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How did competition between NGOs influence the quality of
humanitarian response after Haiti Earthquake between 1
January 2010 and 1 January 2012?

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Abstract

The Haiti 2010 Earthquake was used as a case study to test how the competition between NGOs might affect the quality of humanitarian aid delivery. Emergency situations attract donations, and the influx of these funds increases incentives for pursuing narrow quantitative goals that measure project success for donors, rather than focusing on quality delivered for those the projects are meant to serve. The question presented is: How do increased flows of donor contributions influence NGO behavior? To measure the quality of humanitarian response, the humanitarian principle of impartiality was used. "It dictates that humanitarian action responds to the most pressing needs for assistance as a matter of priority irrespective of political, ethnic, religious and *other interests*. For humanitarian organizations, correctly assessing the urgency and intensity of the needs for assistance is thus a pre-condition for the impartial delivery of aid" (2016, pp.154). To study the primary drivers of and outcomes of NGO competition after the Haitian earthquake between 1 January 2010 and 1 January 2012, Porter's Five Forces framework and Humanitarian economics theory were used. On the one hand, securing the funds is a vital task for any NGO. Organizations must prove to their donors, via project proposals or public campaigns, that they can deliver the aid more competently than others. On the other hand, NGOs declare humanitarian values as the core mission of their work and are committed to impartiality and neutrality in these emergencies, not to serve donors in far off countries. Through the past few decades NGOs have transformed their behaviour from humanitarian organizations to somewhat business-like entities. This behaviour can be explained by studying the incentives and constraints produced by the international donor environment. As all NGOs compete for the same project funds, the incentive for competition is quite high. I argue that the humanitarian market for services has inherent flaws that in the long-term lead to a worsening rather than an alleviating effect on human suffering. Furthermore, some examples of somewhat problematic standard practices in the humanitarian field are highlighted. Numerous instances have illustrated, due to competition for donations, NGOs are motivated to show results to their donors at the expense of quality service to the local community. Many had failed to incorporate prevention and preparedness, contributed to degrading government performance, economy, contributed to a brain drain to better paying NGOs, and excluded government and local NGOs from the decision-making process. A study of camp building illustrates that a practical understanding of when humanitarian aid should cease, and development aid should begin is not part of NGO standard practice. Haiti remained stuck in limbo between the emergencies and increased humanitarian aid did not have a substantial ameliorating effect on the population. Further, competition between NGOs had a direct influence toward contributing to long-term structural problems.

Keywords:

Haiti, earthquake, humanitarian, aid, humanity, impartiality, neutrality, independence

Chapter 1. Introduction

The aim of this thesis is to look at how the quality of NGO performance was influenced by competition in the humanitarian market after the Haitian Earthquake of 2010. The Haitian Earthquake of 2010 was the most devastating earthquake in Haitian history and the first large-scale urban disaster that the humanitarian community was fully engaged in (Clermont et al., 2011, pp.1-3), with the epicentre of the disaster being located just 25 km away from the densely populated capital city of Port-au-Prince. 70% of the city was destroyed and more than 220,000 were killed (World Vision Australia, 2010). According to Disaster Emergency Committee (2018, pp.3), 3,5 million people were affected while also placing the death toll at 220,000. At the peak of the crisis, 1,5 million people were internally displaced and more than 100,000 at critical risk from storms and flooding. Many fled to rural areas or the neighbouring Dominican Republic. Disaster disrupted government and international agencies' functioning immensely (OECD, 2011, pp.2). More than 180 government buildings and 13 out of the 15 principal government offices collapsed, including the presidential palace and parliament (IHRC, 2010). Even more disastrously, 25% of civil servants in Port-au-Prince were killed (Disaster Emergency Committee, 2018, pp.1). The UN, with 102 staff members dead, experienced its most substantial loss of life on a single day (UNEG, 2010, pp.3). It was estimated that 60% of the nation's administrative and economic infrastructure was lost and 80% of the schools and more than 50% of the hospitals were destroyed or damaged (GOH, 2010 pp.1). The seaport was severely damaged and unusable while the control tower at the country's main airport was destroyed rendering the airport inoperative and travel to and from the country hazardous. Internally, debris restricted road access throughout earthquake hit areas (OECD, 2011, pp.2). Secondary to the earthquake and also causing great challenges for aid delivery was the outbreak of cholera in October 2010. By July 2011, 5,899 people had died as a result of the outbreak, and 216,000 were infected (Disaster Emergency Committee, 2018). A substantial humanitarian response was launched as a response to this devastating event, leading to massive donations from outside governments as well as the international public. More than 3 billion dollars were pledged, and thousands of NGOs were involved in delivering humanitarian aid (James et al., 2013, pp.5).

However, this outpouring of resources was not as effective as hoped (Baptiste, 2015), a trend quite common among different humanitarian emergencies. Needs for humanitarian assistance remain unaddressed due to a variety of reasons including bureaucratic hurdles, conflicts of interest, insufficient priority to emergency response, risk aversion, and an incapability to assist the vulnerable in difficult-to-reach locations (Healy, Tiller, 2014, pp.7). However, authors disagree about the effect that competition plays in humanitarian aid delivery. Finding funding is a challenge, and humanitarian values might be contested (Edwards and Hulme, 1996). For instance, the Kosovo crisis in 1998 was referred to as a "circus where the international community was arguing over institutional self-interests while at the same time telling the Kosovars to live harmoniously together" (van Brabant, 2000, pp.23). Some scholars went as far as calling the humanitarian aid system "highly competitive, often anarchic, ungovernable and inefficient" (Healy and Tiller, 2013, pp.1). Alexander Cooley and James Ron (2002) suggest that in the currently growing humanitarian market, NGOs might find bigger financial than moral incentives. "When placed in

competitive, market-like settings, non-profit groups are likely to behave like their for-profit counterpart” (pp.36). NGOs choices are shaped both by humanitarian values and incentives created by the market economy. In theory, competition should lead to the most efficient and capable NGOs winning the contracts. “A highly competitive NGO sector would improve the overall influence and effectiveness of civil society within the domestic political environment. The high-performing NGOs will thrive, while the ineffectual organizations fade away” (Parks, 2008, pp.218). However, humanitarian values emphasize the need for the cooperation rather than competition (Edwards and Hulme,1996). Quality is understood differently from standpoints of humanitarianism and neo-liberal economics. This might lead to some fundamental fracturing of motivations. “Although aid donors and contractors are rhetorically committed to cooperation and broadly shared goals, they are pushed into the competition by their institutional environment, which pits actors within similar sectors against one another in a struggle for survival and contracts renewal” (Cooley and Ron, 2002, pp.20). It creates an environment where, to survive, NGOs must compete against one another for the donations that sustain them.

Assumptions

I will be using the Haitian Earthquake of 2010 as a case study to test how the competition between NGOs affects the quality of humanitarian aid delivery. Haiti, the ‘Republic of NGOs’, is an excellent case study, as even before the disaster, 80% of public services were provided by NGOs (OECD, 2011, pp.2). This work rests on the assumption that competition between NGOs will in some manner affect the quality of their work. First, securing funds is vital for NGOs. Organizations must prove to their donors, via project proposals or public campaigns, that they can deliver aid better than their counterparts. At the same time though, NGOs declare humanitarian values as the core of their work and are committed to impartiality and neutrality in the emergencies, in other words a commitment to serving communities above all other goals. A tension between the two motivations exists. Emergency situations attract donations, and the availability of these funds increases the incentives for NGO’s to pursue narrow quantitative project-based goals, rather than focusing on the quality of services and broader structural issues. The question remains how the increased flow of donations can inflame the tension between high-minded service to others and competitive behaviour in service to themselves.

Limitations

The topic is one with limitless approaches and a vast amount of literature; therefore, I will limit my attention to a case study of the 2010 Haitian Earthquake and to the timeframe of 1 January 2010 to 1 January 2012. The limitation will serve to help focus and have a more detailed analysis of the dynamics at play. It is also necessary because of the new data being constantly produced that cannot be taken into consideration. Furthermore, by removing ourselves nearly a decade from the disaster, enough time has passed from the event for there to be a rich enough volume of available data.

Finally, the thesis will focus on the projects only inside Haiti and will discuss motivations of the large donors, mostly governments. Due to limited space and lack of available data, motivations of the small donors and businesses will not be taken into account.

Research Question:

How did competition amongst NGOs influence the quality of humanitarian response following the Haitian Earthquake 2010?

A mixed qualitative and quantitative research method will be applied to this 2010 Haitian Earthquake case study. The mixture of primary and secondary data will help to provide greater insight into the topic. I will mainly rely on secondary data with semi-structured interviews complementing the research. Primary data will consist of interviews conducted with NGO representatives. The secondary data will be taken from official websites, books, articles, reports, and surveys.

Theoretical framework

I will be using Porter's Five Forces framework and Humanitarian economics to understand the primary drivers and outcomes of competition between NGOs after the Haitian earthquake between 1 January 2010 and 1 January 2012.

In this work, I will be using humanitarian economics theory that was developed by Gilles Carbonnier (2016). Humanitarian economics is part of the interdisciplinary field of humanitarian studies and is used to study a variety of issues including the origins of humanitarian crises and its impact on individuals, communities, and institutions. "It focuses on the (re)distribution of power, wealth, income and destitution in specific historical and institutional crisis settings. Humanitarian economics is thus concerned with the economics and political economy dynamics of humanitarian crises accruing from war and natural hazard" (pp.4-5). Furthermore, I will be using Gilles Carbonnier's (2016, pp.154) suggested way of looking at quality in the humanitarian market. He suggests using one of the humanitarian principles, the principle of impartiality. "It dictates that humanitarian action responds to the most pressing needs for assistance as a matter of priority irrespective of political, ethnic, religious and other interests. For humanitarian organizations, correctly assessing the urgency and intensity of the needs for assistance is thus a pre-condition for the impartial delivery of aid" (2016, pp.154). I will be taking quality in a broad qualitative sense (as opposed to narrower quantitative metrics) to assess NGO performance in addressing the needs of communities affected by the disaster.

Porter's Five Forces framework will be used to complement and support the humanitarian economics aspect of this work. It is one of the most popular tools in economics among academics and practitioners for studying competition within different sectors (Porter 1980, pp.6; Magretta, 2012). It centers on the premise that "The collective strength of the forces determines the ultimate profit potential in the industry" (Porter, 1980, pp.3). Understanding forces and threats within an industry helps to evaluate the relationship and competition between different actors involved.

Both theories have certain limitations. First of all, humanitarian economics theory is interdisciplinary and therefore needs to be supported by other tools and approaches. Its flexibility is its biggest strength and limitation. To support the theory and give it a more substantial structure, I have decided to add Porter's Five Forces framework. However, this theory has additional limitations, as it is initially being used in the business field and some of the data needed for analysis is not available as most of the information is not provided to the public. To save space and time for the reader, and not to repeat the theory, it will be

introduced in the specific chapters: humanitarian economics theory will be introduced in chapter 2, while Porter's Five Forces framework will be explained in chapter 3.

This chapter has covered the thesis introduction, assumptions, limitations and introduction to the theoretical framework. In the following chapter humanitarian economics theory will be reviewed, covering historical development of NGOs, reasons for giving aid and the main actors involved in humanitarian aid in Haiti. Chapter 3 will be looking at a humanitarian marketplace in Haiti after the earthquake in 2010 by using Porter's Five Forces framework and drawing some considerations from humanitarian economics. While in chapter 4, humanitarian economics theory will be applied to separate examples illustrating how the theory can help to understand humanitarian market after the Haitian Earthquake of 2010.

Chapter 2. Humanitarian Market

The purpose of this chapter is to introduce key concepts relating to and the relationship between Humanitarian economics, NGO, and Humanitarian market. The following chapter will discuss concepts humanitarian values, their roots, and NGO history as well as the key differences between humanitarian and development aid.

Humanitarian Economics

Response to the humanitarian crisis has a huge influence on recipient communities' economic and political situations. Gilles Carbonnier introduced this approach in his book 'Humanitarian Economics: War, Disaster, and the Global Aid Market' (2016). According to Carbonnier, actors in humanitarian emergencies make decisions by balancing between humanitarian values and a decidedly more calculating cost-benefit calculus. Thus, it is impossible to fully grasp the complexity of humanitarian aid market without including both economics and humanitarianism in the study. For instance, theory can help to explain kidnap-and-ransom situations. The author uses the example of Lebanese officials using civilians as leverage in negotiations. Lebanese officials captured the Islamic State of Iraq and Syria leader's wife and son and used them as bargaining chips in negotiations for the release of the Lebanese civilians. Interestingly, no one in the western media questioned the legality of Lebanese authorities keeping civilians, including an 8-year-old child, in custody and using them as leverage in negotiations. While it would be contested in peacetime situations, this practice becomes acceptable during the war. It is a common practice in the kidnap-and-ransom market; prisoners are assessed by their market value and profitability of keeping them alive (pp.4-5). It illustrates the root of humanitarian economics: actors involved in war or the delivery of the humanitarian aid both tend to act by following values until those values are overridden by cost-benefit calculus.

Humanitarian emergencies are events that represent a critical threat to the health, safety, security or wellbeing of a large group of people. The definition covers emergency response, disaster prevention and preparedness as well as post-war and post-disaster recovery. It is designed to save lives, alleviate suffering, maintain and protect human dignity during as well as in the aftermath of emergencies (Disaster Emergency Committee, 2018, pp.1-3). Its different forms include providing shelter, food, water, sanitation, medical services, building

materials and other essential goods. The booming humanitarian market shows that it become an enormous area of economic activity. “Between 2012 and 2014, total funding for international humanitarian assistance is estimated to have increased by more than a third, reaching \$24.5bn in 2014. On the supply side, the number and variety of actors providing emergency relief has exploded. The humanitarian labor market not only expanded in size—involving an estimated 274,000 workers in 2010—but also in diversity of professions and career trajectories. This has been accompanied by a multiplication of suppliers and sub-contractors along increasingly complex supply chains. Regional hubs have emerged in places like Nairobi and Dubai next to the traditional global hubs in Geneva and New York” (Carbonnier, 2016, pp.40). Humanitarian actors, like NGOs, tend to rhetorically declare humanitarian values while working with humanitarian aid delivery, but financial motivators are increasing and with that comes an increase in the chance that financial considerations may affect their decisions.

Humanitarian economics help to study the nexus between humanitarianism and economics. The rational choice theory is often used by the scientists to study human behaviour and is fundamental to understanding the Carbonnier’s theory. “‘Rational’ here does not mean sound or sane but refers to an instrumental form of rationality whereby self-interested individuals look for the most cost-effective way to achieve their goals (for example, maximizing well-being, power, income, happiness)” (Gilles Carbonnier (2016, pp.11). The theory states that individuals will always choose the option that could best maximizes their focal outcome. The author argues that rational choice theory is beneficial while studying choices involving cost-benefit calculus and compassion. Forces between economics and humanitarianism are very different. Economics look at agents as “rational, opportunistic agents who pursue their interests, seeking to maximize well-being and minimize pain” (pp.12). While humanitarianism aims to study selflessness and willingness to help strangers in need. Humanitarian workers often put their lives at risk to save others. Rationality and utility-maximizing behavior have come to dominate economics and politics, while humanitarianism and morality has been left to theologians and philosophers. However, even war, an event dominated by politicians and economists, is an anomaly of rational choice; the rational theory cannot definitively explain why self-interested individuals engage in a war instead of less costly peace negotiations. Humanitarian economics aims to address these questions, by joining rational choice, conflict economics, and humanitarianism.

