not always run as smoothly as their website promotes. According to a study by Congressional Research Service, “about 20% of volunteers in 2018 reported they did not have enough to do at their work site, and 23% were dissatisfied with support received from Peace Corps staff in site selection and preparation. Chronic shortcomings include ineffective volunteer training, poor site development practices, inadequately implemented safety and security procedures, and limited coordination with country ministries and project partners. Of the FY2015 volunteer cohort, 21% resigned prior to completing their term, a sign of dissatisfaction that has steadily increased since FY2012.” Although the Peace Corps is a government program funded by the U.S. government, the program sets a precedent for private volunteer organizations and enables malpractice elsewhere in impoverished regions.

In the wake of centuries of propaganda in literature and media promoting the “white man’s burden” to justify inequality in a colonized world, a new term has emerged to describe the psychology of many people who participate in voluntourism; the “white savior complex” can be described as a white person who feels that they have a responsibility to fix the problems of the Global South and heal impoverished communities. Additionally, this person believes that the responsibility rests in their capable hands because the communities are unable to uplift themselves. Social media engagement can often be a promoter of white saviorism, as Western tourists seek to showcase their humanitarianism online via pictures and videos with members of impoverished communities as a fleeting memoir. Exploitation in the field of humanitarian aid contributes to the discourse about the mechanisms of capitalism in a globalized world.

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Although voluntourism and poverty tourism are problematic in nature and impair the preservation and future self-determination of impoverished communities, there is a clear benefit to this type of aid that helps sustain it as a lucrative business venture. The cross-cultural exposure that this specific type of tourism offers should not be overlooked in the attempts to reform the aid industry. For this reason, many nonprofit organizations promote voluntourism. According to the humanitarian media outlet Thrive Global, the voluntourism industry amasses an annual $173 billion. Additionally, the article claims that the average cost of each volunteer trip is $1,000, which accounts for accommodation and the support of local staff. However, mismanagement of finances and a lack of organization can easily turn a well-intended volunteer mission into a simple vacation for affluent tourists. Without transparency of the projects undertaken by voluntourist groups and ensuring that the most volunteers are placed where their skill sets are demanded, mission trips are destined to drain the community of resources and ensure long-term dependence on volunteers.

The emergence of these new types of tourism marks a transition in the aid sector towards increasing accessibility to individuals rather than exclusivity among corporations and nonprofit organizations. The moral ambiguity of poverty tourism has spurred international dialogue surrounding the role of the private sector in promoting awareness of global justice issues. However, if these companies conduct their business practices in a way that promotes awareness while uplifting the communities they are operating in, poverty tourism can be a viable, sustainable manifestation of private sector engagement with the field of global development.

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The Aid Industry

The aid market is one of the most promising and rapidly growing sectors in the global economy. In late 2017, the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) published a report which highlighted the benefits of corporate humanitarianism; some of these strategic advantages include the ensured protection and interest of a company’s consumer base, the development of relationships with other businesses, international NGOs and even governments, as well as fulfilling a corporate social responsibility (CSR). It is true that in many cases of humanitarian emergencies, the private sector has contributed a great deal of resources and assistance to those in need. The report claims that corporations, in regards to such crises, are “among the first part of society to respond.” With that being said, where does corporate humanitarianism shift from a gesture for those in need to a veil intended to cover up the ethical malpractice of companies, particularly multinational corporations which notoriously exploit the labor laws of countries in the Global South for means of extraction and production?

The Reality of Aid Network (RoA) in 2012 published a report highlighting the associated risks and potential benefits of private sector engagement within development aid. The report also examines the aid policy of 17 different developed countries across the East and West. This approach of examining countries in isolation is an efficient way to measure the effectiveness of the private sector in a case-by-case framework rather than attempting to view the emerging aid industry as a whole; different countries interact differently with for-profit aid companies. However, the recurring issue across case studies was a lack of familiarity with the local groups.

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involved in aid projects. The study brings attention to the specific ways that these countries can improve the system and alleviate the effects of the global aid industry through policy change.

The United States, for several years, has maintained the status of the largest donor of foreign aid in the world. According to RoA’s study, the U.S. Agency for International Development (USAID) has expressed favor towards private and cross-sector aid initiatives. In 2012, USAID launched the Partnership for Growth and New Alliance for Food Security and Nutrition to empower private entities pursuing aid projects overseas; the project ambitiously claimed that its central goal is to “lift 50 million people out of poverty over the next 10 years”.

