THE DILEMMA OF WELL-MEANING HELP THAT COSTS TOO MUCH

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Abstract

In the immediate aftermath of a natural disaster in developing countries, when the media furnish images of horror and suffering, purse strings are loosened and donations accumulate from within the richer countries. Governments also donate, often matching the private gifts and facilitating access to resources available in their home countries.

However, evidence is now emerging that this approach is an irrational use of resources. Instead of exporting items of high added value (incorporating work paid for with donor countries' high salaries), support should be given to distributed and coordinated initiatives spread among unaffected and/or neighboring regions in developing countries with their lower built-in costs. But this is easier said than done; even if the question of the higher costs can be solved in this way, other problems arise such as finding out how to organize the provision of goods and services, how to overcome regional rivalries, what methods can ensure that funding provided to the potentially cooperating countries is really used for its intended purpose, and, finally, how the donors can obtain due recognition for their gifts.

This issue may be seen to partially overlap with the socio-technical issue of whether reconstruction should be "grass roots"(i.e. locally nurtured), or "top down" (i.e. imported). This paper attempts to look at the specific problem of relative costs and the possible consequences of developing novel routes from donors to beneficiaries. Strategic procurement options coupled to "politically correct" organizational design are implicated, viewed in terms of optimizing the use of global resources.

Keywords: developing countries; donations; natural disasters; optimization; use of resources,

INTRODUCTION

Our paper comments on some unexpected consequences of the offer of help proposed by a developed country, after a disaster (natural or man-made) hits a developing country, where vulnerabilities are usually highest. We sketch out the

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problem that we have identified and then we suggest some measures that may enable it – not so much be solved but rather: avoided. We admit that much of what we present is ‘common knowledge’ – of the sort that can be described by the “of course; everybody knows that” statements; however, we believe that it merits being placed on the table for discussion.

We situate this problem in the particular characteristics of the so-called “global village” of today, dominated as it is by instantaneous broadcasting of audio and audio-visual information. The media in the developed countries (the putative donor countries) rapidly seize on a catastrophe, particularly if it hits a developing country, and broadcast the inevitably horrendous images worldwide. Whether the disaster is instantaneous (e.g. an earthquake or mud slide) or gradual (e.g. drought), the images of distress are similar and the visceral response, naturally, is for the ‘haves’ to provide assistance to the ‘have-nots’. As was witnessed in the Tsunami response, there appears to be international pressure for governments to donate money for the immediate assistance and reconstruction cause. There are consequences of international embarrassment if a country does not give adequately compared to its economic capacity. This outpouring of response is, unfortunately, short-lived and stops as soon as the ‘next’ disaster is presented with its calls for compassion and more help. What concerns us here is not so much the international social pressure for giving not the short-lived nature of the donors’ response, but rather the follow-up to each response is not always well planned for.

THE SEQUENCE OF EVENTS

It is well known that when a disaster occurs, the survivors need help in sequence – wherever it comes from – and that they need this help in a sequence of very tight time frames. Water, basic food and medical supplies are needed first, within hours or a couple of days; shelter must follow, almost at once, and must be able to last as long as it takes to set in motion the production of housing – temporary or permanent – that is to say for several months or even years (for more, see, for example, Quarantelli, 1995).

The problem that we are concerned with is not at that level. The army, the local Red Cross/Red Crescent societies are well equipped to cope; they usually know the affected region well and can access stocks of essential supplies (water, food and shelter). Also, they are used to coping with situations of virtual chaos and are able to plan for organized action in the most difficult circumstances.

However, their action has to be supported by resources, typically materials and money; the question then shifts to knowing where these resources come from and seeing what restrictions are placed on their use.

THE PROBLEM

There is a familiar scenario in which the donor countries respond by offering

both tax dollars from the government and using the funds raised through the generosity of their citizens to acquire, at home, the esteemed-to-be-necessary supplies, such as shelter, water treatment facilities, field hospitals and the like. These items all have built into them (i) the production costs found in those donor countries (high wages, write-off of capital investments in production equipment etc.) plus (ii) the costs of intercontinental transport.

The question we ask, then, is: why do the supplies in question have to come from the donor countries? Or: do they in fact originate in the donor countries or do they come from somewhere else, simply transiting through them, undergoing a silent mark-up?