Examples of acts of kindness and humanitarian gestures can obviously be found throughout history, but conceptualization of modern humanitarianism emerged in the mid-nineteenth century. The creation of the ICRC and the adoption of the first Geneva Convention can be marked as the start of humanitarianism as we understand it today. To be classified as humanitarian, aid should be consistent with the humanitarian principles of impartiality, neutrality, and independence. Every donor government has committed to these principles through ratification of the Geneva Conventions of 1949. Humanity means that it must be used to alleviate the suffering, focusing on the most vulnerable. Neutrality emphasizes not favoring any of the sides in a conflict. Impartiality means that aid should be provided solely by need, without discrimination. While independence is defined as autonomous from political, economic, military or other objectives. Unfortunately, adherence to these principles is becoming increasingly limited to rhetoric. “The definitions that enjoy greater consensus nowadays are self-referential and self-serving: they have been advanced by those

actors who define themselves as a humanitarian, or by the major donors that shape the market” (Carbonnier, 2016, pp.38). Increasingly, humanitarian actors operate differently than decades before. The humanitarian market has shifted from small voluntary and value-based engagement with small funding streams to a much larger, sleeker, and international market with many more actors and greater complexity. Among the many actors working with aid delivery are: traditional multilateral actors (prominent international organizations, like UN agencies), NGOs, the International Movement of the Red Cross and the Red Crescent, and governmental aid agencies. While new humanitarian actors include operational governmental agencies, militaries, private for-profit organizations, diasporas, and individual volunteers.

To explore the motivating factors of these actors, we must explore the link between humanitarianism and altruism. The term ‘altruism’ was coined by the French sociologist Auguste Comte (1966). For him, altruism was the opposite of egoism and meant having other people’s interests over one’s own. From an evolutionary perspective altruism makes sense. “Altruism towards siblings who share half of the genetic material of a parent is widely regarded as rational” (Carbonnier, 2016, pp.24). It is more difficult to explain altruism between complete strangers. Two main explanations of altruism toward strangers are based on culture and biology (genes). First of all, biologically, animals like bonobos tend to be altruistic towards strangers. It has been explained by the incest taboo and need to expand the territory for hunting and seeking mates. Secondly, in social sciences, reciprocity can explain why it is profitable for strangers to cooperate. Trust can develop into alliances while punishing non-co-operators. Arguably, globalization, with reporting from various ‘hot spots’ and more regular exposure to outside groups has brought humanity closer together, making the suffering of people in far-away locations more relevant to donors from far away regions, thus expanding social groups deemed worthy of cooperation. For example, as we will see from the analysis of the biggest donors in response to the Haitian Earthquake, countries in the same region or with close historical or linguistic ties were more likely to contribute aid. People tend to be more sympathetic to human suffering coming from groups that share similar history or geography.

Humanitarian organizations stand as a blending of bureaucracies and altruists. While the function humanitarian organizations perform (like provision of basic needs) has organizational elements, there are some fundamental differences in how humanitarian workers approach their mission and the bureaucratic approach. “Bureaucrats, like other economic agents, seek to maximize utility, which can be more or less aligned with their narrow personal interests or with the humanitarian mission of their organization” (Carbonnier, 2016, pp.25). Bureaucrats tend to focus on a narrow function and maximal gain of the organization they represent. However, increasingly humanitarian organizations and NGOs lean toward a more bureaucratic and professional approach than a humanitarian one. There are some significant concerns related to this shift. Humanitarian organizations might be becoming “bureaucratic meritocracies, sacrificing humanitarian values for the sake of efficiency” where “workers focus on technical fixes only to address symptoms, neglecting the political engagement that is required to address the causes of chronic humanitarian crises” (pp.25). Growth in the value of the humanitarian market has fostered this shift as organizations become more multi-layered, complex and in need of greater bureaucratic administration.

I will first explore though, the concept of humanitarian motivations. Humanitarian NGOs draw on the innate human trait of altruism defined and explored earlier. Altruism towards strangers developed over time, with some early originations in small tribe's altruism towards strangers. In our urbanized and globalized world this behaviour has continued as people tend to engage in repeated interactions with strangers on a daily basis. For these interactions to take place and have fruitful outcomes, actors must trust each other. Trust, or the feeling of 'sameness,' is at the core of altruism. Simultaneously though, this feeling can be applied to stranger.

Adam Smith acknowledged that reason could explain human empathy, as humans can relieve human suffering by using their minds to empathize (Haakonssen, 2002, pp.11-12). Humans have a neuro-imaging ability to imagine and predict possible outcomes of their actions. Feeling what other people are feeling, activates certain parts of the brain. "People with damage to their ventromedial prefrontal cortex tend to lose their capacity to elicit emotional responses in front of others' pain and come to judge moral dilemmas in a more useful, or some would say cold, fashion than healthy control groups" (Carbonnier, 2016, pp.28). Altruism is embedded in our brain, more specifically in the ventromedial prefrontal cortex, and it plays a vital role in building trust and preventing cruelty. From a biological perspective, humans developed altruism as a part of the evolutionary process and how it plays a significant role in building and maintaining trust in society. Whether that altruism is through reason, empathy, or mutual beneficence, it is a core part of the human experience.

Secondly, humanitarianism is a result of socialization. Norms in society, country, or other grouping can determine how altruistic individuals are (Cohn, Fehr and Maréchal, 2014). The group works as a medium of understanding what appropriate behaviours or norms are. Individuals conceptualize and make sense of reality through these norms established in the larger group. Information individuals always receive carries a bias shaped by the prism of their socialization. It would be utterly impossible for the human brain to process all the information completely objectively. So, individuals use norms to make sense of reality (Carbonnier, 2016, pp.28). According to Daniel Kahneman (2011), culturally dominant mental models and socialization embedded in societies help individuals to make decisions. Therefore, if the social norm of altruism exists in the group an individual belongs to, it reinforces the individual behaviour of acting selflessly. Organizations and institutions help to reinforce shared goals and norms. They play a vital role in reinforcing cooperation and exchange of information. People become members of humanitarian organizations or donate money to reinforce these norms and strengthen their presence. Humanitarianism can be explained as a result of socialization and the performance of shared norms.

Through history, NGOs came to be the dominant representatives of humanitarian action in global society. In 1945, the UN recognized the need to give a consultative role to these organizations not classified as part of a government or business (Willett, 2002). NGO was defined as a civic or public advocacy organization that operates separately from the government and generates, transfers, or administers humanitarian and other aid. They can work on a local and global level. The oldest recorded humanitarian organizations and NGOs are: Les Soeurs de la Congrégation de Notre Dame, established in Canada in 1653 (Smillie, 1995); The Red Cross, established after the Battle of Solferino in 1859; the Save the Children

Fund, which came into existence after the World War I; Oxfam, formed in 1942; and CARE in 1945. Traditional NGOs mostly worked separately from the governments, responding to emergencies by delivering humanitarian assistance independently. NGOs have gradually increased their power over time. Jane L. Parpart and Henry Veltmeyer (2004, pp.39-59) argue that the process began from the Truman Doctrine and afterward. Since this shift in American policy, organizations shifted their focus towards growth, industrialization, and modernization.

In the 1970s a worldwide economic production crisis increased the role of NGOs in the field of international development as government aid shrank. However, they still remained mostly independent in delivering humanitarian aid. They remained independent because receiving country governments were accused of not distributing aid effectively. Therefore, donors turned to NGOs (Edwards and Hulme, 1996, pp.961). Policymakers and scholars were calling for a more people-centered, grassroots development, a bottom-up rather than a top-bottom approach that NGO's aimed to perform. Four political economy approaches towards development were developed by that period, namely: World Systems Theory (Wallerstein 1974, 1979), Regulation Theory (Aglietta, 1976; Lipietz, 1987), theories focusing on the the political economy of a failed or incompetent rentier state and the dynamics of regime change in Sub-Saharan Africa (Bates 1981; Bhagwati, 1982; Krueger, 1974), and theories grounded in the political economy of globalization, world governance and anti-globalization (Cox, 1987; Gills, 2000; Mittleman and Othman 2000, Murphy, 1998). From these ideas such as "Liberal scholars and Western aid donors view two key trends in transnational activity—increasing organizational density and growing marketization—as important contributions to global civil society" (Cooley and Ron, 2002, pp.6) were introduced. Marketization and competition between the NGOs were supposed to boost their efficiency. From 1980, NGOs started receiving more funds due to neo-liberal reforms and a shift to the private sector, the failure of aid-receiving governments to prove to distribute aid effectively and the call for more people-centered approaches.

After the end of the Cold War, we see the scope of NGO work increasing dramatically as well. Budgets rose from 600 million dollars in 1985 to 1 billion in 1990, and then 3,5 billion in 1994. They then dropped to 2,8 billion in 1998 and 1999 jumped again to 4,4 billion, due to the crisis in Balkans (ICRC, 1999, 2001). EU donations to the post-Soviet states totalled 2,804 billion dollars from 1991 to 1996, while US assistance from 1992 to 1997 totaled 10,967 billion" (Wedel, 1998, pp.203–204). The end of the Cold War shifted international attention to so-called failed states. Failed states were defined as states that do not have the firm rule of law and institutional capability, are harmful, as they attract illegal terrorist organizations, drug cartels, and other illegal groups (Edwards and Hulme, 1996, pp.961-971). Policing failed states became one of NGO communities' biggest priorities. Furthermore, globalization and reporting from crises around the world began to draw public attention and greater donations for humanitarian assistance. NGOs began as private, voluntary associations that raised the majority of funds from private donations (Baptiste, 2015). NGOs scope and ambitions have grown to the point where now they are the biggest distributors of humanitarian aid.

NGOs operate in a distinct market area referred to as the third sector. Etzioni, coined this term in 1973, making a clear distinction between 'the third' and other two sectors, the

state, and the market. All three sectors have their inherent logic, the market is ruled by market logic, while the state operates by the politics and bureaucratic chain of command. Everything else, including the NGO designation, falls under the third sector. Their relation to states varies across borders. For tax-related reasons, most American NGOs are classified as private volunteering organizations. The US and UK both give tax credits to donors. According to British National Audit Service (NAO), the third sector organizations are independent of government as well as 'value-driven.' It means that their main motivation is to achieve social goals (for example, provision of public goods) rather than accumulating the profit. The organizations reinvest all of their surplus funds in the pursuit of their stated goals. That is why TSOs received the designation 'non-profit organizations.' However, this masks the fact that TSOs must make surpluses to be financially sustainable and able to plan their projects ahead and pay their staff.

NGOs share some common elements. Organizational structures and practices are similar with a board or a committee, a budget, mission statement and yearly objectives. NGOs can have local and international offices. They engage in many activities including advocacy, development or humanitarian aid delivery. The spectrum is broad, ranging from purely humanitarian organizations, development organizations engaging in humanitarian aid, to any other organizations declaring to follow these principles. It creates some ambiguity as some of these organizations might try to benefit from the label, while not complying with humanitarian principles (Schuller, 2012). For example, an organization might wish to engage in humanitarian aid, while also breaking the neutrality or humanity principles, and in this way working to benefit or expand its own institutional presence. A strong example would be an organization creating proposals to follow donor contributions rather than to advance humanitarian goals.

Humanitarian aid is short term, designed to alleviate suffering, prevent death, and is mostly delivered during or in the immediate aftermath of emergencies, such as natural disasters and wars (Calhoun, 2004). In contrast, development aid is long-term, focusing on economic, social and political development. Working principles are slightly different, as humanitarian aid is focused on alleviating suffering, and development aid is focused on tackling structural problems (Tucker, 1999). Specific periods define the type of aid needed, combining interlaying humanitarian-development periods in between and fundamental differences in priorities (Suhrke and Ofstad, 2005). While in theory there is a clear cut between these two types of aid, in practice they are mixed for at least some time. Donor governments often have the same fund reserved for both types of aid, and often the same NGOs deliver both development and humanitarian aid (Vernon, 2009). Humanitarian and development aid are often lumped together, forced into the same ministries by the donor governments. For example, protracted refugee situations, when refugee camps are operating for decades might incorporate both kinds of aid. Due to different objectives and financing the transition between one type of aid to another is not always smooth. It creates conceptual, institutional and strategic gaps (Van der Haar and Hilhorst, 2009). Development aid could take place without humanitarian aid if there was no emergency before. However, in many cases, development aid only follows humanitarian aid. The peaks in humanitarian assistance include crises in the 1990s: Iraq, Bosnia-Herzegovina, the Great Lakes region and Kosovo, the Asian tsunami in 2005, crises in Syria, South Sudan and the Central African Republic in 2013 and the Haiti earthquake in 2010 (Clermont et al., 2011, pp.1-3). All of these were

situations which may have avoided the gravest need for humanitarian need if development aid had been applied before a crisis situation developed.

Structural Challenges in humanitarian market

The global humanitarian market is complex, but also operates in a fashion in which just a few IOs and NGOs are the main aid receivers. “The UN system itself has become increasingly complex, with four major agencies—the United Nations Development Program, the United Nations Children’s Fund, the World Food Program, and UNHCR—operating independently with separate budgets and staffs. These are joined by at least 40 great aid and relief INGOs and two separate Red Cross groupings, the ICRC and the International Federation of Red Cross and Red Crescent Societies” (Cooley and Ron, 2002, pp.6). Each of these agencies has its own individual way of assessing projects. Eight largest relief NGOs are APDOVE (Association of Protestant Development Organizations in Europe), CARE, CIDSE (Coopération internationale pour le developement et la solidarité), Eurostep, Doctors Without Borders (Médecins sans Frontières), Oxfam, Save the Children, and World Vision. Each of them has a 500 million dollar yearly budget. Together they account for more than half of the world’s humanitarian market (Simmons, 2010, pp.92). Each of these NGOs has offices in different developed countries and engages in fierce competition for funding. These efforts can be divided into creating a positive public image (media exposure, social campaigns), soliciting individual donations, looking for new members, and seeking business solutions. (asking large businesses to donate in exchange for providing workshops and good publicity) These funds mostly go to an overall NGO budget, which is then divided into supporting operational costs and specially designated projects.

Another important source of funds are applications for project funding from large international organizations and governments. Mostly, governments channel humanitarian aid via UN agencies, who then channel it via smaller NGOs, who specialize in specialized humanitarian aid delivery, like distribution of water, food or temporary shelter. NGOs created ‘trickle down’ effect of development financing where “multiple layers of sub-contracts and sub-grants before reaching the groups that are implementing programs on the ground in Haiti” (Ramachandran and Walz, 2012, pp.10). Donations and projects are channeled from big donors to large NGOs and then smaller NGOs or contractors. Each player takes 7-10% of administrative costs, which reduces total aid (Carbonnier, 2016). After the Haitian Earthquake, most of the aid receivers were large NGOs, who were subtracting smaller NGOs and contractors. The humanitarian market encourages competition for project funding and public donations through this multi-layer approach.

Assessment and coordination of Official Development Assistance

National governments typically must begin the process of soliciting aid by reaching out to the international community and requesting assistance. The United Nations body, Office for the Coordination of Humanitarian Affairs(OCHA) is responsible for the coordination of humanitarian response, policy development, and humanitarian advocacy. OCHA’s mandate was created by General Assembly (GA) resolution 46/182 of December 1991, which states: “The leadership role of the Secretary-General is critical and must be strengthened to ensure better preparation for, as well as rapid and coherent response to, natural disasters and other emergencies.” OCHA is responsible for contacting members of an inter-agency forum

of UN and non-UN humanitarian partners, the Inter-Agency Standing Committee, including leading members (Smillie, 1995). Development Assistance Committee (DAC) is an official forum where donor governments discuss questions related to the foreign aid. This organization also manages aid statistics. In 1969, the DAC coined a definition of official development assistance (ODA), which covers both development aid and emergency relief but excludes military assistance (Standing, 2001). Currently, there are several databases which gather information from governments, humanitarian organizations and private donors: Namely, the Office for the Coordination of Humanitarian Affairs (OCHA), the Financial Tracking Service (FTS) and Development Assistance Committee (DAC) Official Development Assistance database. These statistics exclude the funds from receiving country government and long-term development aid.

Reasons for giving aid

There are some additional motivators for giving aid. These include responding to the pressure from citizens, increasing soft power and ensuring stability in a region. These reasons determine who receives the aid. As UN former top humanitarian official, Jan Egeland stated "Aid is a lottery, you have twenty-five equally desperate communities taking part in this lottery for attention every week. Twenty-four lose and one wins" (Minear, 2002, pp.7). There are several reasons why the Haiti earthquake received significant support from the prominent donors.