The initiative promotes cross-sector engagement in the development field. A prominent cross-sector partnership strengthened by USAID is Grow Africa, which aids communities suffering hunger stemming from a lack of proper agricultural infrastructure. Although we are yet to see the New Alliance truly meet its goal of lifting millions of people out of poverty, Grow Africa has made a difference in improving agriculture across Africa with the help of both private and public actors.

The American perspective of aid differs from that of the British perspective, where the conversation surrounding the definition is still contended as private corporations invest in the field of development. So too are the perspectives of other countries, including those in the Global South, which regularly receive and rely on aid projects from wealthier nations.

Other cross-sector initiatives have helped to increase accountability for the private sector as they breach the development field. The UN Global Compact (UNGC) was founded in 2000 as a means of holding corporate entities accountable and in accordance with the Sustainable Development Goals (formerly Millennium Development Goals). Since its establishment, over

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13,000 companies and 170 countries have joined the compact.\footnote{Rasche, A. (2020). The United Nations Global Compact and the sustainable development goals. Handbook of Responsible Management. Edward Elgar Publishing.} The compact encourages positive corporate social responsibility by promoting the Ten Principles centered around human rights, labor, environment, and anti-corruption; this is pursued through development initiatives referred to as Action Platforms.\footnote{Williams, O. F. (2004). The UN Global Compact: The challenge and the promise. Business Ethics Quarterly, 14(4), 755-774.} However, as global governance has demonstrated since the mid-20th century, multilateral pledges such as this can prove less than effective as a long-term solution. CEO and Executive Director of the UNGC, Sanda Ojiambo, stated this year that “more than 90% of the 169 targets of the [Sustainable Development Goals] are linked to international human rights and labor standards.”\footnote{Mercado, A. (2021) “UN Global Compact CEO encourages more ‘due diligence’ on human rights.” GreenBiz.} The primary mission of the pact is to encourage sustainable business practices which promote human rights and empowerment. The reality of the pact holds a newly common paradox in the field of aid and development. As is the nature of non-binding initiatives, many signatories are notorious violators of the same values upheld by the compact.

Nike, which signed the compact in 2007, has launched numerous partnerships with Peaceplayers International, China Foundation for Poverty Alleviation, and the UN Development Program, according to the company’s official website.\footnote{Nike. (n.d.). Nike Sustainability. Move to Zero. Nike.com.} In the last decade, Nike has paid millions of dollars in lawsuits against gender discrimination, environmental degradation, and labor malpractices.\footnote{DeTienne, K. B., & Lewis, L. W. (2005). The pragmatic and ethical barriers to corporate social responsibility disclosure: The Nike case. Journal of Business Ethics, 60(4), 359-376.} Does allocating profits towards a good cause justify the perpetuation of other humanitarian crises, such as climate change and labor trafficking? Brand partnerships with NGOs also threaten the efficacy that nonprofit organizations have in being able to bring attention
to the malpractice of those corporations; it is a greater challenge for the United Nations to confront Nike’s violations if they also receive millions of dollars that fund valuable aid initiatives, and are already members of the UNGC.

Another example is the multibillion-dollar corporation Nestlé, a food manufacturer and distributor. Nestlé has multiple regional sub-groups as signatories of the compact spanning the years 2001-2021. The company also is recognized by the UN as one of 41 signatories which qualify for LEAD status. This means that the company has launched at least two Action Platforms since signing, as well as agreed to release annual sustainability reports to the UN, known as Advanced Communication on Progress (CoP). In 2019, the UN even lauded Nestlé for its dedication to pursuing a sustainable model and pledging to achieve zero net greenhouse gas emissions by 2050. However, the company has paid over $21 million in lawsuits since the year 2000, according to watchdog group Good Jobs First. The other side of the company’s history paints a different picture for CSR. For years, Nestlé has been criticized by human rights organizations for utilizing child and forced labor in West Africa. The 2010 documentary *The Dark Side of Chocolate* garnered international concern for Nestlé’s corruption by investigating the company’s child trafficking crisis in the Ivory Coast, as well as examining other chocolate companies such as Mars and Cadbury.