Davis (1978) and UNDRO (1982) identified the problem of high costs in the context of post-disaster temporary housing, calling for the use of local materials and solutions that would be more cost efficient, culturally appropriate and quick-on-delivery, rather than costly imported technology such as prefabricated units.

We are well aware that many countries located near the disaster-affected region (most likely other developing countries) have resources that, in theory, can be tapped into in the search for the necessary supplies, and there is every reason to believe that these resources are not overloaded with front end costs.

We know, for example, that tents made in a developed country probably cost (FOB[1]) ten times as much as similar tents made in a developing country, which possesses a good textile infrastructure and the capacity to make lightweight tubes (M. Ball, Weatherhaven Resources Canada, personal communication).

After the 2005 earthquake in Pakistan, NGOs were looking to purchase Canadian winterized tents for distribution to surviving families; however the costs of a tent in Canada were a quantum higher than those locally available in India and Pakistan, making it economically infeasible. We also know, for example, that high-tech purified water distributed by Canada's Disaster Assistance Response Team (DART) in Pakistan cost a few dollars per litre whereas locally-bottled drinking water costs only a few cents.

PURCHASING/PROCUREMENT (see Figure 1, next page)

Certainly in the immediate disaster relief phase when tents, medical services and drinking water are crucial to save lives, the quick supply of these items is of paramount importance. However, this does not mean that the only speedy solution is to bring in costly supplies coming from developed countries (i.e. water purification from Canada's DART) just because they are prepared for deployment, when actually it could be possible to supply the same goods for a fraction of the price using local networks. The key to timely local supply, however, is up-front planning.