Firstly, fragile states receive more aid than others as they pose a threat to the current international system by being supposed safe havens for crime, terrorism, and potentially destabilizing flows of refugees. According to Gilles Carbonnier (2016, pp.46-47), prominent donors plan funding annually and these fund are planned far in advance and mostly go to protracted crises. "Among the thirty countries that received humanitarian aid for at least eight years in a row by 2013, twenty-five of them qualify as 'fragile states.' Also, over half of them ranked among low-income countries (LICs), which are countries where the average per capita income is below \$1,046" (pp.47). Due to the time and access limits it is impossible to measure with accuracy humanitarian demand. So, donors themselves decide in advance on the amount of money they are willing to spend on humanitarian aid and which projects. The aid giving process is very biased not toward the intensity of the crisis, but other political reasons, such as supporting fragile states that may present threats to the donor countries themselves.

Thirdly, governments tend to give humanitarian aid because they feel pressure from their citizens. Not just humanitarian values, but close ties with affected regions are among the most critical criteria of giving the aid. According to David Stromberg countries are keener to donate to neighboring countries, countries with the same official languages or former colonies. "A country without colonial ties must have 50 times as many fatalities to have the same chance of receiving relief as a former colony. For this reason, countries that lie far away from the major donors are systematically disfavored when it comes to disaster relief. Aggregated across donors, the estimated combined effects of distance, colonial ties, and common language imply that a disaster in Poland or Algeria is expected to receive around 2.5 times as much relief as a similar disaster in East Timor or Tonga" (2007, pp.221). Media outlets report from affected countries, and citizens of neighboring countries put pressure on their government. Furthermore, providing humanitarian assistance can help to minimize

refugee flows to neighboring countries. Significant donors after the Haiti Earthquake in 2010 were neighbors or ex-colonizers. The US was in the first place, followed by Canada, Spain, the European Commission, Brazil, and France (Ramachandran and Walz, 2012, pp.13-17).

Fourthly, aid is used as soft power. Countries use aid to influence a foreign government via policies with that grant them a high moral position. "[Soft power] is the ability to get what you want through attraction rather than coercion or payments. It arises from the attractiveness of a country's culture, political ideals, and policies. When our policies are seen as legitimate in the eyes of others, our soft power is enhanced" (Nye, 2005, pp.30). ODA is often used as a soft power as it legitimizes the implementation of policies or programs advantageous for the donor state. It might have economic or political conditionality. It is also used to influence and persuade. For example, in 1990s, as illustrated in figure 1, ODA to Haiti increased. 70% of aid that year went towards supporting the opposition before the elections. An umbrella organization of anti-Aristide activists and NGOs called the Group of 184, was primarily financed by the United States Agency for International Development (USAID), the International Foundation for Electoral Systems, and the International Republic Institute (Hallward, 2008, pp.17). "Former US ambassadors and the Bush administration have recently claimed, hundreds of millions of dollars flowed into Haiti—but not to the elected government. A great deal of it went to the anti-Aristide opposition" (Farmer, 2001, pp.14). After the elections, in 1999, when Aristide won, most of the donors withdrew their assistance and started supporting NGOs rather than a government (Baptiste, 2015). This strategy is now criticized as it had little effect in combatting corruption or strengthening institutions. USAID and other development agencies provide 70% of the funding for NGOs in Haiti. The other 30% comes from corporate and individual donations (Ramachandran and Walz, 2012, pp.13-17). Therefore, NGOs are more dependent on government donations than their names may imply. The projects they are engaging will generally reflect interests of the donors as a matter of pragmatism and self-preservation. Aid is an instrument of foreign strategy, often used for achieving donor state goals.

Overview of the aid to Haiti

"Should we have learned by now that outsiders cannot solve Haiti's problems? For a time in the early 20th century, it was a U.S. protectorate. Should it not now be left alone to sort itself out? That proposition is attractive only in the abstract. Haiti is unable to sort itself out, and the effect of leaving it alone would be continued or worsening chaos. Our globalized world cannot afford such a political vacuum, whether it is in the mountains of Afghanistan or on the very doorstep of the sole remaining superpower" (Annan, 2004). Contributions to development and humanitarian aid to Haiti rose significantly from 1989 to 2011. Figure 1 shows that difference. The information was taken from OECD-DAC database and shows total aid coming to Haiti from all donors as both humanitarian and development aid. The exact proportion of humanitarian aid for all this period was not available, however data from the last decade shows the increase. "Humanitarian aid as a proportion of total ODA to Haiti has increased from 0,2% in 2002 to over 20% in 2008" (OECD, 2009, pp.2). It might be an outcome of dependencies created over the years receiving the aid, political events, implementation of new institutional clusters approach and natural disasters. For example, after tropical storms in 1994, hurricanes and food riots in 2008, the UN had seven missions in Haiti since the early 1990s, reflecting in the increase of ODA. As illustrated in the figure 1,

the humanitarian market in Haiti has expanded greatly since 1994. One of the reasons for increasing aid to Haiti, were those seven peacekeeping missions (Abouassi, 2014). As we can see from the figure 1, at the beginning of 2002 aid also started to increase. It was due to the preparation for establishing UN Stabilization Mission in Haiti (MINUSTAH) in 2004. From that point onwards, around a third of all ODA coming to Haiti is dedicated to peacekeeping in the country (UN Office of the Special Envoy for Haiti, 2011, pp.7). The main argument is that institutions are weak, making it a hot spot for illicit activities, drugs, and arms trafficking. NGOs and IO provide the most services in Haiti, but coordination between them is very difficult as there are so many powerful agencies involved. Laura Zanotti (2010) had interviewed both MINUSTAH and UN agencies' representatives after the hurricanes in 2008 and confirmed that the task of coordination between agencies is very challenging. For example, UN country teams were able to coordinate NGOs and international governmental organizations, but it was very challenging to establish common long-term strategy among agencies, peacekeepers, and the government. UN agencies and MINUSTAH agreed that economic development needs to be fostered, while they had significant disagreements on how it should be implemented.

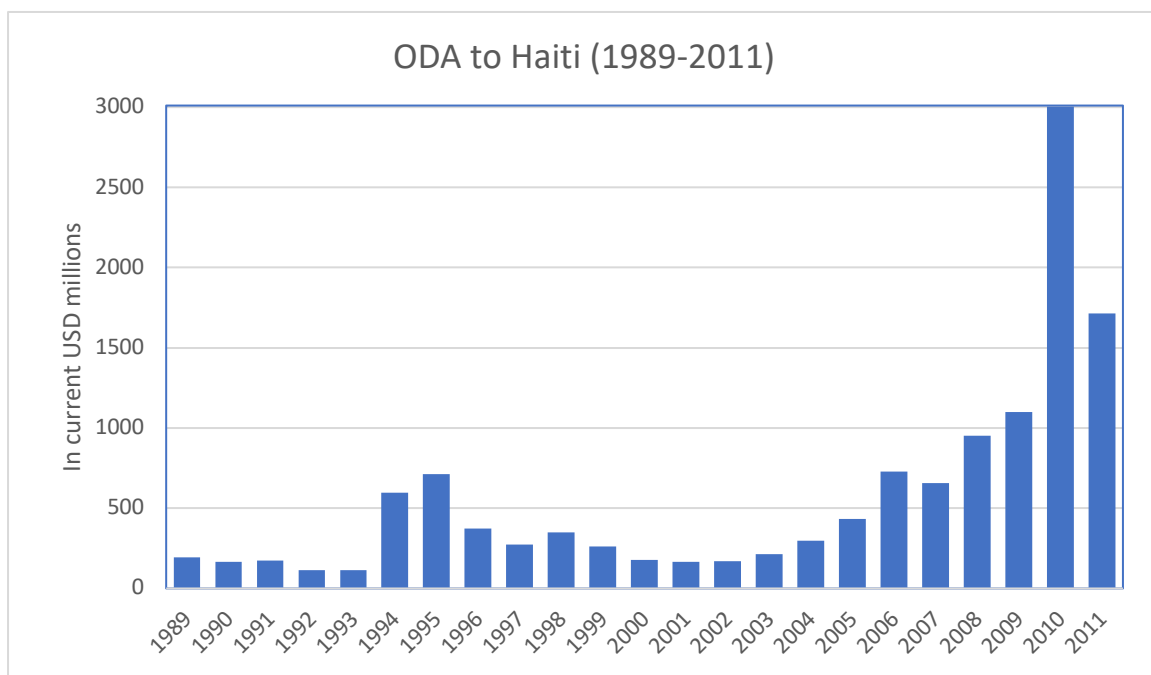


Figure 1. Source: OECD-DAC online database.

NGOs are the main ODA receivers in Haiti, providing most of the public services. Before the earthquake, NGOs received much more funds than the government. NGOs were dependent on external funding. Historically, most of the reforms in Haiti were imposed by outsiders making the country's national government weak. For example, as it is illustrated in figure 1,

an increase of ODA funding from 2002 onwards, shows institutional cluster cooperation program that was implemented for the first time in Haiti. The idea was that dividing the efforts into 7 clusters will improve communication and cooperation between the sectors (Ramachandran and Walz 2012, pp.2-7). The UN eventually recognized that it was a mistake to shift funding to the NGOs as it created a resource dependence and drained government institutions from skilled personnel as they choose more competitive salaries by working for NGOs (Farmer, 2011).

Haiti was facing deep structural socio-economic problems before the earthquake. Market liberalization in the 1980s and introduction of American rice to the market increased food prices, pushing people to the streets on so-called 'food riots.' Main problems have arisen from bad or ineffectual governance, weak institutions, and insecurity. The earthquake has only highlighted pre-existent institutional problems.

Summary of chapter 2

This chapter covered humanitarian economics theory. Example from kidnap-and-ransom situations aimed to illustrate how actors in humanitarian emergencies make decisions by balancing between values and a cost-benefit calculus. Motivators behind conducting humanitarian response were discussed in detail, including explanations from evolutionary and social sciences perspectives. The history of the humanitarian market was also discussed, focusing on the development of NGOs. The concept was developed and expanded by the UN, and from 1980, NGOs role in international politics has become more and more prominent due to neo-liberal reforms shifting aid to TSO's, changed dynamics after the Cold War and increased the need to ensure the stability in the fragile states. The number of and economic power of NGOs grew, until they have now become the largest distributors of humanitarian. Humanitarian aid is a huge business, with more NGOs than ever before. NGOs belong to the third sector and operate by a different logic than governmental or private organizations. The difference between humanitarian and development aid was discussed highlighting the gap between theory and practice. Lastly, reasons for giving aid were discussed leading to the conclusions that the aid-giving process is very biased and not the intensity or needs of the crisis, but other determinants, like supporting fragile states, neighbors or ex-colonies are primary drivers. In the following chapter, I will be looking at the humanitarian marketplace in Haiti after the earthquake in 2010 by using Porter's Five Forces framework while continuing to draw some considerations from humanitarian economics.

Chapter 3. Porter's Five forces framework application to Haiti Earthquake 2010 response

In this chapter, Porter's Five Forces framework will be used to study the third sector in Haiti between 1 January 2010 to 1 January 2012. First, Porter's Five Forces framework will be introduced by explaining the meaning behind each force and looking at different previous applications of the theory. Further, each subchapter will have a short introduction about how that specific 'force' and 'threat' affects the market. Applying Porter's Five forces framework will allow us to see and illustrate specific trends in the humanitarian market after the Haitian Earthquake of 2010.

Introduction to Porter's Five Forces framework

Porter's Five Forces framework is part of industrial organization (IO) economics, dealing traditionally with economic aspects of firms and industries (Barthwell, 2010, pp.2). It is one of the most popular practical tools for studying competition within different sectors (Magretta, 2012). Academics and practitioners use it to measure competitiveness before starting a business (Porter 1980, pp.6). In 1980, Michael Porter wrote *Competitive Strategy*, where he coined the Five Forces theory that is concerned with competition in a business market. "The collective strength of the forces determines the ultimate profit potential in the industry" (Porter, 1980, pp.3). Understanding these forces and threats within them helps to evaluate the relationship and competition between different actors involved. In 2008 Porter released an update to his framework, which will be incorporated in this work.

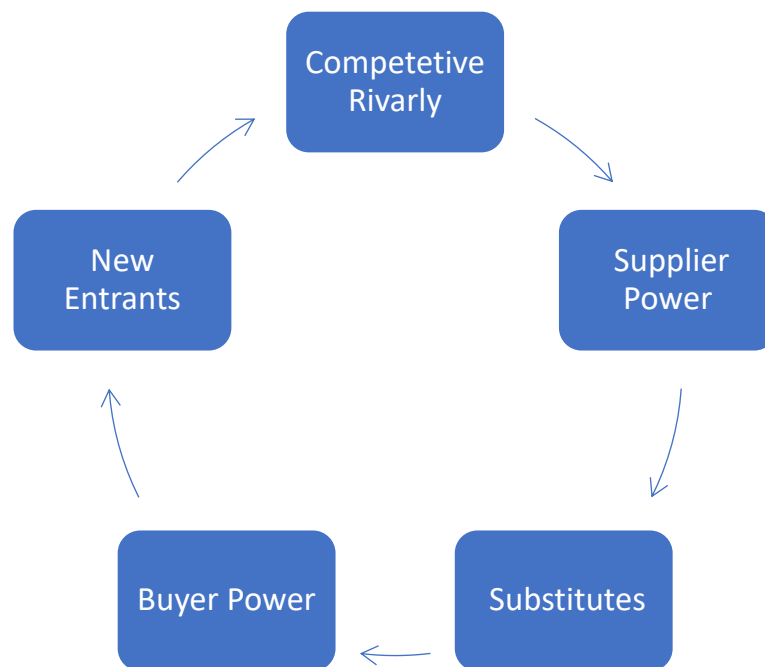


Figure 1. Porter's Five Forces Framework

As illustrated in the figure 1, there are five main forces driving the market. Each of them is important in determining the success of the firm. First, suppliers play an important role, as they have control over the materials. The fewer suppliers there are, the more power they have over the firms. This has a direct impact on the price and logistics related to provision of the product. For instance, the product in humanitarian market can be rare, like vaccination of the uncommon disease. If just one supplier has this vaccine he can bargain on the price and time of delivery. In this case supplier has more power. Secondly, it is important to know how many potential customers are there. If there are just a few- they have more power than the firm. If there are many, a firm's power increase. For example, if there are many donors, who need projects to be delivered, the NGO has the power, meaning that the NGO has a bigger choice of who to work with. On the other hand, if there are just few donors, they have more NGOs and contractors to choose from. Thus, they can ask for more from the NGOs. Thirdly, competition depends on the number of other actors providing the same

product. A competitive advantage is a condition or circumstance that puts a company in a favorable or superior business position. It can be good reputation or technological advancement. Fourthly, is the threat of substitution, when a product or service can be substituted with something similar. The easier it is for consumers to find something similar to the offering, the less power the NGO has (pp.3-6). For instance, if there are many private contractors, with similar product and capacity, the donors can choose not just from NGOs, but from private contractors as well. Lastly, how likely is it for competitors to enter the market? The easier it is, the harder it is for an NGO to predict the stability of income. For example, some countries like Russia and Pakistan, regulate NGO activities in their countries making it difficult for foreign NGOs to enter, thus guaranteeing stability of the market entrants. (or not depending on the fickleness of those governments) (Abouassi, 2014, pp.981). All five forces play an important role in determining success of the organization.

Critiques of Porter's Five Forces Framework

Before starting the research, it is essential to acknowledge critiques of this theory. Including the fact that it excludes the micro (individual cases) level and instead focuses solely on macro (overall market) analysis. This excludes the possibility of businesses to change the market themselves. (Grundy, 2006). Another criticism of applying the five forces framework specifically to the third market is that this market is driven by slightly different forces (Lloyd, 2010). NGO's do not seek to gain profits, but rather to achieve social goals such as strengthening local communities, increasing public awareness, or providing public goods. Thus, in this context, not all market forces are relevant. Tracey Lloyd (2010) suggests merging 'power of large suppliers' and 'power of large customers.' However, this critique does not apply to this study, as these forces are each essential in the case of studying NGOs working with humanitarian aid. Donors provide the funds, and suppliers provide materials required for the assistance. Therefore, this critique cannot be applied to this study, and all five forces are essential for studying NGO in the humanitarian market in Haiti. Porter (2008) himself describes common misapplications of the framework. First, the lack of quantitative measures used in its applications. Most of the framework applications do not include in-depth analysis of the field, with clearly defined variables. It is essential to decide on specific variables before using the framework. Secondly, the framework lacks strategic insight, but according to Porter (2008) the framework must be used as a starting point before entering the market rather than a strategy tool. Lastly, a framework was created in the 1980s; it lacks analysis of technological advancements that came with globalization, however. The role of the internet and social media has grown significantly over the past decades and so it will not be used in this work.