Why is it that some corporations are reluctant to partner with nonprofits and instead choose to conduct operations within their own firm or with the help of the government? This issue leads to the massive loss of funding for essential NGOs, particularly the grassroots

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organizations that work directly with and are often composed of members of the community. In 2018, the Center on International Development and Governance of the Urban Institute conducted a study on private sector engagement in the development field; their findings seek to answer this question. The research suggests that companies that handle the majority of their relief initiatives promote brand loyalty among consumers and positive public relations, while maintaining a constant flow of revenue that otherwise would go into funding nonprofit organizations. The Urban Institute further states that “…companies are also concerned about nonprofits’ red tape, high overhead costs, perceived inflexibility in adapting new ways of working, alienating competitive host communities by working with refugees, loss of investment or reputation in case of failure and exposing the company’s operations to public scrutiny.”

Companies such as Nestlé and Nike likely keep these factors in mind due to their near-constant lawsuits for malpractice. (Center on International Development and Governance of the Urban Institute 2018)

The Urban Institute goes on to discuss an air of mistrust among cross-sector engagement between nonprofits and private enterprises. A lack of a similar worldview and business lexicon creates tensions between humanitarian actors and those seeking profit and a marketing opportunity. Start-up costs and slow-moving negotiations also inhibit partnerships from launching aid initiatives. The tension also stems from competition for funding; although the actors operate within different frameworks due to the conflicting nature of private and nonprofit sector business, both entities often pursue the same projects within the field of development. In the case studies highlighted in the research featuring partnerships in Jordan and Uganda, negotiations were only successful with a mutually trusted third party. The general risk

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assessment often prevents cross-sector partnerships from taking place, ultimately resulting in the loss of funding for nonprofit organizations.

As of 2021, there are 454 companies under the category of Oil/Gas which have signed the UN Global Compact.\(^{44}\) 202 of these companies within this sector specialize in alternative energy, accounting for less than half of oil and gas producers in the compact. As the threat of climate change looms over the entire world and scientists have pushed for policy change towards a more sustainable green economy, some groups might argue that including oil and gas companies in the UN Global Compact is hypocritical and counterproductive to the compact’s mission.

The UN Global Compact’s inability to hold signatories accountable marks the downfall of its mission for a sustainable, ethical global economy. The fact of the matter is, development and CSR initiatives are futile when the same agent of change is contributing to a different humanitarian issue. Additionally, scholarly research has suggested that the primary motivation for American firms to join the UNGC is rooted in the desire to expand their consumer base to a broader, international demography. The International Studies of Management and Organization published research last year analyzing American signatories of the compact, citing that “a new CEO may strive to improve corporate image, to promote or initiate a program of CSR, or to increase employee satisfaction.”\(^{45}\) The study argues that while the program fundamentally has well-meaning intentions, the barriers to become a signatory are too accessible and fail to hold companies accountable or strive for the goals the UN established in 2000. If notorious violators of human rights such as Nestlé can fall under the category of LEAD status, the compact can only


promote the continued reliance on aid partnerships and will never truly achieve the sustainable economic model idealized by the Sustainable Development Goals.

Opposing arguments, however, suggest that these same barriers help to promote CSR among companies with previous or current environmental or labor violations. A previous study from 2010 by the University of Zurich “believes that the low barriers to entry make it possible for organizations, some with lower CSR performance and fewer resources, to affiliate themselves with a well-organized vehicle for organizational learning, so that they will be able to improve CSR performance… [and] finds that firms that join UNGC are poorer CSR performers than their counterparts, also shows that those firms improve their CSR performance after joining UNGC.”

In this case, joining the Global Compact could be the step in the right direction needed for companies with repeated violations. A lack of accountability opens the door for companies with poor CSR to pursue more sustainable and ethical business models in the future.

Another aspect of private sector engagement in the field of development is the emergence of global forums and conventions dedicated to the purpose of facilitating connections between brands with aid organizations. AidEx is an annual conference held in Brussels that enables networking in the aid industry. The Convergences World Forum in Paris and the Warsaw Humanitarian Expo follow a similar model. Each forum has dozens of both corporate and NGO partnerships to promote future business ties and increased profit in the name of helping impoverished countries. It is important to note that these conventions are inherently different in structure and purpose than those like the United Nations World Humanitarian Summit, whose mission is centered around productive discourse and reform within the aid sector.