1 Free on board, to which transport costs have to be added.

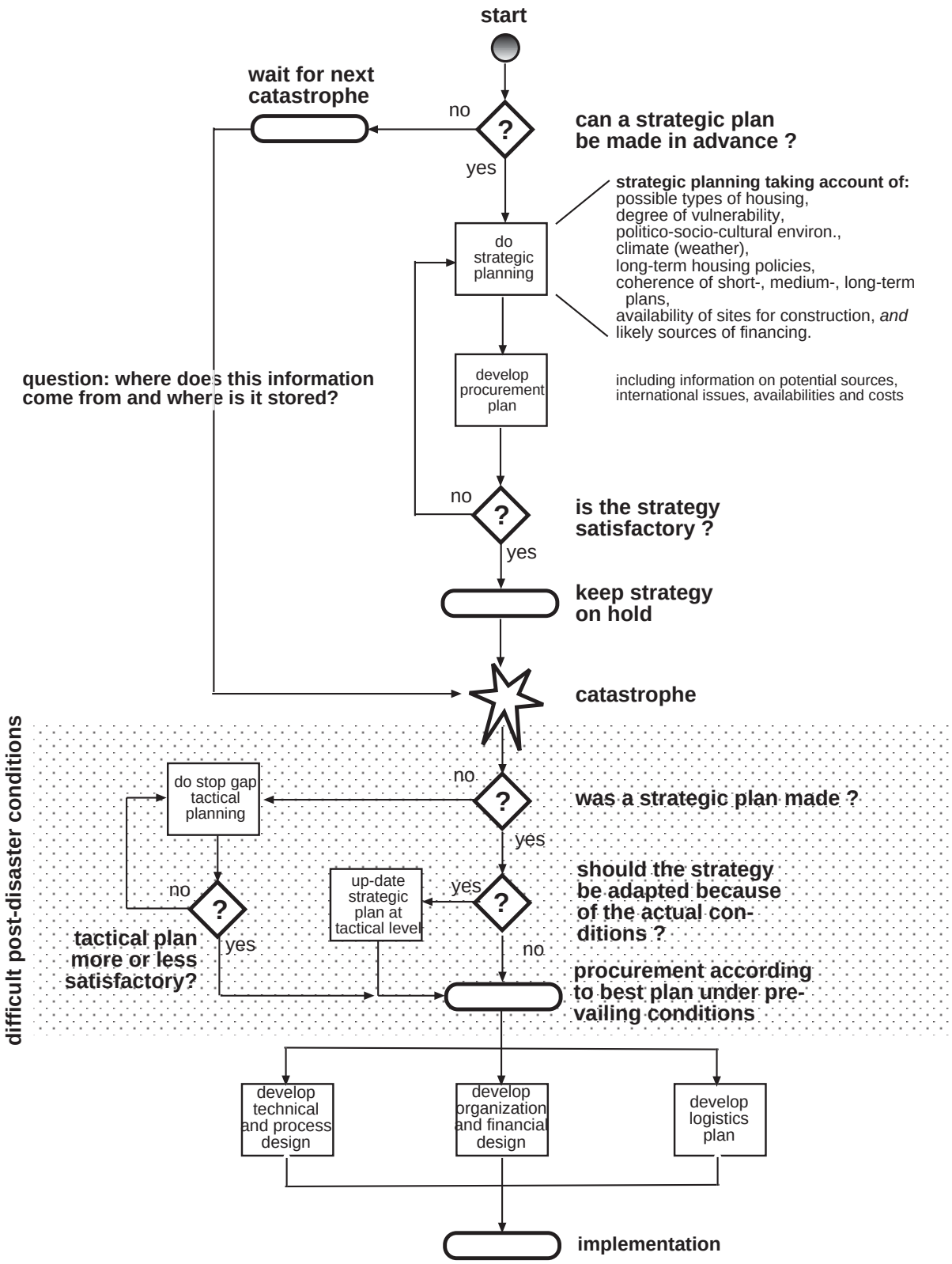

Figure 1. Strategic planning and post-disaster reconstruction – the place for international resources information related to economical procurement. (Source: adapted from Johnson *et al*, 2005).

The need for up-front planning is also vital in the not-so-absolutely-urgent reconstruction stage (i.e. after the relief stage). In this situation there is still a need for speed; there is also an even higher degree of complexity at many levels, due to cultural differences, different scales of economic value, different plausible techniques and, above all, a large number of organizations, all anxious to intervene – altruistically or not.

Both relief efforts and reconstruction efforts require careful up-front planning, as we have stated; we refer to this as ‘organizational design’, by which we mean that the participating organizations (government agencies from the donor and the receiving countries, local and international NGOs, the beneficiaries and their own social structures, plus the many professional and technical enterprises that will carry out much of the as-yet-unplanned-for work) have to be designed into an efficient ‘machine’. Tasks have to be identified in advance, responsibilities allocated, sequences of interventions worked out and all this coordinated with cash flow, that is to say, short and medium term financing. This organizational design does not occur in some abstract environment, but rather somewhere real, where despite the immediate disaster, traditions and customs strictly constrain the realities of ‘how-things-are done’ there.

ORGANIZATIONAL DESIGN

Organizational design (which should be seen in parallel with, but also in close liaison with technical design and logistics planning) involves proposing and representing (through appropriate schemata or models) how the various categories of organizations that are required for the reconstruction project will be interrelated, regardless of who will place the actual contracts engaging them. Organizational design differs, therefore, from procurement, which by its nature involves arrangements (contracts, understandings and the like) emanating from the main purchasing body (for more on procurement, see Davidson and Abdel Meguid, 1997; Davidson, 1998).

This up-front organizational design is, as we have just explained, an *extension* of procurement or the set of strategic purchasing decisions that are usually made by a single building owner – public *or* private.

We have to look at how (and when) this complex network of organizations, which become involved in each post-disaster recovery *process* is established. We emphasize the need for a systems approach to what we prefer to call "organizational design", rather than procurement - with its more limited connotations. Indeed, no conventional procurement process is possible; there is no clear contracting client, the beneficiaries (those who have survived the disaster) have few resources and probably no "voice" in decision-making, and resources (mainly from donor organizations) have to be shared among several options – within strict auditing controls. (Johnson *et al.*, 2005).

SOURCES OF INFORMATION ABOUT SOURCES OF MATERIALS AND EQUIPMENT;

As we suggested at the beginning of this paper, there are plausible economic reasons for acquiring materials and equipment in countries located reasonably near the disaster site. However, this implies that information about where such and such a material or equipment is available or whether may be adequate and reliable production capacity. The question (as shown in Figure 1) is: how can this information be collected? How can its very existence be made familiar to post-emergency decision-makers? And how can it be retrieved?

An important clue, which, indirectly, suggests answers to these questions, can be found when one considers the whole question of positive feedback – i.e. learning from experience and applying this experience to subsequent projects.