Porter's Five Forces Framework Application Layout

Michael Porter has suggested presenting the forces in two different ways. In his first work (1980) he looked at them in this order: new entrants, competitive rivalry, substitutes, buyer power, and supplier power. While in 2008, he presented them in a different order: new entrants, supplier power, buyer power, substitutes, and competitive rivalry. Nowhere in his work was the correct order of presenting the forces emphasized which is why I have decided to study the humanitarian market after the 2010 Haiti Earthquake in this order: buyer power, competitive rivalry, new entrants, substitutes, supplier power. This order will help to unfold the historical context while explaining the framework via the humanitarian economics perspective. Therefore, I placed buyer power in the first place as the ways

donors give aid to NGOs is at the core of humanitarian economics. The second and third forces are competitive rivalry and the threat of new entrants. I put them in this order as it helps to look at two other principal actors highlighting the relationship between NGOs and the state. Consequently, the relationship between NGOs and suppliers afterward, as it puts the private business into perspective. Lastly, I will discuss the threat of substitutes that I will apply to look at the relationship between NGOs and the private businesses. I will be using an amended template (graph) suggested by Michael E. Dobbs (2014, pp.36-40) to illustrate the outcomes. The standard template indicates sources of threats and its level indication bar. Each of the forces will be divided into six to eight 'threats' within them. These threats were taken from Porter's 1980 and 2008 publications. Threat level indicator bar will help to indicate the perceived threat level divided into a scale from low to high. Porter's Five Forces Framework will be used as a tool to support humanitarian economics theory. As discussed before, using Porter's five forces framework will help to establish clearly defined structure, while humanitarian economics will help to study the specific market.

3.1 Buyer Power

NGO's buyers are actors that provide the donations. These can be individuals, governments, international organizations, and foundations. According to Michael Porter (1980), the buyer power is in their ability to put the firm (in our case NGO) under pressure. It depends on how many buyers are in the market, and how significant are their funds. Fewer customers with multiple alternatives, will have more power. Furthermore, one customer with big funds has more power. Similarly, small customers can increase their power by cooperating with each other and bargaining with a business on these conditions. They have more firms (NGOs) to choose from. Therefore, buyers have more freedom to negotiate the conditions, including the price and the timeline of the product (in our case project delivery). Other potential factors include customer dependence on existing channels of distribution (for example, the length of the contracts), the total amount of trading (how many other contracts NGO has). If NGO is getting all the revenues just from a single donor, contracts from that donor will be significant, and the donor will have more power. In this work, I will refer to customers as donors. Firms (in our case NGOs) can use some tools to decrease customer power. It includes loyalty programs and other forms of partnerships with their customers. NGOs and International organizations use street fundraisers to enroll their potential customers to monthly or yearly subscriptions when they can support the organization via monthly instalments. The main threats posed by the buyers are Buyer Orders, Buyer Information, Buyer Backward Information, Industry Products, Buyer Switching Cost, Overall Buyer Cost, Buyer Profitability and Buyer Product Service. Each of them will be discussed in the following sections. Buyers (in our case donors) will be separated into large and small donors. Donors are the customers of NGOs. These include both substantial donors like governments and international organizations and small donors, like individual and businesses.

3.1.1 Buyer Orders

The threat posed by the buyers depends on the size of their orders. "The larger the portion of buyer costs or consumer investment a product represents the more likely they are to 'shop around'" (Porter, 1997, pp.15). Donors with large orders have huge power over the NGOs. According to the size of the orders of donors after Haiti Earthquake 2010 were: governments, international organizations, foundations, businesses and public donations. The main donors after Haiti Earthquake 2010 are similar to the list of leading contributors

worldwide. As illustrated in figure 2, the main contributors worldwide to ODA are the USA, Germany, followed by other EU countries. European nations dominate the list, but the UAE, Canada, and Japan also feature. In the case of Haiti earthquake 2010, the US was the biggest donor, followed by Canada, Spain, European Commission, Brazil, France, and Venezuela (Ramachandran and Walz 2012). However, donors are not obligated to fulfill their pledges and can change the amount of promised aid afterward. The pledge is not legally binding, and no international body is responsible for checking if these pledges were fulfilled. “Thus, despite the United States’ initial pledge of \$3 billion, by September 2010—only eight months later—it had lowered the number of programming funds for the fiscal year 2011 to \$1.15 billion” (Cunningam, 2012, pp.115). According to the same author, in 2012, around 60% of all the pledges remained undistributed. The amount and the quality of the humanitarian projects will be affected by the actual amount of donations is significantly lower than the pledges.

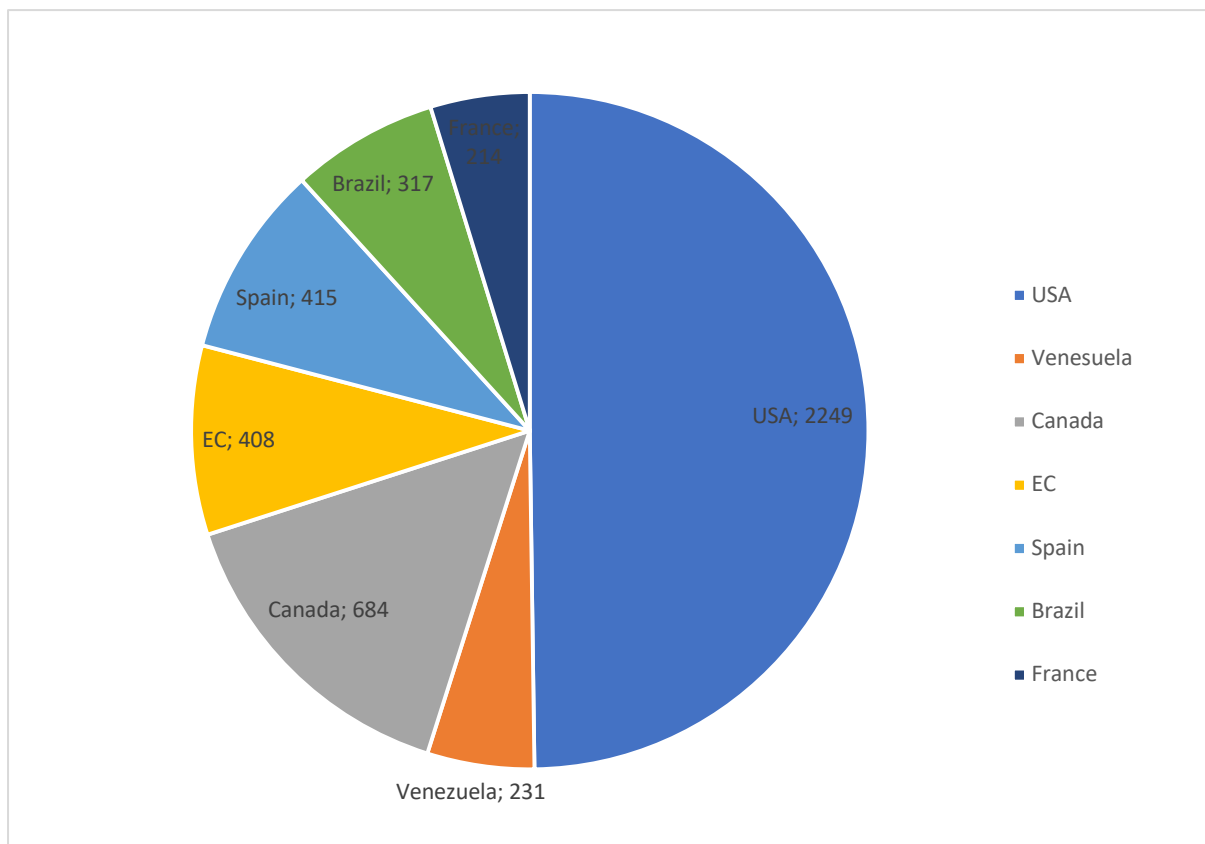


Figure 2. 2010 - 2012 overall contributions from public sector donors to relief and recovery efforts in Haiti as of December 2012, in USD millions (excluding debt relief).

The US was the biggest donor after Haiti Earthquake 2010 for several reasons. Firstly, the USA was the biggest ODA donor in the world and has a considerable interest in keeping stability in the fragile states. “In the wake of 9/11 (an undertaking masterminded in Central Asia, funded from West Asia and with trial runs in East Africa), the notion that in the post-Cold War era the main threat to Western powers no longer came from the defunct Soviet Union or a fast-growing China but rather from “ungoverned spaces” across the former Third World gained traction. Somalia, Afghanistan, the Democratic Republic of the Congo, Yemen, and yes, Haiti, were identified, variously, as failed, failing or fragile states, from where all sorts of threats could and did emerge” (Heine, Thompson, 2011, pp.4). After 9/11, so-called

fragile states started to pose a direct threat to USA national security. Illicit trade and terrorist organizations tend to cluster in fragile states. Therefore, security reinforcement in Haiti is one of the priorities for the US, making it the largest contributor of ODA. In the 20th century, the US military was also involved in disaster relief in Haiti twice. The USA tested their “military operations other than war” in Haiti. These are now referred to as “stability operations” (pp.6) Shortly after the disaster, the government of Haiti issued request for humanitarian assistance. US military played a vital role in what became the most significant international humanitarian response to a natural disaster in US history (US Government Accountability Office, 2015). Looking through Porter’s Five Forces Framework, the USA is a steady customer. It possesses significant funds and partnerships with NGOs and IO. The US channels its aid via USAID, which distributes it to IO’s (like UN, World Bank) and NGOs. The US is one of the most significant contributors to UN budget, and a quarter of the US ODA budget is going to NGOs, making the US government a compelling customer. Mainly American NGOs benefit from these donations, especially American Red Cross, with 51 percent of NGOs operating in Haiti headquartered in the United States (Ramachandran and Walz 2012, pp.17). “A breakdown of each U.S. dollar spent on Haiti relief shows that forty-two cents of each dollar went to implementing partners like Save the Children, the UN World Food Program and the Pan American Health Organization; 33 cents went to the U.S. government as reimbursement for deploying 5,000 military troops and the USS Comfort; 9 cents were allocated for food aid; and 9 cents for food transport” (Mendoza, 2010). According to Oliver Cunnigam (2012, pp.115), it is tough to find how much aid was delivered by 2012, as the numbers in reports produced by different international organizations differ. Some state that just 38% was delivered (Farmer, 2010), while the UN Office of the Special Envoy for Haiti (2012) states that 43% of aid was delivered. Historically, the US was the biggest contributor to ODA in Haiti and most of the NGOs working in Haiti were registered in the US. However, just 38-43% of aid was delivered by 2012.

The immediate response included many governmental, non-governmental and private actors. The Dominican Republic was the first country to respond and provide help to Haiti. Haiti shares the island of Hispaniola with the Dominican Republic (western one-third is Haiti, eastern two-thirds is the Dominican Republic); it is the most mountainous nation in the Caribbean (UN Special Envoy for Haiti, 2011). Another big donor was Canada. Located in the same region, the French-speaking country has a similar interest in ensuring stability in Haiti. As mentioned in chapter 2, neighbors and countries using the same languages, in this case, French, tend to donate more. Furthermore, Canada is one of the biggest donors worldwide. Interestingly, Venezuela and Brazil are on the donor's list. They are neighbors interested in supporting stability in the country. Furthermore, European Commission and member states contributed to ODA. EC (if separate country donations included) is the most significant contributor of ODA in the world (Ramachandran and Walz 2012). It positions itself as a promoter of humanitarian values around the world. Furthermore, Haiti is a former French colony, the French language is still used by country’s elites (around 5-8% of the population), while rest of the country use the Creole language. Haiti was one of the wealthiest French colonies, with the first university in the Caribbean. In 1804, after a prolonged struggle against Toussaint L'Ouverture, Haiti became the first post-colonial black-led nation in the world. Afterward, this country was excluded from international politics and as some authors argue, structurally impoverished. France asked for reparations. Which Haiti completed paying back shortly after the WWII. However, France still donated a significant amount of

funds to its ex-colony. These historical and geographic linkages establish the Haitian humanitarian marketplace's principal customer base.

Private funding included contributions from individual, private foundations, and companies. It is hard to study trends of the individual contributions, as NGOs do not publish detailed monthly reports available to the public. However, this type of funding is more preferred by the NGOs as it is more flexible than other types of ODA. These funds do not have direct allocation guidelines. NGOs do not need to spend them on a specific project, or during the specifically defined time frame. "Over the past five years, assistance from these sources has accounted for more than one-quarter (26%) of the international humanitarian response" (Swithern, 2014, pp.6). This is particularly relevant for humanitarian assistance. NGOs fundraising for humanitarian aid receives significantly more than for development aid.

Private businesses, foundations, and individuals donate to NGOs via one-time donations, partnerships, subscriptions, and memberships. According to the Doctors Without Borders Representative in Denmark (information collected during the interview), donations are collected via ongoing campaigns and individual campaigns dedicated to the specific cause, for example, Haiti Earthquake 2010. According to the interviewee, fundraising is difficult as the market in Denmark is flat and competition between NGOs is high. Therefore, NGOs are keen to establish and maintain lasting relationships with individuals and businesses. First of all, they focus on enrolling new members. Membership means that the person agrees with donating to NGO via subscription every month. In this way, NGO can plan their activities and tailor communications to their membership. NGOs create feelings of community, belonging and ownership via their platforms online and events. Members get to be associated with the right cause. NGO maintaining the memberships is much cheaper than trying to attract individual donations over and over again. The same applies to the partnerships with the businesses. Donating for the NGOs is beneficial for both individuals and the business. The business receives a good ranking for their Corporate Social Responsibility (CSR) portfolios. Even without being directly involved, the business can mention, that they contribute towards these efforts. In some countries like USA and UK businesses and individuals donating for NGOs receive the tax credits. This type of membership based model creates an NGO customer with motivations that reflect a more emotional need of the membership base.

Doctors Without Borders is the leader in private fundraising, around about 90 percent from private sources that reportedly included about five million active individual donors. In comparison, the ICRC received less than 7,5 percent of its funding from private sources to cover its 2013 expenditure, totaling 1,264 million dollars (Miller, 2011, pp.5-6). After the Haitian Earthquake of 2010, the American Red Cross raised 444 million, Doctors Without Borders- 124 million, Partners in Health- 70 million. The bulk of private funds came from individuals (Miller, 2011, pp.5-6). Public donations are collected via memberships, subscriptions or in a case of emergencies, individual public campaigns. Substantial public awareness campaigns took place around the world after Haiti Earthquake 2010.

"International relief for natural disasters does increase with the severity of the disaster, as measured by the number of killed and affected, and also rises when the income of the affected country is lower. However, relief is also driven by factors other than need. News coverage appears to drive disaster relief" (Stromberg, 2007, pp.221). Haiti was proclaimed as one of the biggest disasters in the human history. The fact that Haiti was struggling even

before the disaster made it a perfect case for media campaigns. “NGOs need contributions from donors who wish to have their heartstrings pulled with a story of one suffering child (indeed, two is often too many for the most effective image) who is caught in the crosshairs of war and can only be saved by their donations. After that, the donors want to be assured that their contributions are directly helping to improve lives, which then requires the production of brochures depicting relief workers wearing NGO T-shirts posing seemingly happy and well-nourished kids. Unsurprisingly a key lesson of NGOs teaching relief workers is how to pose with children” (Weis, 2013, pp.3). Donation giving is a way for individual donors to feel better about themselves. NGOs reinforces that feeling by producing materials encouraging donors to contribute towards their cause. This is clear example of an a non-humanitarian driver of NGO behaviour as a result of an incentive structure focused on institutional self-interest rather than service. It is a necessary measure, but begs the question if the money could be better spent elsewhere.