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Despite its problematic intrusion, there are some positive outcomes to the increased private sector engagement in the aid market. More business opportunities promote innovation within the industry, and new technologies have impacted many crisis regions for the better. 4ocean is an example of a for-profit “purpose-driven” business; established in 2017 by Alex Schulze and Andrew Cooper, the company has since pledged to retrieve one pound of plastic waste for every $20 made in sales. The company has facilitated several volunteer ocean-cleanup projects in the US, Haiti, Guatemala and Indonesia, and claims to have retrieved more than 14 million pounds of trash since launching.\(^47\) Purpose-driven businesses which can be held accountable for their relief efforts can simultaneously stimulate the global economy while maintaining positive CSR ratings. By selling bracelets and other merchandise made from recycled materials picked up from the ocean, the company has a constant stream of revenue coming directly from their aid projects. This promotes long-term stability for the company as long as the demand for their product exists. However, the emergence of these purpose-driven businesses results in the loss of funding for nonprofits who rely on donors to conduct their business rather than selling a product. (Bohinc & Schwartz 2021)

Each of the aforementioned facets of humanitarian aid contributes to the proliferation of the Aid Industrial Complex. A crucial difference between aid-driven NGOs and for-profit purpose-driven companies is that private entities are not required by law to publicly disclose their financial information. This legal loophole makes it challenging to set standards for companies’ relief projects without transparency in the allocation of funds and resources. All the public can do is trust that 4Ocean is holding themselves accountable for their pledge to clean up as much ocean trash as they claim on their website.

Not all companies operate in a similar way to 4Ocean. In a similar way that the American service economy has gravitated towards a gig-based system in recent years, most corporate-led development projects are nothing more than that: projects. These short-term spending sprees on initiatives such as building wells, schools, and other projects that fill essential needs are often left unchecked as soon as construction is finished. Schools are only as effective as their teachers’ skill levels, and wells may operate for even a few years before falling into disrepair without proper oversight. Many aid initiatives launched by the private sector without cross-sector negotiations with nonprofit organizations utilize poor distribution methods and have no system of monitoring and evaluation.

Western nations have undergone rapid social change in the last few years in response to increased digital communication; the Black Lives Matter movement is one example of a social movement that would not have amassed as much of an international following without the utilization of smartphones and social media platforms. The 21st-century has encouraged a new era of social activism, and within that lies the opportunity for profit. Whereas it may have seemed more taboo for corporations to openly exert political efficacy in the past, much of the modern Western demographic expects a company to fall on one side or the other of the political spectrum. In the face of climate change, more and more consumers are paying attention to a company’s environmental impact, as well. However, if corporations have no legal requirement to disclose financial information to the public, and the UN Global Compact fails to hold signatories accountable while commending repeat-violators of human rights and environmental regulations, it is easy for corruption to assimilate into any corporate culture, feeding into the aid industrial complex.
Localization and the Grand Bargain

May 2016 marked a turning point in many of the conversations centered around the evolving nature of global humanitarianism. Under former Secretary-General Ban Ki-moon, the United Nations hosted the first annual World Humanitarian Summit in Istanbul, Turkey, where 173 member states met to discuss potential reforms and advancements in the aid industry. One of the key negotiations among the approximately 1,500 commitments made that day was the Grand Bargain. This initiative is a multilateral pledge to promote a sustainable and ethical model for the distribution of aid to impoverished communities. Its effectiveness since its conception has been disputed, but is undoubtedly a crucial step towards reform within the aid industry. The four main components of the Grand Bargain focus on strengthening partnerships between private and public entities, involving local actors in international negotiations, reinforcing existing local policy, and measuring both direct and indirect funding to local groups. Studies such as those by the Red Cross found that localization makes a dramatic difference for affected communities, particularly in politically unstable regions, which might be adverse towards international organizations or companies. Local groups are often first to respond to emergency crises, maintain a level of accessibility and familiarity with the community, which international groups have long sought.

“The Grand Bargain commits donors to ensuring 25 percent of global humanitarian funding goes directly to local and national responders by 2020, along with more un-earmarked money, and increased multi-year funding to ensure greater predictability and continuity in

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humanitarian response, among other commitments.” The initiative closely aligns itself with the UN Sustainable Development Goals and promotes corporate social responsibility within the development field. Rather than attempting to inhibit corporate partnerships for aid initiatives, the Grand Bargain seeks to redirect attention and investment back into the hands of local actors; this shift is not mutually exclusive to private sector engagement within the aid industry. Rather than attempting to villainize the private sector in its endless pursuit of profit, the Grand Bargain instead promotes sustainable partnerships between private and nonprofit entities that benefit all parties involved, most importantly members of the communities where relief projects are launched. (Australian Red Cross 2017).