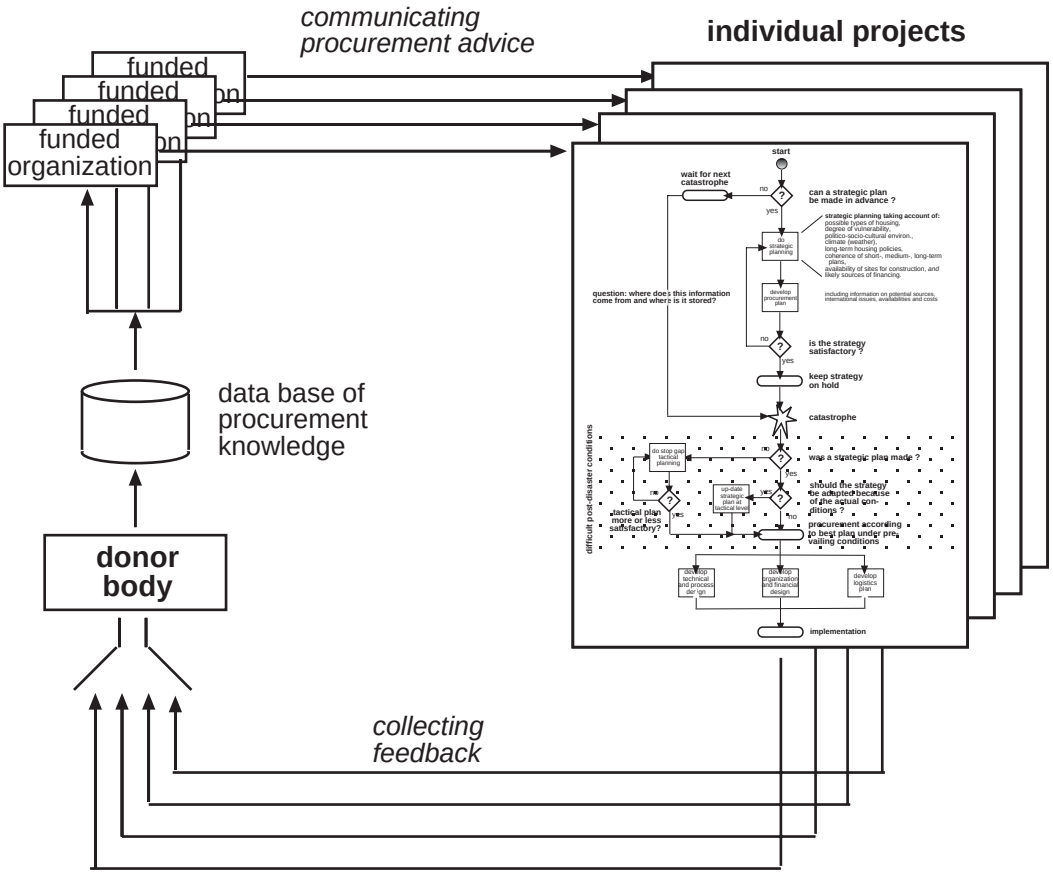

Figure 2. Collection and processing of feedback information.

One of the characteristics of all *construction* projects (and reconstruction is no exception) is that they are carried out by a heterogeneous group of participants (a multi-organization, euphemistically called “the project team”), brought together for a single project and probably not for any more (Davidson, 1988). This means that despite the continuity of its individual participating

organizations, it is extremely unlikely that they will ever work together on a subsequent project. Consequently, the experience they each accumulate will probably not be applicable to the later projects they are involved with, because of the different roles and relationships they each encounter within the new multi-organizations. Thus, the experience acquired the hard way by the so-called team cannot be reapplied, since the team no longer exists as such the end of the project, and indeed there is no “learning period”.

However, in the specific case of reconstruction projects, major funding bodies (such as the World Bank) do intervene in an extended series of projects, placing them in a good position to collect the learned experience, to process it and to make it available for following projects - its use could even be made a condition of subsequent funding (see Figure 2, previous page).

We have suggested this role for funding agencies elsewhere (Lizarralde *edt al*, 2004); here we add safeguarding the procurement-related dimension; we propose that a database be set up for stocking the kind of supply information needed for continuously using economical procurement strategies.

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