Funds collected via public campaigns are not constrained by rigid rules, like the ones given by large donors. They can be used for operational expenses, for example running the offices or reinvested into public campaign. Large donors have more rules and regulations on how money should be spent. However, media campaigns are expensive. NGOs on average pay around 25% of their overall budget on marketing. In the humanitarian market, reputation matters and NGOs are willing to pay to protect and enhance it. Donors judge organizations depending on their previous success rates and on the way they project their image to the world. NGOs choose how and what to communicate via social media and it has a significant effect on public donations. According to Andrea Cornwall and Karen Brock (2006) buzzwords play an essential role in developing the world in the shaping of the solutions. For example, now including ‘participation,’ ‘empowerment’ and ‘poverty reduction’ in a project description is beneficial. Donors are interested in these keywords. Words frame and justify particular kinds of development interventions. The problem with ‘participation,’ ‘empowerment’ and ‘poverty reduction’ is that these words are very abstract and can be interpreted in different ways. These labels can be applied to any project and do not mean an actual goal. Keeping in mind that NGOs are utterly dependent on funds coming from donors, there is a possibility, that they will shift from finding solutions and helping needy recipients to please their donors and winning television coverage (Nunnenkamp and Öhler, 2012, pp.83). More often than not, securing funds ranks higher than the needs of those who benefit from the NGO activities.

Studying these statistics via Porter’s Five Forces Framework, it is clear that after the earthquake, huge funds became available from many donors. However, these funds became readily available to few well-established NGOs. Customer dependence on existing channels of distribution was evident as biggest donors delivered aid via trusted NGOs, with a good project delivery record. The US Aid agency, USAID, delivered most of its aid via American NGOs. European Commission (EC) channeled their aid to Haiti via UN-related organizations and NGOs like Oxfam and International Red Cross. After delivering aid via trusted funds such as international organizations (like UN and World Bank) and big NGOs like Oxfam and ICRC, donors open a call for smaller NGOs. Partnerships and other forms of long-term cooperation increase customer dependence and lower marketing and fundraising costs. A similar effect happened with individual donations as most of the money was donated to the famous, large NGOs, who reacted quickly and were able to deploy their staff and start public

campaigns very quickly. Therefore, according to our criteria, the buyer/customer power of both small and large donors was high.

3.1.2 Buyer Information

Buyer power increase with access to the alternative cheaper options (Porter, 1997, pp.15). Around 10 000 NGOs operate in Haiti (Kristoff and Panarelli, 2010, pp.1). Governments and International Organizations are differentiating NGOs with specific project assessment criteria. In the humanitarian market, the relationship between the customer (donor) and firm (NGO) is different than in the business field. In economics, demand is expressed by customers, who are willing to pay the price for the product. In the humanitarian market, customer (donor) is paying for product or service that will be delivered to the victims. Therefore, in case of humanitarian emergency, demand in humanitarian market equals urgent need from affected people. The donor is willing to pay for goods and services to alleviate the suffering of somebody else. This might affect needs assessment as, in a humanitarian crisis, it is impossible to measure with certainty what aid is needed the most, and what effect it will have on affected populations. As the 2014 GHA Report puts it: 'it is impossible to know exactly how many people are directly or indirectly affected by crises' (pp.26). Humanitarian crises require an urgent response and therefore has a time and access limit. Humanitarian emergencies create urgent need coming from affected populations, that cannot be measured easily, that is why donors indicate what the need is. Donors have their demand assessment models, that are being used to asses and later to monitor the success of the project.

Strict project assessment rules are essential as they ensure transparency. Donors keep changing these rules to ensure that humanitarian aid is delivered efficiently. These rules help to avoid corruption and 'fake NGOs'. Donor governments have responsibility over their own citizens to make sure that the funds are used in the most efficient way. All the donors focus on keeping their channels of distribution flexible. Meaning that the contracts are relatively short, under 1-year long. However, there are some repeating patterns, as all of them tend to distribute the funds via International Organizations. The European Commission tends to support European NGOs like Oxfam and Doctors without Borders. While USA and Canada concentrated on supporting International Red Cross. Funding from the large donors is granted in two different ways: project and operational. In some cases, the specific project receives the funds, in other- NGO receives the funds for their general funds for operational costs. On both of these levels, the power of large donors is significant: large donors have a say in how projects should be conducted and what future strategy NGO should use. NGOs like any other entities, need to keep evolving and adapting according to the changing environments. Sometimes NGOs are entirely dependent on one of these donors. Therefore, the donors play a very significant role in their survival. Dependence on one source of funds lead to their credibility being called into action. Being dependent on national government funds is risky too, as then NGO might start working as yet another state institution. However, if the national government is not able to provide the funds, and funds are available from the international community, NGOs might become dependent on these funds and incentive to diversify will be low. This model is unsustainable, as, during the emergencies, more funds will be required, which might be unavailable from these international donors. Project application process makes it even more competitive, as

different NGOs compete for grants. As donors are aware of alternative cheaper options, their power is high.

3.1.3 Buyer Backward Integration

Backward integration means that a customer can bargain if they can make the product themselves. “Where the buyer can make the product themselves will also restrict profitability” (Porter, 1997, pp.15). The biggest donors choose to deliver some aid themselves or via associated agencies and NGOs. This threat is entirely credible, as small NGOs, without close links to the donor or previous good project delivery record, are doomed to compete over the scarce funds. Donor buyer backward integration is shallow, as they are not able to deliver aid themselves.

3.1.4 Industry Products

If the product is standardized, the buyer can easily find another provider. On the other hand, if the product is highly differentiated, the firm (NGO) has more power. “Where quality and added value are unimportant, the buyer will opt for the cheapest alternative” (Porter, 1997, pp.15). Products and services NGOs provided as humanitarian aid after the Haiti Earthquake 2010 were very different. Some of them were very complex, like medical services. While other products were more standardized, like distribution of water. However, none of the NGOs were producing highly unique and irreplaceable services. The service was still unique, as it required working in the complex emergency in Haiti. Therefore, both for large and small donors, the threat is medium.

3.1.5 Buyer Switching Cost

There is a more significant possibility that the buyer will switch the provider if there are no switching costs. “Low switching costs will counteract brand loyalty and increase the importance of price or added value. In industries where customer service is paramount, switching costs may be borne by the service provider” (Porter, 1997, pp.15). In Haitian context, this threat is quite high, as humanitarian projects are short and donors do not have high losses if they change NGO that deliver the project. However, as discussed before, donors have preferences of NGOs to which they channel their aid. NGOs can use some tools to increase the switching costs like partnerships. For both small and large donors, in the scale from 1 to 3, where three means the lowest switching cost, buyer switching cost is therefore a 3.

3.1.6 Overall Buyer Cost

If the donor channels significant funds to one NGO, it has more power over that NGO and more significant incentive to ask or search for lower prices (Porter, 1997, pp.15). Big donors, like EU, UN and USAID have massive power over the NGOs. Even large NGOs tried to implement management and structural changes preferred by these donors. In the scale from 1 to 3, where 3 means the highest threat, donors have significant power over NGOs.

3.1.7 Buyer Profitability

Buyer power is higher if they will be able to gain profits, rather than losses from the project (Porter, 1997, pp.15). In the humanitarian market, profitability can be approached from

literal monetary sense and as an investment in strengthening public image or as a soft power tool. As discussed before, donors are highly interested in delivering aid for the relief of specific disasters. There are underlying reasons, like in the case of Haiti- ensuring stability in the failed state, helping to neighbors or ex-colonies and using it as a soft power to influence the government. In a literal sense, some types of aid, like conditional and tied aid might involve the possibility of direct profitability, as funds go back to donor's economy or budget. In the scale of low to high, buyer profitability is low.

3.1.8 Buyer Product Service

The buyer has a lower power if the product has a high impact on him (Porter, 1997, pp.15). In humanitarian aid, communication of the outcomes is critical to donors. Lousy project delivery affects the image of donor himself. However, arguably, the product is not highly impactful to the donor as long as the project is delivered according to all priorities agreed before. Knowing that giving aid is not the main priority of both small and large donors and it has no direct impact on quality of their life or work.

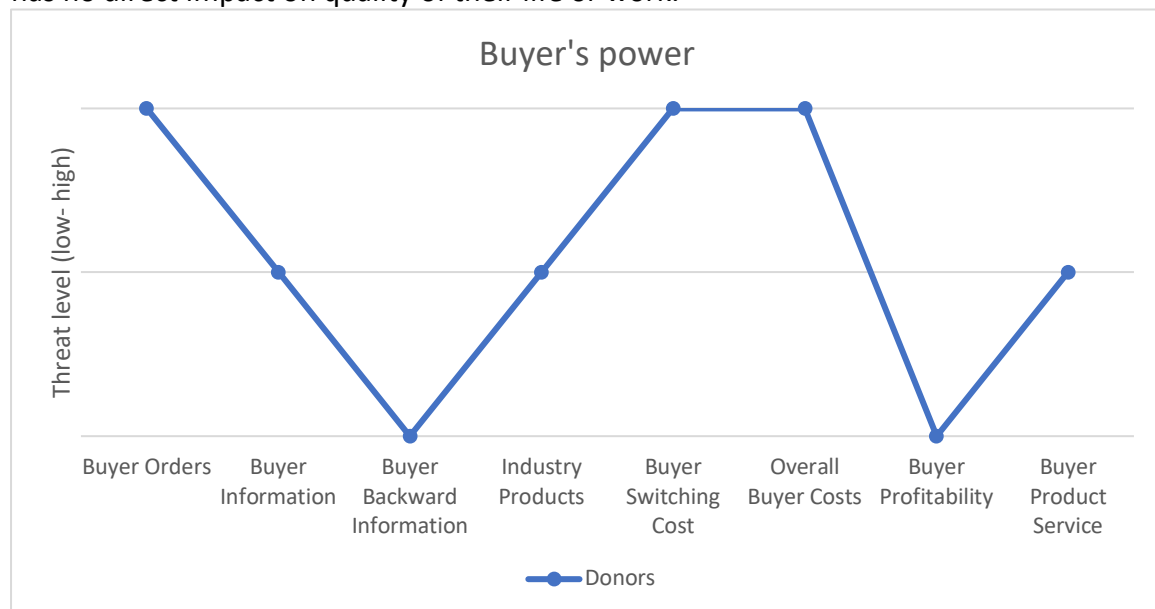


Figure 3. Summary of the outcomes.

The Haitian Earthquake of 2010 received significant amounts of donations, including funds collected via media campaigns. The biggest receiver of individual donations was Doctors without Borders. NGOs prefer this source of income as they can be more flexible in spending these funds. As illustrated in figure 3, donors had significant power over NGOs. The biggest threats posed by this force are the threat of buyer orders, buyer switching cost, and overall buyer costs. Large donors often require using funds just for project-based expenses. Big donors and prominent NGOs had more power in the humanitarian market after the Haitian Earthquake of 2010. Big donors had more funds and options of delivering the aid. However, the costs of both attracting small and big donors are quite similar as applications for funding from big donors require employing staff with good project writing skills and public campaigns for small donors need good public campaigns. NGOs working in emergency situations must have pre-existing resources for the starting response, public campaigns and further applications. Diversification of the resources is essential as in the case of Haiti, due to the number of competitors, NGOs, and private contractors, the

competition is high. Partnerships and good public opinion were essential, as large and small donors were keen to donate to the NGOs they were familiar with, like the Red Cross in USA and Oxfam in Europe. Unfortunately, with a small number of donors possessing significant funds, NGOs are forced to compete heavily and expend large amounts of resources in doing so. Even with vast resources available like in the case of Haiti Earthquake 2010, competition between NGOs was huge. Next segment will focus on rivalry among the NGOs within the industry.

3.2 Competitive Rivalry

If the rivalry is big, firms are still able to attract customers with price cuts and impactful marketing campaigns. However, in this humanitarian market, where there are many NGOs, both customers and suppliers have more power, so they can quickly leave for a better deal from another firm. In contrast, the firms have more power in the places where the rivalry is low. The competitive forces are bargaining power of buyers- customers forcing down prices and bargaining for higher quality or more services. Rivalry among existing firms, price competition and advertising battles between existing competitors all are pieces of these forces. In this framework, customers, suppliers, substitutes, and potential entrants are all “competitors” and might be more or less dominant depending on the particular circumstances within the sector. Competition, therefore, can be defined as an “extended rivalry” (Porter, 1980, pp.6).

3.2.1 Existing Competitors

NGO power depends on competition within a market. Competition depends on how many competitors there are and what strategies they are using. “Profitability is depressed by competitors not interested in rapid growth such as small companies sacrificing high investment returns for financial independence; companies serving a secondary market, or ‘dumping’; or subsidiary companies being developed for longer-term growth” (Porter, 1997, pp.14). Furthermore, it depends on how big the NGOs are. Daniel Schwenger et al. (2014) used Porter’s Five Forces Framework to quantify competition between 1,211 NGOs associated with UN worldwide. According to this study, the third sector is increasingly competitive. NGO staff must react by emphasizing the threat of new entrants and rivalry in the industry. Still, there is a distinction between small and big NGOs. Small NGOs (with budgets under 250,000 dollars and ones with budgets higher than 10,000 dollars) compete more aggressively for funding. Small NGOs engage in so-called ‘mission creep,’ which is common among small local NGOs during a crisis. They need resources urgently, and lack of them might lead transforming their mission statements into something more appealing to donors. To survive and finance their efforts, these NGOs risk their autonomy and identity. “Numerous equally balanced competitors may have the resources for a protracted struggle for market share or maybe competing for insufficient customer demand” (Porter, 1997, pp.14). Small NGOs have less bargaining power over donors and large foundations. Additionally, they experience the high threat of substitutes, as current trends in development sector encourage social entrepreneurship.

On the other hand, large NGOs (with budgets above 250,000 dollars and especially the ones with more than 1 million dollars) experience increased pressure for accountability and more cooperation. They work with more significant scale projects, handle more money and have more complex working structures. Their administration apparatus is more significant and

much more expensive. However, most of the big donors give money just for short-term projects, while operational costs, like maintenance of the office staff and marketing campaigns, require an exponentially large chunk of their budget, which needs to be maintained from money saved from projects and running public fundraising campaigns. Common practice does not require NGOs to publish their financial statements publicly. Donors use their specific tools to assess if projects were successful. However, the more funds NGOs receive, the more media attention they also tend to receive so merely receiving funds can become an end in itself. However, their working practices are always questioned by the media, which can have devastating effects in ruining their public image and hurting public fundraising campaigns. Prominent NGOs face issues with transparency and lack of cooperation. Save the Children, and Oxfam questioned as they “are governed from a single country in Europe or North America. They continuously talk about partnership, but rarely practice it in their relationships with NGOs in other parts of the world. Their nongovernmental status sits uneasily with the large grants most of them receive from official aid agencies and their unwillingness to confront deep-rooted questions of politics and power (Edwards, 1999, pp.25). NGOs come to the country with their agendas and ideas of how to perform humanitarian assistance the best. However, even if their mission statements say that they are promoting values of transparency and cooperation, very fundamental ways of working say a very different thing.

Priorities of large and small NGOs differ. Large NGOs prioritize fundraising and branding themselves as unique, emphasize specialized knowledge. While the most critical factors for small NGOs include sharing resources, co-operation with other NGOs and the private sector. The distinction between small and large NGOs will be taken into account in the context of Haiti.

	Small NGO >250,000 \$	Large NGO <250,000 \$
Challenges	Competition for funding: Less bargaining power over donors and large foundations; Threat of substitutes, as current trends in development sector encourage social entrepreneurship;	Bad publicity for accountability: Internal values vs situation specific approaches; Criticism in the media on how they spend their money vs need to maintain big administrative apparatus;
Priorities	Sharing resources; Co-operation with other NGOs and the private sector;	Growth, finding new avenues for fundraising; Branding based on specialized knowledge;

Figure 4. Challenges and priorities

Various international, religious, and local non-governmental organizations responded to 2010 Haiti earthquake. 51 % of NGOs operating in Haiti had headquarters in the USA, 21% were based in Haiti, 7% in France, 6% in Canada, 3% in Switzerland, 2% in both Germany, Spain and UK, while the last 6% of NGOs came from the rest of the world (Ramachandran and Walz, 2012, pp.17). Including, Oxfam International that engaged in immediate response, like provision of the clean water, shelter, and sanitation, as well as, short and long-term development projects. International Committee of the Red Cross sent supplies and provided some personnel, and established hospitals. The NGO “Food for the Poor” provided around 7,100 tons of food, medical supplies, pharmaceuticals and building materials. While Mercy and Sharing, a Haitian registered organization partnered with 18 organizations to distribute aid to school children. es of large and small NGOs.