In a report on the results of the summit by former Secretary General Ban Ki-moon, the Agenda for Humanity platform was established. This website was designed to act as an educational source and meeting grounds for nonprofits and mission-driven companies involved with the summit to promote the Grand Bargain and other initiatives. Since its launch, however, the website was archived and is now inactive as of February 2020. The website is an example of a global initiative that failed to garner long-lasting engagement; however, the sentiment for a collaborative pursuit of empowerment through aid still remains and the principles highlighted in the Grand Bargain still play a crucial role in cross-sector aid negotiations.

The International Federation of Red Cross and Red Crescent Societies (IFRC) is an international nonprofit organization that carries out relief operations in several countries. A 2018 IFRC report emphasized the significance of localization as an agent of mobility and independence for affected communities. However, the report does not criticize the engagement 

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of large organizations and corporations within the aid industry, but rather as a potential for collaboration. “Localization is also about complementarity, which looks to a balance between local and international action in order to maximise the comparative advantages of both, and increase effectiveness of the humanitarian response in a given context.”

Complementarity seeks to combine the strengths of multinational entities (either public or private) and grassroots organizations to meet the needs of as many people as possible. This method has been promoted by some of the most powerful institutions in the aid industry, such as the UN and USAID, and is reflected by multilateral policy that promotes business engagement and for-profit models.

In 2017, the Australian Red Cross published a report investigating the effectiveness of localization in various communities in the Pacific, specifically as it pertains to conducting development research. The researchers involved in the study defined localization within their own regional context as “a process of recognising, respecting and strengthening the independence of leadership and decision making by national actors in humanitarian action, in order to better address the needs of affected populations.”

Their case studies spanned across Fiji, Papua New Guinea, Tonga, and Vanuatu. Each study showed that localization proved to be incredibly beneficial for all actors involved. Localized research ensured representation of the highlighted communities and a vested interest in the research conducted, paving the way for future funding. These studies are particularly helpful for targeting issues specific to certain regions.

One of the main highlighted issues is referred to in its 2018 annual report as the “perception gap”, in which aid providers mistakenly assume that affected communities have a

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definitive understanding of the aid they are receiving and what the exact eligibility requirements are. Surveys conducted in Haiti and Uganda revealed that most aid organizations largely fail to provide basic necessities, yet still promote heavy dependence without economic development. The Grand Bargain strongly advocates for localization of relief projects to combat these issues, rather than the continued reliance on international organizations with particular focus on those in the private sector. Local organizations operated by and for members of the community promote economic self-reliance and direct engagement with affected people to ensure efficient distribution practices. The countries with the most effective aid systems utilize local organizations, which receive money from international agencies and government funds.

Although much of the literature surrounding aid reform refers to this specific process of redirecting attention back to community organizations as localization, the term contributes to the broader discussion of glocalization. This geographical concept developed in the 1980s and can be defined as the increased consideration for local actors in conducting international business, policymaking, and general cultural exchanges. Glocalization does not carry a positive or negative connotation, but is a worldview alternative to a localized or globalized perspective. In the case of a localized approach to cross-sector partnerships in the humanitarian aid industry, an emphasis on glocalization ensures the increased involvement of local communities.

“The difficulty in directly accessing international funding was a common concern across the organizations surveyed while all local and national organizations also emphasised the need for continuity in their relationships with international partners, including more core funding.”

Unfortunately, a large-scale implementation of localization may effectively be the death of the

global aid industry. As long as corporations continue to partner with massive NGOs and/or launch their own relief programs, local organizations will struggle for funding and ultimately lose power against their competitors. However, localization and private sector engagement need not be mutually exclusive. The Grand Bargain emphasizes the need for partnerships over competition within the aid industry. A successful partnership between a corporation and a local group would provide the necessary funding while maintaining the required level of expertise and familiarity needed for efficient, sustainable relief projects. That being said, it can be argued that local groups have a responsibility to partner with not only companies which are signatories of the UNGC, but also promote sustainable and ethical business practices. (OECD 2018).