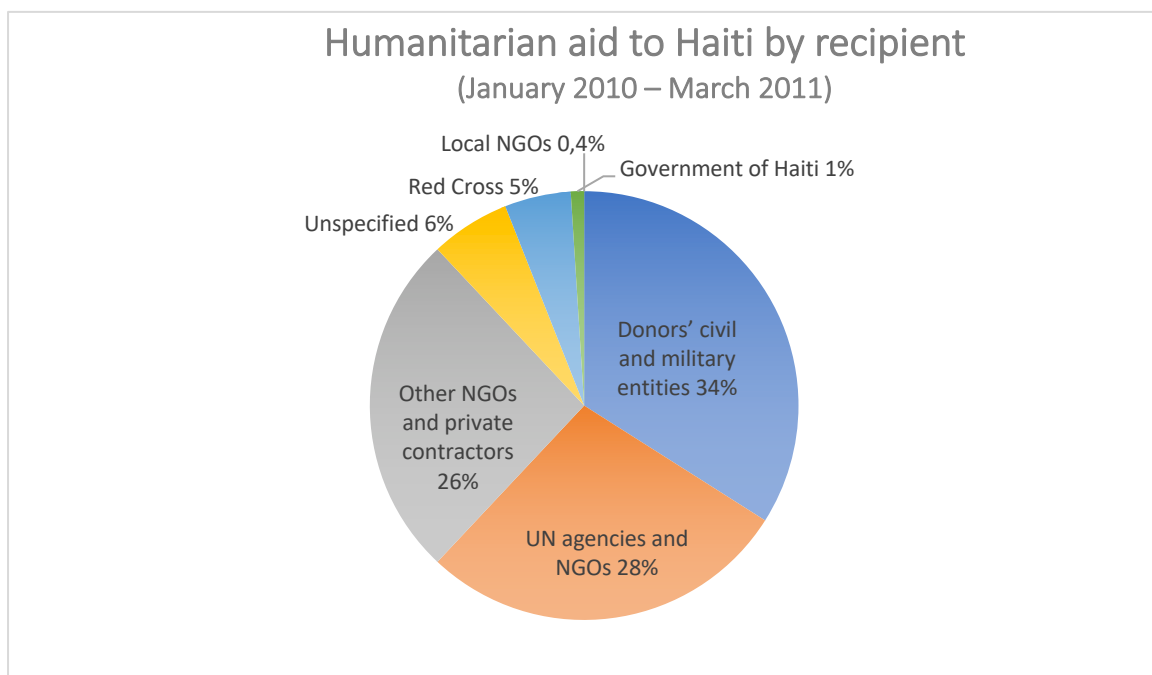


Figure 5. Humanitarian aid by recipient

Source: Office of the Special Envoy for Haiti (June 2011, pp.15)

According to UN Office of Special Envoy for Haiti (pp.15) illustrated in figure 5, the percentage of overall relief aid, 2.4 million dollars, from all donors to Haiti pledged or distributed by March 2011 private contractors, NGOs and UN agencies received more aid than the government of Haiti. The government received just 1% of aid, making this country a good environment for our study, as NGOs are highly prominent in this country. Most of the aid was distributed via international NGOs- 43%, while 33% went to US military. Local NGOs received just 0.4% of the total aid, while the government got 1%. It has been the pattern of aid since deposed Haitian president Jean-Bertrand Aristide—not one of Washington’s favorite politicians—was elected in 1990. So, the primary emergency donors include international NGOs, the US military, UN, MINUSTAH and only lastly the government (Edwards, 2010). It is difficult to determine a real number of the NGOs operating in the country. According to Catholic Institute for International Relations (2004), there were around 20 000, while the Haiti Government Ministry of Planning does not have an exact

number, as not all NGOs operating in Haiti request a permit from the government. Government inability to register and monitor NGOs highlights public sector weakness. As Haiti has so many NGOs, it is clear that there are many competitors, making this threat a prominent one.

3.2.2 Fixed and Storage Costs

Humanitarian aid delivery is costly. “High fixed or storage costs mean firms must operate close to capacity; fluctuations in demand lead to over-capacity and aggressive price cutting (hazardous chemicals, paper)” (Porter, 1997, pp.14). These costs highly depend on the service NGOs distributed. However, there were no differentiated fixed costs that would have applied to each firm. Therefore, this threat is low.

3.2.3 Product Differentiation

There are few ways NGOs can differentiate themselves (Porter, 1997, pp.14). Peter Walker and Daniel Maxwell (2009, pp.121-124) distinguished four NGO tribes. First, there are ‘principle-centered’ NGOs with long historical roots, differentiating themselves as strictly impartial, neutral and independent. These are MSF and ICRC. They market themselves as being ‘pure’ and not taking sides, refuse protection from armed escorts, even at the cost of losing access to people in distress. While other agencies, tend to ask for protection and engage with military coalitions and peacekeeping forces. The second group is ‘pragmatists,’ that receive their main funding from home governments, for example, CARE. Thirdly, there are solidarity NGOs, which do not concentrate on humanitarian principles. Organizations like Oxfam, coordinate their actions depend on the specific crisis. They can work in focus areas like social justice, women’s empowerment, environmental sustainability, and democracy. The last category includes faith-based organizations like World Vision, Islamic Relief, Lutheran World Services, the Middle East Council of Churches. They advertise and engage in aid delivery via faith-related rhetoric. They can reject funding from big donors if they disagree with how projects should be conducted. They have an alternative source of income, which increases their leverage power. Interestingly, religion-based NGOs are more autonomous. They receive more individual donations, leaving them more power of choice. According to the Index of Global Philanthropy and Remittances, in 2011 (Miller, 2011, pp.5-6) most substantial donations went to faith-based NGOs. Catholic Relief Services raised 136 million dollars, World Vision raised 41 million dollars, the United Methodist Committee on Relief raised 14.5 million dollars, the Adventist Development and Relief Agency raised 7 million dollars, and the American Jewish Joint Distribution Committee raised 6 million dollars. Industry trends show that NGOs tend to fall under the clusters, or ‘tribes’ and product differentiation is high.

3.2.4 Strategic Stakes

NGO engagement in humanitarian aid delivery depends on its strategy. “Companies running high-risk ventures tend to be more expansionary and, as such more willing to make sacrifices in return for rapid gains” (Porter, 1997, pp.14). Just like private companies, NGOs have different goals and strategies. Funds are limited. They choose in which humanitarian crisis is ‘worth’ to engage. Sometimes NGO’s decision not to engage or withdraw from the humanitarian crises as it might go against their values or would not be feasible in the future. Haitian Earthquake of 2010 had many victims, was highly exposed in media and attracted many funds from donors, making it very attractive from many standpoints. The

humanitarian emergency made Haiti a highly important strategic investment for many NGOs.

3.2.5 Capacity Expansion

According to Michael Porter, the rapid expansion of production, in pursuit of economies of scale, leads eventually to over-capacity (1997, pp.14). Businesses can fail by expanding too quickly. Humanitarian aid provision provided perfect conditions for capacity expansion, as NGOs were engaged in many projects at the same time. Therefore, the risk was high.

3.2.6 Exit Barriers

Exit Barriers are essential as they can determine how aggressively NGOs compete for funds or eager to enter the crisis. “High exit barriers, whether financial, strategic or emotional, may prevent unprofitable concerns from leaving the market or drive them to ever more extreme business tactics” (Porter, 1997, pp.14). During Haiti Earthquake 2010 threat of exit barriers for NGOs was low, as there were no institutional or legal barriers to leaving the market.

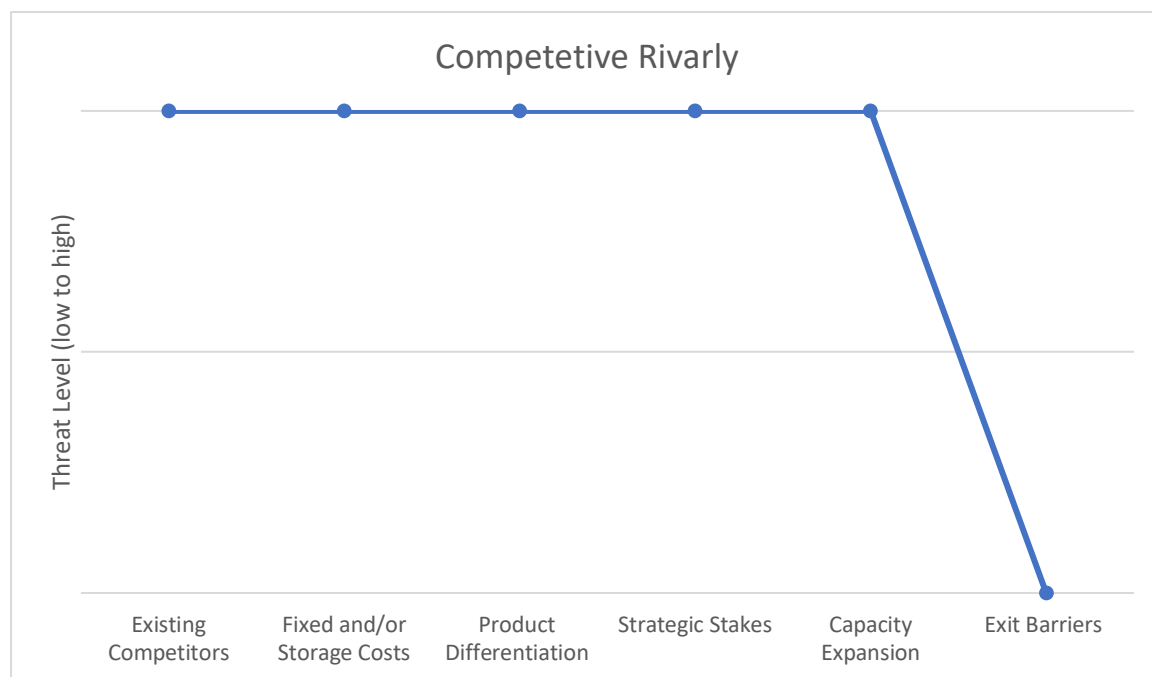


Figure 6. Summary of the outcomes: Competitive rivalry.

As illustrated in figure 6, Haiti Earthquake 2010 created conditions for the rivalry between NGOs. 2,4 million dollars of aid became available in the market, of which a large part was channeled via NGOs. Initially, NGOs had no fixed costs for entering the market and were able to differentiate themselves. As discussed in part 3.1, humanitarian industry trends are showing that donors are choosing to distribute their aid via NGOs. Significant funds have become available to this industry, while there are no entrance barriers. Humanitarian Emergencies create opportunities for new NGOs to enter the market. However, taking overall conditions into account shows strategic stakes together with overcapacity, and capacity expansion were all significant threats.

3.3 The New Entrants

This force is about barriers to entering the industry. The most attractive industry is one where entry barriers are high, and exit barriers are low. Meaning that it is difficult to get permissions or tools to engage in the activity, but entrants can leave at any stage. Just a few firms can enter and exit does not incur major losses. Entry barriers include legislation, permits, capital requirements, starting costs, access to distribution, customer loyalty to established brands and industry profitability. If it is very profitable, it will be more attractive to potential competitors.

3.3.1 Supply-Side Economies of Scale

Before engaging in the humanitarian emergency, NGOs must assess how feasible is to provide the particular product. "Economies of scale, where companies must enter at a high production volume, research investment or level of customer service" (Porter, 1997, pp.13). NGOs do not need to start a production or aid delivery before they receive the funds, the only expense is project writing and media campaigns, that is why this threat is low.

3.3.2 Demand-Side Benefits of Scale

It is difficult for small NGOs to take over the market share from larger NGOs as they have a pre-established public image and partnerships. "Product differentiation, where new entrants must overcome existing brand loyalties reinforced by substantial marketing and advertising" (Porter, 1997, pp.13). NGOs have a better link to small donors; public fundraising is quite common. NGOs maintain their brand and use it for securing the funds in humanitarian emergencies, however, after Haiti Earthquake 2010, mostly prominent NGO received the donations, that is why this threat was high.

3.3.3 Capital Requirements

Some markets, like mining and mineral extraction, require high capital investments, that can stop new entrants from entering the market (Porter, 1997, pp.13). The funds required for entering the humanitarian market are relatively low, as NGO can choose to write project proposals for big donors or to focus on marketing for the public donations. Entering the market does not require significant funds, the threat is low.

3.3.4 Incumbency

There are some cost advantages independent of the size, like technology, access to raw materials and geographic location. It can be the availability of the skilled staff or operating in the location before the disaster (Dobbs, 2014, pp.44). After Haiti Earthquake 2010, NGOs were fundraising from international donors and then supplying the aid to the location. Fundraising did not require substantial investment, while donors covered logistics. NGOs did not need to invest significant funds before delivering the projects. Therefore incumbency threat was low.

3.3.5 Distribution Channels

Access to distribution channels differs, making it more difficult to enter the market. NGOs can use their pre-established distribution channels to distribute aid or to secure the funds. On the other hand, some channels can be controlled by competitors making it more difficult to enter the market (Porter, 1997, pp.13). Statistics of ODA after Haiti Earthquake 2010,

clearly shows that prominent NGOs dominate the market, but there is no threat for distribution.

3.3.6 Government Policy

Government restrictions such as environmental requirements, quality standards, access to materials, permits, and licenses is a substantial barrier to entry” (Porter, 1997, pp.13). Some countries restrict their markets for NGOs. There is a risk that foreign NGOs might push their agendas. Foreign governments can choose to support NGOs or other social movements to pressure the government. Countries like Russia, Egypt, Pakistan, Sudan, Mexico, Venezuela, Azerbaijan has laws for restricting and mentoring NGOs (Abouassi, 2014, pp.981). In Haiti, these barriers are low, as establishing an NGO is very easy. Haitian government does not create any legal constraints for NGOs. Therefore, this threat is low.

3.3.7 Anticipated Incumbent Response

Before entering the market, NGOs need to predict how aggressively other NGOs will respond to it. Organizations can cut their prices or use other tools to push competitors from the market (Dobbs, 2014, pp.44). After Haiti Earthquake 2010, NGOs did not fight for the contracts openly. Therefore, this threat was low.

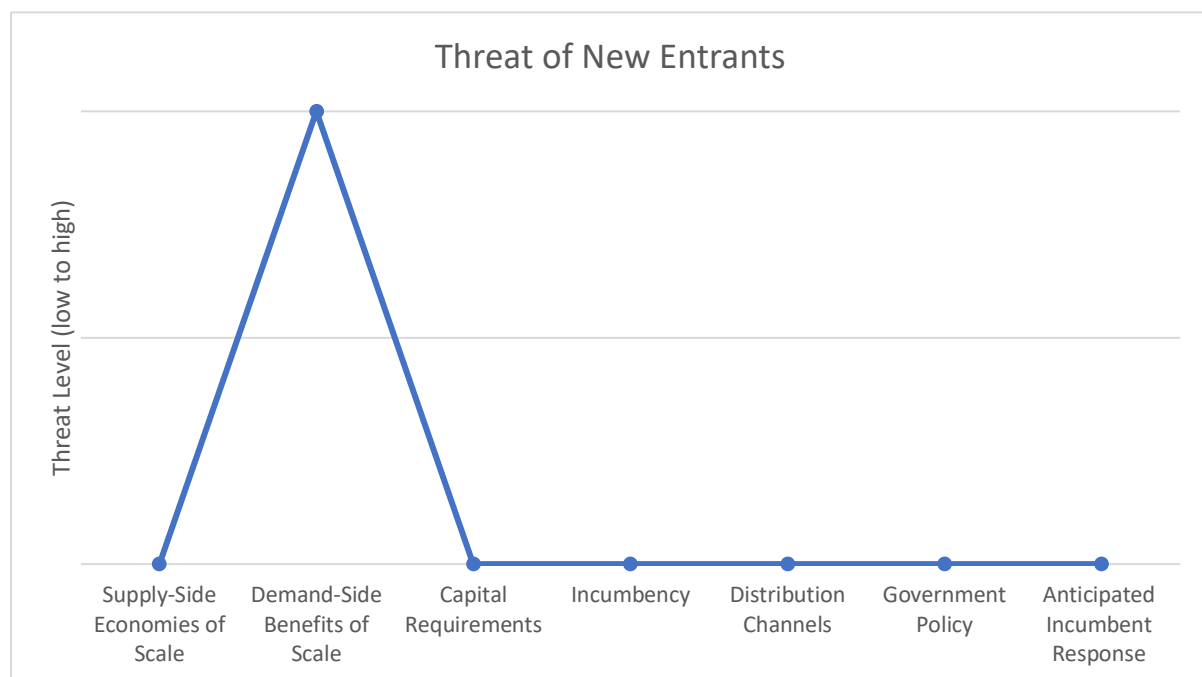


Figure 7. Summary of the outcomes: New Entrants.

As it is illustrated in figure 7, brand loyalty is the biggest threat to the new entrants. Without experience and a reliable brand, it is difficult for NGOs to enter the market. After the earthquake, most of the money went to prominent NGOs, who already established the greatest market power. As global statistics show, most of the donations worldwide go to a handful of NGOs, who later outsource to private contractors and smaller NGOs.

3.4 Threat of Suppliers

Suppliers can pose a serious threat if the product is rare or the supplier is keen to start selling the product himself. In the Humanitarian market, suppliers do not play a prominent

role as NGOs are preferred channel of distribution. The prices of materials needed like, water, food or medicine, might differ, but NGOs create additional value for the donors. Current market trends show that NGOs are becoming the primary choice for delivering humanitarian aid in this respect, not suppliers of materials themselves.

Categorizing suppliers in the humanitarian market

According to Gilles Carbonnier (2016, pp.59-60), many international organizations and NGOs have shifted towards outsourcing and using contractors in aid provision. Humanitarian organizations tend to concentrate more on coordination, fundraising, and advocacy and outsource transportation, construction, logistics and security services. NGOs face make-or-buy dilemma. NGOs need to decide what is more profitable, buying or making the product themselves. Firms outsource “in times of demand uncertainty, pushing the fluctuations in volume onto suppliers to ensure full internal capacity and stable production and... to gain an increased understanding of the production process and thus better monitor suppliers” (Parmigiani, 2007, pp.286). Trends in the global humanitarian market show that while most of the donations go to the IOs and NGOs, they then tend to outsource private contractors for aid delivery. “Multilateral organizations represent the largest first-level recipient groups, receiving 58 percent of international humanitarian aid funding between 2008 and 2012.... The NGO sector comes second with 19 percent, followed by the public sector or government agencies (11 percent) and the International Red Cross and Red Crescent Movement (10 percent)” (Carbonnier, 2016, pp.59). Partnerships between major NGOs and private contractors are vital for both sides. The humanitarian market is growing, and both NGOs and suppliers benefit from this structure.

3.4.1 Supplier Concentration

If there are just a few suppliers, they have more power over their costumers (Porter, 1997, pp.15). Supplier reaction to Haiti Earthquake 2010 was referenced as a ‘gold rush’ for private contractors. “As Haiti digs out from the earthquake, different [US] companies are moving in to sell their concepts, products, and services, President Preval met with Gen Wesley Clark Saturday [January 29] and received a sales presentation on a hurricane/earthquake resistant foam core house designed for low-income residents” (Herz, Ives, 2011, pp.1). Many contractors rushed to secure the contracts. Mostly 12 large international companies took all the contracts, while just 1 percent of total aid was used for the local contractors. “Over 75 percent of USAID funds went to private contractors inside the Beltway (located in Washington DC, Maryland, or Virginia)” (Ramachandran and Walz, 2012, pp.13). This example shows that there are certain relationships developed between IOs and NGOs that determine, who gets a contract. They are not always the best contracts and they may be superfluous to the actual task NGOs set out to complete.

3.4.2 Supplier Volume/Profit

The supplier is more potent if he has more costumers in different industries (Porter, 1997, pp.15). Many suppliers were involved in the humanitarian aid provision after Haiti Earthquake 2010. However, most of them came from the western countries. “Things here are so much more expensive than they should be or than anyone anticipated they would be ...extortionate relative to a lot of other countries. Even fully-fledged developed countries. It is just effectively a monopoly. So that is the saddest thing to me... When you make an effort to employ local contractors as we do, they are not the ones making huge amounts of money, the ones making money are the material suppliers and distributors, and that money

does not even stay in this country because those guys are mostly based in the United States. So, the money all leaves anyway” (Lee, 2016, pp.6). NGOs have partnerships with the same suppliers and spend just a fraction of the money for contracting the locals. Supplier volume and profit increased due to emergency and increased need for the provision of goods. International companies ended up with most of the contracts, making supplier volume/profit threat low.

3.4.3 Supplier Forward Integration

The threat of a supplier becoming a competitor was not one that became a reality in Haiti. (Porter, 1997, pp.15). In the humanitarian market, NGOs play a prominent role due to their humanitarian outlook. Private contractors engage in the aid as well, but on a smaller scale. As mentioned before, 26% of donations went directly to other NGOs and private contractors. Donors are keener to support NGOs or IOs, and then they choose between private contractors, who provide the materials for aid provision. Due to the humanitarian focus on coordinating and executing projects rather than producing the materials needed to do so, there is a low risk of suppliers becoming the competitors.

3.4.5 Supplier Products

A supplier group is dominant if their products are differentiated. Complex technology determines differentiation of the product. The threat is low if products are standard (Dobbs, 2014, pp.44). Products for humanitarian aid provision are not too difficult to make, but suppliers might face some challenges with logistics. Therefore, the threat is low.

3.4.6 Industry Switching Costs

A supplier group is dominant if industry members face high costs when changing suppliers (Dobbs, 2014, pp.44). Industry members did not face high switching costs, as they could quickly pick the most suitable supplier. Therefore, the threat of industry switching cost was low.

3.4.7 Supplier Substitutes

If the supplier power is high if he is aware that there are no substitutes for their product, or that the cost of switching is high (Porter, 1997, pp.15). Due to a high number of suppliers concentrated in the market, after Haiti Earthquake 2010, the threat of not finding supplier substitutes was low.



Figure 8. Summary of the outcomes: Threat of Suppliers.

Haiti Earthquake 2010 created a 'gold rush' for the suppliers. Substantial funds instantly became available, and suppliers were aware of it. Few large international contractors won most of the contracts.

3.5 Threat of Substitutes

The last force in the Porter's Five forces analysis is the threat of substitutes. Before entering the market, it is vital to study substitutes of the product or service NGO provides. Financing NGO projects are one way of channeling humanitarian aid. It also can be distributed through private contractors or military. Factors to consider include price of the substitute, switching costs, perceived level of product differentiation, the perception of its quality, availability of this substitute, supplier competition: possibility to cut out buyer (is it possible for a donor to order product directly from the supplier). After the Haiti Earthquake in 2010, donors had few alternatives. They could have delivered aid themselves, used private contractors or the Haitian government. Some of the states chose to provide the direct assistance like the Dominican Republic and Cuba. They sent doctors and medicine. However, it required more coordination and planning rather than simply committing a donation.

Most of the countries chose to deliver aid via different channels. For instance, USA sent aid and military assistance. Furthermore, governments tend to use contractors for some of the tasks, including the shipment of the aid, distribution of the water. These take relatively small proportions in comparison to what is given to NGOs. Private contractors still performed most of the tasks including transportation, rescue operations, training, and other forms of assistance, but NGOs and IO were coordinating separate projects.

3.5.1 Price/Indirect Costs

The threat is stronger if substitute product is cheaper (Dobbs, 2014, pp.44). Arguably, private contractors can provide the same project cheaper than the NGO. Often NGOs or IOs

coordinate the project, while smaller NGOs or contractors perform the distribution of the aid or construction of temporary shelters. Overall, aid distribution process is very complicated and involves many players, who often subcontract. On each step of this process, administrative costs are incurred, decreasing the overall amount of aid that reached the recipients. The most cost-efficient way would contract just one provider, who would be able to provide aid directly. The threat is high.

3.5.2 Buyer Price Sensitivity

The threat is more prominent if a buyer is sensitive to the price (Dobbs, 2014, pp.44). In the humanitarian market, donors are not sensitive to the price as the product itself is not strictly defined. Donors are looking for the quality as well as quantity. It is not just about providing more shelters, but how it will play into a complete suffering alleviation. The donors are not highly sensitive to the price; the threat is low.

3.5.3 Performance

The threat is stronger if substitutes are performing well (Dobbs, 2014, pp.44). Substitutes, for NGOs, are donors themselves (their militaries), IOs, private contractors and receiving governments. In the case of Haiti Earthquake 2010, governments chose to deliver aid themselves, but most of the aid went via NGOs and IOs. Receiving government performance previously was low, and contractors were used less than in previous humanitarian disasters in Haiti. NGOs are seen as performing the best from all of their substitutes. The communicate positive outcomes much better than their substitutes.

3.5.4 Buyer Switching Costs

The threat is more prominent if switching costs are low (Dobbs, 2014, pp.44). In the case of Haiti Earthquake 2010, buyer switching costs were low. Therefore, the threat was high.

3.5.5 Buyer Profile

The threat depends on how much buyer is trying to avoid or keen on engaging in risks (Porter, 1997, pp.14). In the case of Haiti Earthquake 2010, donors were not keen to engage in risks and were choosing large NGOs and contractors. The risk is low.

3.5.6 Industry Performance Trends

The threat is high if the industry is performing well as a supplier will have more options for delivering the product (Dobbs, 2014, pp.44). Haiti Earthquake 2010 attracted many funds, performance grew, making the risk high.

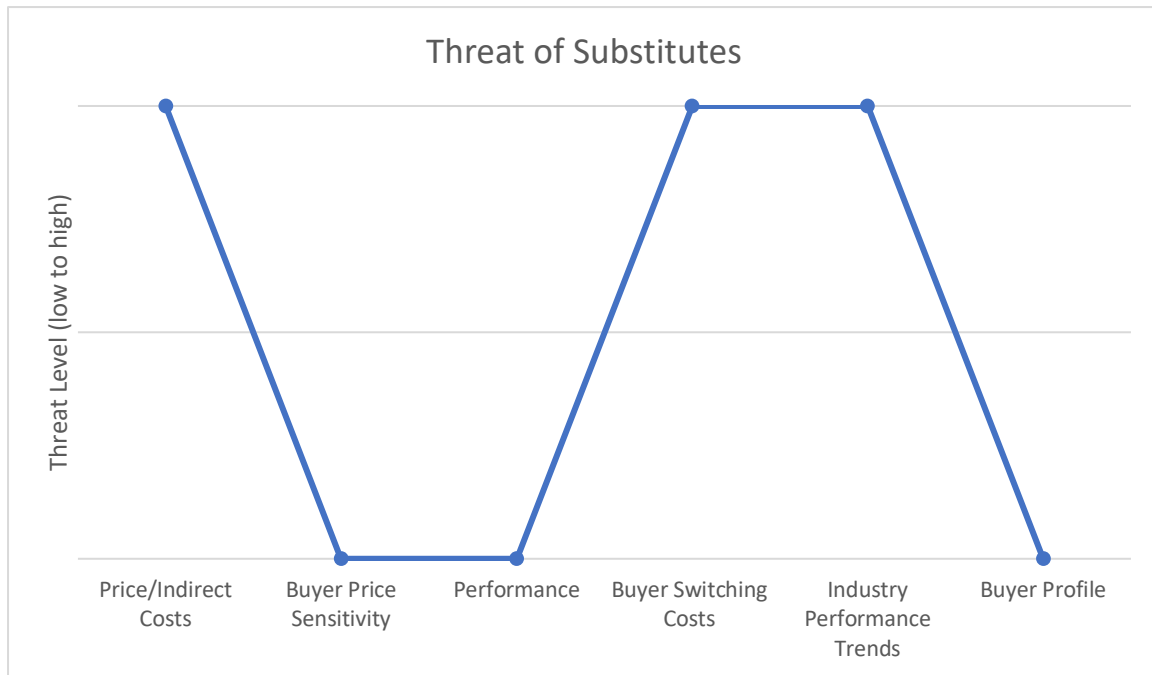


Figure 9. Summary of the outcomes: Threat of Substitutes.

As we can see from the figure 9, NGOs faced a few threats from substitutes after Haiti Earthquake 2010, including price/indirect costs, buyer switching costs, and industry performance trends. However, due to the nature of the humanitarian market, and additional value it creates to the donors, they were keener to donate to NGOs. Even if all these threats were present, donors choose NGOs as a way of balancing between norms and values, and also by cost-benefit calculus. On the one hand, donors prefer aid to reach the most victims for the most optimal price. On the other hand, despite the fact that substitutes would be cheaper, they still chose actors that are seen as representatives of humanitarian values, like NGOs and IOs to deliver aid.

Summary of chapter 3

Porter's Five Forces analysis has shown that what are typically private industry motivations and considerations had a major hand in shaping the response to the Haitian Earthquake of 2010. First, NGOs received most of the funds from the donors. The humanitarian values NGOs associate themselves with, profoundly influenced their influential role in the humanitarian market as they differentiated their services from other possible providers. Substitutes were not able to compete. Humanitarian market structure determines that prominent NGOs and IOs receive aid and then coordinate aid delivery by outsourcing private contractors and small NGOs. It is clear that private contractors or aid delivery using national militaries would be much more cost-effective. However, due to value-based judgments associated with NGOs, they are seen as experts and donors choose them to distribute the money. As discussed before, after the earthquake, less than 1% of all aid was given to the government, while local NGOs received just 0,6% of donations, and were hardly included in recovery planning (Ramachandran and Walz 2012). Humanitarian aid trends in Haiti were directly influenced by the trends in the global humanitarian market. The largest humanitarian aid donors were the same as before the earthquake, and on the international scale, including the USA and the EC (Ramachandran and Walz 2012). Donors tend to choose the same organizations to channel their aid, for example, EC supported Oxfam and USAID-

International Red Cross (Elliott and Sullivan 2015; Cunningham, 2012). Both small and big donors donated mostly to the large NGOs, proving that there are certain partnerships established, that serves both prominent NGOs and donors. Overall trends in the humanitarian market show that the role and rivalry between NGOs as humanitarian aid providers is growing. Small NGOs are exposed to the competition more, while large NGOs face issues with accountability. These results are worrying, as, in a long-term, prominent international NGOs are not the most efficient or the most normative choice. Results show that humanitarian market structure is beneficial for large international NGOs, due to their image balanced between the representation of humanitarian values and cost-benefit calculus. Next chapter will go more into detail of the separate examples of how rivalry influenced the quality of NGO work.

Chapter 4. Assessment of performance

In this chapter, I will use Humanitarian Economics to measure the quality of humanitarian work. Humanitarian Economics is dedicated to studying economic and political dimensions of humanitarian crises and responses. According to Gilles Carbonnier, humanitarian response is deeply embedded in current disaster economies (2016, pp.4). Haitian case represents how NGOs became institutionalized and took some of the qualities both from the business and government sectors. “A legal, political, and economic framework governs NGOs. The precise combination of organizational freedoms and constraints this apparatus places on NGOs obfuscates their origins, encourages a lack of transparency, and reduces NGO accountability to both donors and recipients of charity. As a result of this framework, NGOs simultaneously contain organizational elements normally associated with civil society organizations, private firms, and state-run agencies, but lack many of the important limitations usually associated with each sector” (McMahon, 2014, pp.8). NGOs are somewhat a mixture of public and private businesses, inheriting some of the challenges from both. I will continue using one of the humanitarian principles, the principle of impartiality to measure the quality of humanitarian response. “It dictates that humanitarian action responds to the most pressing needs for assistance as a matter of priority irrespective of political, ethnic, religious and other interests. For humanitarian organizations, correctly assessing the urgency and intensity of the needs for assistance is thus a pre-condition for the impartial delivery of aid” (2016, pp.154). In our case, the lack of impartiality doesn’t come choosing sides in an ethnic conflict but rather choosing allegiance to a donor class. This chapter will look closer into how competition affected the quality of NGO work in humanitarian aid delivery after the Haitian Earthquake of 2010.