Language also plays a significant role in facilitating aid projects in developing countries. According to CIA statistics as of 2015, only 4.83% of the world are native English speakers with close to 1 billion people speaking English as a primary or secondary language. However, many aid projects and policy negotiations in both a nonprofit and for-profit context are conducted in English, often without an interpreter present. This issue establishes a barrier between local members of the community and the organizations funding relief initiatives. Translating key documents to the local languages will ensure transparency for all actors involved, and further give a voice to the members of the community receiving the aid.

The Grand Bargain also seeks to hold policymakers accountable for preventing crucial funding from reaching local groups. Legislation within the country where businesses and organizations operate, as well as in the country receiving aid should ensure budget support and transparency for the groups involved. Transparency is a key element of conducting business in the aid industry that is crucial to a sustainable model which uplifts impoverished communities.

Both nonprofit organizations and private enterprises have a responsibility to indicate to the public where their finances are going and how they are being used. This particularly applies to corporations with repeated labor and environmental violations undertaking aid initiatives. Although this notion conflicts with the traditional framework of corporate negotiations, the digital era has encouraged private sector transparency particularly when it applies to the allocation of funding. If private entities seek to pursue aid projects either through cross-sector negotiations or by themselves, part of maintaining positive public relations and CSR requires them to divulge where their money is going to ensure accountability and the most efficient way of distributing aid.

Another way to reform the aid industry, as highlighted in the Grand Bargain, is the process of decentralizing larger nonprofit organizations by dividing into regional sub-groups. The Red Cross is an example of a multilateral institution cooperating via a global web of country and region-specific headquarters. Decentralizing these groups can open the door for localized partnerships with private companies, and center the focus on local needs for local humanitarian crises. Decentralization also prevents funding from being poorly allocated due to massive donations with multiple parties simultaneously lacking necessary funding for projects. Attempting to address the global issue of hunger or wealth inequality can only be successful if specific elements of the crisis are targeted by localized groups.

Possible opportunities for reform in the aid industry were not offered only at the World Humanitarian Summit. The study by the Urban Institute which was mentioned earlier also offered solutions to leveling the threats of the emerging Aid Industrial Complex. Although private and nonprofit actors have different worldviews as well as different frameworks for conducting business, the cross-sector collaboration that takes place in aid partnerships can shed
light into the other’s methods and provide helpful insight for future projects. The technology industry was an example provided in the research; wealthy tech companies such as Cisco found great success in testing new Internet routing systems in refugee camps with the help of the nonprofit organization NetHope. This example demonstrates that tests such as these not just on a technological level but across all fields could greatly benefit refugees and members of impoverished communities in the future. “We are unaware of any cases where new processes or offerings designed for partnerships were mainstreamed into business processes, though humanitarian agencies reported having routinely worked with technology companies to adapt new information management systems.”

Another solution offered by the Urban Institute emphasizes the need for intermediary actors in cross-sector partnerships. The research even proposes a “Global Refugee Response Clearinghouse” that could serve specifically to mediate negotiations, translate between private and nonprofit business language, and ensure accountability post-project by conducting evaluations and long-term monitoring. However, this type of agency would only be effective under UN administration and funding. In this way, the United Nations has the financial and political power to hold corporations and nonprofits accountable for successfully implementing a project in a community and ensuring long-term empowerment for those affected by the project. As complementarity increases in popularity in the coming years, so too will the necessity for intermediary agents working between the private and public sector.

Global crises such as the COVID-19 pandemic have exposed a fundamental issue in governments, aid organizations, and mission-driven companies; the need for preparedness in response to relief emergencies. Proper coordination between local groups and major resources of

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funding should be carefully negotiated prior to emergencies taking place in impoverished communities. This effort involves complying with the International Disaster Law Guidelines\textsuperscript{57}, investing in proper training for volunteers and paid workers in the community, and ensuring an efficient stream of funding for local actors. Cross-sector engagements have the potential to benefit as many people involved as possible while economically empowering impoverished communities. Dambisa Moyo’s 2009 book \textit{Dead Aid: Why Aid is Not Working and How There is a Better Way for Africa} analyzes the actors involved in African aid and development, which perpetuate a dependence on aid.\textsuperscript{58} Moyo advocates for the increased usage of bonds among developing nations, in which countries use money loaned to them by institutions and other private donors with the intention of paying them back after a number of years of economic growth. Although this concept is reminiscent of tied aid, this solution combined with concrete economic initiatives has the potential to uplift countries out of poverty and render their need for aid unnecessary in future years. Although Moyo’s theories risk the influence of corruption and corporate influence, her findings contribute to the discussion around the need for financial autonomy in the Global South. (Moyo 2009).

At this point, the private sector will continue to breach the development field without heavy intervention from countries’ governments and/or the United Nations. Therefore, the Grand Bargain and the continued research of academic centers such as the Urban Institute offer the solution of efficient and sustainable cross-sector engagement through the framework of complementarity. However, policy that ensures accountability for corporate actors is vital to the success of cross-sector aid initiatives. Additionally, the Grand Bargain offers no solution to

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\textsuperscript{57} Soldateschi, G. (2020). International Disaster Response Laws, Rules and Principles (IDRL) in Vanuatu. IFRC. \textit{AusAid}.
\textsuperscript{58} Moyo, D. (2009). \textit{Dead aid: Why aid is not working and how there is a better way for Africa}. Macmillan.
\end{footnotesize}
multinational corporations’ ability to contribute to humanitarian crises such as climate change and child labor while funding other aid projects. Therefore, nonprofit groups have a responsibility to avoid such companies regardless of their financial power in providing for the proposed relief projects. The ability of corporations to conduct these negotiations despite rampant labor and environmental violations is a reflection of the colonial legacy that capitalism incentives. Until multilateral organizations such as the UN can offer a new solution to this issue which emphasizes preference towards local organizations in private partnerships, some of the world’s greatest crises may never be solved. The threat of ecological destruction, among other threats which contribute to the continued poverty of the Global South, are consequences of the perpetuation of the Aid Industrial Complex.

Conclusion

In 2011, USAID Administrator Dr. Rajiv Shah made a statement regarding the growing interaction between nonprofit and for-profit actors in the aid field: “If we are going to encourage truly sustainable, broad-based economic growth in developing countries, we have to do a far better job of working with private arms—be they domestic or foreign, established or entrepreneurial…We must partner with the private sector much more deeply from the start, instead of treating companies as just another funding source for our development work … In short, we must embrace a new wave of creative, enlightened capitalism.”59 The Aid Industrial Complex has limitations and possibilities for the future of aid and development, but without policy implementation on a state, organizational corporate level, the complex will continue to

benefit those at the top while regulating the finances of the developing world in a way that keeps them in perpetual development.

The literature and data trends suggest that private sector engagement in the world of humanitarian affairs is a long-lasting shift that has permanent ramifications for the nearly 80 million displaced persons in need of aid. The question, then, is not whether or not private sector engagement should continue to grow, but rather how international actors can cooperate to reform the system within this particular framework. The global supply chain of humanitarian aid has and always will possess flaws grounded in self-interest; however, policy negotiations involving governments, global institutions, relief organizations, private corporations, and affected communities can make concrete change towards a more localized and efficient system of aid distribution. The studies conducted in the Pacific by the Australian Red Cross, as well as those conducted in Jordan and Uganda by the Urban Institute have demonstrated that localization is a mutually beneficial business strategy. If promoted to a wider audience of NGOs and corporations, the movement towards localization can help to decolonize the current model of global aid. Although poverty tourism is arguably controversial by commodifying the experiences of poor people in the developing world, the industry has the potential to be a powerful agent in cross-cultural awareness and to provide economic benefits for the affected community.

Frances Fox Piven’s 1971 book *Regulating the Poor: The Functions of Public Welfare* analyzes the policy change made in response to some of the major social justice movements centered around poverty between the 1930s and 1970s in the United States. According to her research and analysis, policies in the 1960s that increased welfare for marginalized groups in the country, specifically black communities, were implemented not to uplift those groups, but rather...
to establish long term control. Piven’s theory can be applied to the modern aid industry. Regardless of the demands made by humanitarian organizations, there are still structural barriers keeping the Global South from accessing the markets and financial resources of the West. Aid organizations that distribute supplies and funding to impoverished communities establish a power structure because of the organization’s ability to control the supply chain. Private sector engagement fuels this structural imbalance by divorcing the supply chain and fostering profit incentives which may diverge from the original mission of uplifting the affected groups. The purpose of aid is to supply funding and resources to vulnerable groups either in emergency settings or within long-term development initiatives. However, there is a point in which the aid does more harm than good by ensuring prolonged vulnerability in order to maintain the success of both nonprofit organizations and private corporations alike.

The threat of climate change has become a pressing humanitarian crisis of the twenty-first century, and many traditional capitalist solutions struggling to address the issue of sustainability. The potential transition towards a global green economy presents new opportunities for localization efforts across the world. These efforts will become increasingly important as climate refugees from especially vulnerable regions are displaced and in need of efficient and rapid relief. For decades, island nations, as well as countries that are vulnerable to desertification, have warned global institutions of the consequences stemming from the impending environmental destruction in the coming years. According to the UN Intergovernmental Panel on Climate Change, the number of climate refugees is expected to reach 200 million by 2050. However grim this statistic may seem, warnings such as these act as a

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canary that can potentially trigger a wave of collaborative policy change among the developing and the developed world. Localized action can help mitigate the damages that will disproportionately impact impoverished communities.

Climate change is not the only major threat to international security within the coming decades. Neoliberalist policy and bureaucratic financial institutions such as the IMF and World Bank uplift some regions while preventing others in the Global South from gaining access to world markets. Although a general rise in GDP across the globe may suggest economic growth, the wealth gap within national borders tells a different story. Countries across the world have been experiencing a vanishing middle class for the past several decades.\textsuperscript{63} Brutal conflict has fueled some of the worst humanitarian crises in history, such as the current crisis in Yemen. Noam Chomsky in 2021 stated that the three major threats to life on earth are nuclear annihilation, climate catastrophe and the neoliberal destruction of the social contract.\textsuperscript{64} Each of these potential catastrophes will signal an urgent call for aid organizations and private companies to respond. Constant examination of policy and the global aid supply chain may be able to promote a more sustainable, fair future for the Global South in the face of each highlighted threat, as well as those not yet foreseen by academic institutions and watchdog groups.

The primary objective of aid is inherently to uplift marginalized individuals and groups affected by the modern, neoliberal structure of capitalism, and its unequal distribution of wealth. The emerging introduction of private sector engagement in global humanitarian affairs suggests multiple, unique shifts in charitable missions targeted towards profit incentives rather than promoting self-reliance within the vulnerable groups receiving aid. Whether or not these shifts

are ethical in a post-colonial context, there is a clear opportunity for reform in the aid industry towards a sustainable model that protects the environment, promotes long-term self-reliance in the affected communities, and uplifts grassroots organizations instead of massive corporate powers. As it stands, the current model of privatized aid reinforces pre-existing structural flaws in the field of aid and development by employing a neoliberal framework that silences the people for whom empowerment was intended.

Jeffrey Sachs’ bestselling book, *The End of Poverty*, suggests that global institutions have the power to completely eradicate poverty across the world by the year 2025 through planned aid that promotes economic empowerment. Although the book was published in 2005 and many of the initiatives Sachs calls upon have not been accomplished four years before his expected deadline, he saw the potential for private sector engagement in the world of aid and development early on. Sachs advocates for cross-sector partnerships in tandem with intergovernmental policy change that limits corruption and malpractice. Sachs’ book can be applied to contemporary aid practices by simultaneously advocating for localization and private sector engagement. Addressing multiple layers of the Aid Industrial Complex will undermine corporate efforts to profit off of the prolonged poverty of the Global South while streaming funds to local organizations through cross-sector partnerships. (Sachs 2005).

If global institutions such as the UN are not willing to promote an untied, localized initiative for private and public aid entities to work together with clear preference for nonprofit actors, the wealth inequality in the developing world will only continue to thrive while the West reaps the benefits of a free global market. As Francis Piven suggested decades prior, policy can be designed to uplift marginalized people while contributing to their prolonged suffering. The

current issues that enforce the Aid Industrial Complex require multilateral consideration to give representation to affected communities. The coordination of intergovernmental agencies like the United Nations, watchdog human rights groups, private companies in the UN Global Compact, and international nonprofit organizations carry a joint responsibility to maintain an aid system that economically empowers impoverished groups in both emergency settings and long term durations. The ultimate goal of relief initiatives should be centered around the needs of the community members, as directed. Without this global commitment to ending the bluewashing movement and the aid industrial complex, only the wealthy companies and organizations involved in the cross-sector partnerships will benefit from aid initiatives at the expense of the poor. As the current global economy suggests, necessary funding and resources will not trickle down as large, multinational entities grow in wealth and power. Aid that liberates impoverished communities has local representation and sets a long-term precedent for economic self-determination.

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