Disaster Prevention and Preparedness

Looking through humanitarian economics perspective, the name ‘natural disaster’ is misleading. Even if hazards causing the disaster are natural, political and economic environment gravely affect the scale of it. Definition of humanitarian aid includes disaster prevention and preparedness. However, humanitarian aid in Haiti 2010 did not include any of these measures. According to Gilles Carbonnier (2016, pp.128-140), it is essential to look at how resilience is incorporated in humanitarian assistance delivery. First of all, disaster prevention and preparedness are not the priority in the building of temporary housing, that would increase the price by around 10%. However, as NGOs are trying to cut costs, this is not included in the building of temporary as well as permanent housing. During the earthquake 70% of buildings collapsing in the capital city, including government, NGO, and

UN offices. In comparison, much stronger earthquakes strike in the USA or Chile, but these countries have fewer victims as buildings are constructed to be resistant to the earthquakes. Furthermore, fragile states often suffer from environmental degradation, that can increase the scale of the disaster. For instance, Haiti's landscape is suffering from erosion due to deforestation (Cunningham, 2012). That increases the possibility of stronger winds or houses being flushed away during the rainy season. As most of the people are living under the poverty line, they use tree roots to make charcoal. NGOs are competing and therefore saving money for project delivery contribute to the vicious cycle of structural problems that worsen environmental degradation and natural disasters. Essentially, they have abandoned any pretense of disaster prevention or preparedness because a more reactionary response to disaster serves their institutional need to burnish their reputation and collect from the massive outflow of donations that follow a disaster.

The effect on the Haitian Government

Within the past three decades, NGOs role in Haiti grew significantly, created dependencies, and weakened the Haitian government capacity to deal with humanitarian emergencies. Institutional clusters program implemented in 1999 did not bring expected results, and instead weakened the government by creating dependency on outside service providers (Cunningham, 2012). The Haitian Earthquake of 2010 just highlighted pre-existing problems of the humanitarian market within the country.

First, NGOs have created a separate public goods provision system that lacks transparency and accountability. During humanitarian aid delivery after the earthquake, there were so many NGOs that it was impossible to "assess the quality or even the goals of their efforts" nor to check if the organization even existed (Farmer, 2011a, pp.45). According to Gilles Carbonnier, due to lack of transparency, the humanitarian market creates perfect incentives for NGOs to persuade the public that they are doing good work (2016, pp.128-140) without necessarily having to compellingly prove it. NGOs survival is directly linked to the funding they get from the donors and the general public. Securing and renewing contracts became a preeminent concern. Little space was left for ethical considerations which were lost in the rush for contracts. Large NGOs were less keen to cooperate in Haiti as well (Cooley and Ron, 2002, pp.21). If one NGO started questioning the ways other NGOs distributed aid, it might get a bad name, and the same donors will be more careful in granting money. "Competition for turf and difficulties of coordination... make [today's] humanitarian actors easy targets for political actors seeking access to the scarce resources they control" (MacFarlane, 2000, pp. 45). The current humanitarian system creates incentives for NGOs to compete, and make securing the funds, rather than delivering good projects a priority.

Secondly, competition between NGOs creates a 'brain drain' from government institutions to NGOs. High wages and better working conditions attract talented staff and decrease the institutional capacity of the government. It creates a vicious cycle as the government cannot become better performer if all the resources and best staff go to wealthy NGOs. Furthermore, as humanitarian aid is shorter, NGOs give short-term results. While employing staff that could work towards long-term change. "Funneling aid through NGOs perpetuated a cycle of low capacity, corruption and accountability among Haitian government institutions" (Kristoff and Panarelli, 2010, pp.2). NGOs created parallel structures, resulting in disruptive effects on the building of stable institutions. "And we have created these

parallel structures, in education, in health services, in all sorts of responsibilities that the Haitians should be assuming themselves. Many NGOs are working well, but many are working, and no one knows what they are doing... Infrastructure, social services, and goods provision are entirely dependent on these organizations. Government is incapable of passing laws, create the infrastructure and provide the environment for further development” (Denyer, 2010, pp.2-3). Lack of institutional capacity had a direct impact on humanitarian aid delivery. According to US Government Accountability Office: “several activities encountered significant procurement delays because of inadequate mission staffing or staff’s lack of familiarity with procuring large activities” (2015, pp.25). According to the same report, outcomes of three out of 17 key infrastructure activities were reduced, and three activities were stopped early because of poor performance. According to the same report, results would have been much better if not Haitian government’s limited technical capacity, limited budgetary capacity, and lack of political will (pp.26). The situation worsened after the earthquake as NGOs received much more money than the government, reducing government capability of managing and monitoring NGO projects.

Third, the government is excluded from priority determination, project implementation and supervision of assistance programs. Foreign donors and NGOs acknowledged the importance of strengthening government institutions and involvement in humanitarian efforts, but funds still were funnelled overwhelmingly to NGOs. To ensure smooth cooperation between donors and the Haitian government, the Interim Haiti Recovery Commission (IHRC) was created after the Haitian Earthquake of 2010. Over a year after its creation, IHRC was still not fully operational (US Government Accountability Office, 2015, pp.41-42). Furthermore, the commission worked just for 18 months which was not nearly enough to deal with all of the issues facing the struggling nation (Farmer, 2010, pp.156-157). Therefore, immediately after the disaster, not the government, but the NGOs were conducting humanitarian response. At the peak, there were more than 70 coordination meetings per week between NGOs and aid agencies. Agencies built a camp, with the restricted entrance. To get there, people needed an invitation and ID. Many meetings conducted in English, not Creole or French (Klarreich and Polman 2012). In July 2010 at Log Base, the heads of the NGOs coordination committee was elected, after sixty international organizations voted, local NGOs or government officials were not present in the meeting (Ramachandran, Walz 2012, pp.20). Even efforts of cooperation between different institutions excluded the government and local NGOs.

Long-term recovery needs government leadership, but it is not possible as the humanitarian market is very competitive. It starts from the donors, who decide on the priorities, later NGOs deliver these projects. Large NGOs and UN agencies have substantial bureaucratic apparatus and lack flexibility for cooperation. Without close cooperation these projects often duplicate. NGO-implemented short-term projects that are not part of the government’s program and thus are not sustainable over the long-term. “The fragility of the Haitian state institutions was exacerbated by international strategies that promoted NGOs as substitutes for the state. These strategies have generated a vicious circle that, while solving immediate logistical problems, ended up weakening Haiti's institutions” (Zanotti, 2010, pp.1). According to and Edwards and Hulme, on the one hand, NGOs have downward accountability towards their beneficiaries, staff, and partners. On another hand, NGOs have upward accountability which involves their trustees, donors, and host governments, in what

is called an “upward” accountability (1996, pp.967) NGOs has to compromise both, as that determines the success in the humanitarian market. In the Haitian case, International NGOs did not include local government, NGOs or beneficiaries in their project assessment showing a huge gap between how downward accountability is advertised and practiced.

NGOs degradation of the local business community

After Haiti Earthquake 2010, the influx of subsidized food completely devastated the local economy. Local Haitian agriculture sector is threatened by natural forces like erosion as well as subsidized food coming from the NGOs. Timothy Schwartz (2008, pp.79-106) has covered how competition between NGOs and foreign aid has harmed Haiti local agriculture. He was looking at CARE food delivery projects, where the food was sold for lower than market prices. The NGO budget was dependent on these sales and the project objective was to reach the poorest Haitians. However, due to a lack of local knowledge, the NGO decided to distribute this food to easily accessible areas, not to the people in the most significant need. Local farmers noted that they kept asking CARE for assistance with installing better refrigeration and storage systems. The NGO ignored these requests and the project continued. The market was flooded with cheaper internationally donated food. This example shows how maintain their budgets, staying competitive, and being narrowly project focused lead NGOs like CARE to choose to engage in aid delivery practices which were devastating to the long-term development. Quality of the services was lowered, as aid was distributed not according to the need, but according to where it could be most easily distributed.

Rebuilding the country drove commodity prices up in other areas though. Less than one-fourth of all the contracted workers were from Haiti (Center for Economic and Policy Research, 2011, pp.3). “A single staff member at an organization in Haiti can earn \$200,000 each year in salary... Outsourcing construction drove the price up since international companies had to fly in, rent hotels and cars, and spend USAID allowances for food and cost-of-living expenses. The U.S. government also gave contractors and employees danger and hardship pay, which increased their salaries by more than 50 percent” (Baptiste, 2010, pp.2). The humanitarian labor market in Haiti is highly segmented between local staff and expatriates. Foreign staff receives much bigger salaries than local staff. The same trend exists in the global humanitarian market. There are several reasons for this. First of all, high salaries can increase ‘brain drain’ from government institutions. Secondly, expatriates expect similar wages like in their home countries, as they still have family commitments and loans. Having low salaries for experts could decrease the quality of NGO work. Furthermore, Doctors Without Borders representative in Denmark during the interview emphasized, that they pay much lower salaries than in business sector and it is challenging to attract good staff. Unfortunately, though, these salaries are still much higher than local wages which can lead to unintended price distortions in the local economy.

After the earthquake, half of the Haitian population remained unemployed, and NGO employees created a demand for drawing commodity prices up. Aid is damaging local economy, prices increase, and the gap between rich and poor is getting wider. For example, it was evident with a food aid that was not outsourced locally, but rather internationally. After the earthquake, the USA sent 90,000 metric tons American of crops to Haiti. “If you look at the allocation of food aid after the earthquake, the fact that most of it is (Food for

Progress) means that the priority for the U.S. government was exporting food from the U.S. The evidence suggests that U.S. foreign aid is structured around our economic needs rather than the humanitarian needs of people we're supposed to be helping" (Kushner, 2012, pp.2). Local farmers cannot compete with subsidized produce. According to Thomas Weiss (2013, pp.44-45), local contractors include communication, transportation, construction, logistics and security services. Companies like Kellogg's and others often use it to burnish their image. They not only receive funds for their work but also get to add it to their brand. While helping in humanitarian crises, suppliers engage with aid on various levels. First of all, they manage transport networks from pick-up to the delivery. Secondly, they provide the goods needed, like medicine, food, building materials. Thirdly, they maintain the vehicles and the warehousing. This way of delivering aid is harmful as it can create a dependency that is beneficial to the donor, not the beneficiary. NGOs are directly involved in this process, and competition between them contributes to the creation of deeper structural problems.

Helping the poorest was one of the donor priorities, yet everyday needs were ignored leading to large emigration rates. Close to no aid went to local businesses or NGOs. "With the exception of limited efforts by the Clinton-Bush Haiti Fund, virtually no aid or reconstruction funds have been allocated to Haitian businesses, companies, or local NGOs" (Cunningham, 2012, pp.112). Just a fraction of contracts went to the local businesses. "Of the 1,583 U.S. contracts given so far in Haiti totaling \$267 million, only 20 — worth \$4.3 million — are going to Haitian-owned companies" (Mendoza, 2010, pp.1). According to the UN, Haiti has the most significant emigration rates of people who completed university education. Small business owners felt left out as emergency aid did not help to rebuild the shops and other infrastructure. In Haiti having private insurance is not a common thing, therefore after the Earthquake people needed to repay damages from their own often meagre savings.

The competition between NGOs reinforced pre-existing power relations dynamic. According to Centre for Economic and Policy Research (2011), the only local constructing companies that managed to compete and win against private contractors were local elites including Haiti's top reconstruction planning official, who owns part of the largest concrete company, and the tourism minister, who heads the commission for reconstruction of Port-au-Prince. Foreign firms and donors argue that working with foreign contractors is much more comfortable as they have can produce the best results for the lowest price. They are more familiar with donor working practices and expectations. However, seeking quality in the short-term has devastating results for the country in the long run, as no money paid to contractors benefited Haitian economy. Businesses coming from western countries benefit the most. "Eighty-four percent of every dollar spent in Haiti by USAID goes back to the US as salaries of international experts, thus contributing only marginally to the creation of value added in Haiti" (Zanotti, 2010, pp.760). Humanitarian assistance after Haiti Earthquake 2010 benefited local and international elites.

Industry Growth

Humanitarian emergencies are perfect for so-called 'contract fever,' where NGOs are trying to use funds from all available channels and due to urgency, these situations lack ethical considerations. There is a huge possibility for NGOs to duplicate their projects as there is no

essential need for cooperation. “The increasing use of competitive tenders and renewable contracts by official financiers discourages cost-saving cooperation among NGOs and leads to waste, and duplication as NGOs ‘may seek to undermine competitors, conceal information, and act unilaterally” (Nunnenkamp and Öhler, 2012, pp.85). The system is created in the way that there is no inherent need to solve issues as quick as possible. However, the incentives are high for multiplying successful programs to match donors’ requirements and preferences.

Media and communication

As discussed in chapter 3, the fact that Haiti was struggling even before the disaster made it a perfect case for media campaigns. ODA increases by how well a disaster is covered by the global media (Stromberg, 2007, pp.221). Haiti was proclaimed as one of the biggest disasters in the human history. The humanitarian market benefited NGOs who managed to communicate the best results, despite what may have been the reality. After the earthquake, NGOs did not share exact numbers, but rather situational analysis. Disaster Accountability Project surveyed 196 organizations, which were working in Haiti and only one provided “an acceptable level of information” worthy of transparency standards (Schuller, 2010, pp.68). Competition works as a motivator to invest in communication and project writing as it provides the most significant benefits. “NGOs have often been criticized for their lack of accountability and limited impact. Competition for donor funding creates incentives for NGOs to work harder, cut unnecessary costs, and resist temptations to misappropriate funds” (Parks, 2008, pp.218). The humanitarian market became so optimized, that NGOs need to adapt, by prioritizing cost-efficiency, while still advocating the values they do not practice themselves. Arguably, there might be a huge gap in how the results are communicated to the donors and reality. Competition between NGOs in Haiti, led to NGOs not communicating their results to the wider public, but rather selling human suffering. Theresa Fuchello (1994) argues that NGOs need victims as much as victims need NGOs help. NGOs sell poor people in their literature as a living testimony to the power of their work. Fuchello argues that aid recipients are often excluded, intimidated, and impoverished. Programs are created in the name of the receivers, without surveying recipients about their needs. Furthermore, Barbara Chruikshank argues that “the world can be divided into citizens and subjects, those who have power and those who do not” (1999, pp.22). She argues that self-governing citizens are created through the everyday practices, voluntary associations and governing. If people know that their voices matter, or that they can hold their government accountable they increase their trust in institutions. However, the current situation in Haiti shows degradation of citizenship and transparency of the NGOs. Foreign NGOs are giving aid to the subjects, but not the citizens. The power in this relationship belongs to the NGOs, who do not have any direct accountability towards the people. The reports produced by NGOs after the earthquake did not contain substantial facts, but rather images and stories, that contributed towards victimization of the recipients and helped to attract more donations.

As discussed in chapter 3, studying private donations is very difficult as NGOs do not publish these numbers. However, it is evident that from 2009 private donations increased to a quarter of international aid (Swithern, 2014, pp.6). NGOs fundraising for humanitarian aid receives significantly more than for development aid as well because humanitarian aid

captivates public attention. Without good public campaigns, NGOs will not be able to showcase their efforts and attract funds. The incentive is quite clear, more funds, more contracts, better training for the staff, better working equipment, etc. So, the assumption is that current arrangements are used to boost capacity for future operations which in turn lead to more and more in the future. It is never ending the cycle, with strong incentives for repeat disaster “gold rushes”, which put publicity and excellent report writing skills at the very front of it. “Aid agency supermarket” in which aid groups “blare[d] out their names and logos like soft drink manufacturers,” plastering everything from water pumps to T-shirts with advertisements. The competition was fierce, and aid groups were desperate to be involved in the relief effort so that they could bolster their fund-raising capacities back home” (Cooley and Ron, 2002, pp.24). Logos and videos are present on a public media, which mostly used for promotion of NGO projects to attract the funds from external donors. In a humanitarian market not showing is often seen as a loss. “U.S. officials argue, the failure to advertise that the American government is behind this help—with, for instance, logos on medicines or signs on food-distribution centers—is a missed opportunity” (Worthington, 2010). NGOs, IOs and even governments are competing to showcase the results and creating ‘poverty and disaster tourism.’ For example, Jimmy Carter and his wife engaged in a Haitian construction project. However, the project was somewhat costly and was made to gain media attention. Many volunteers from USA and Ireland were brought to the country just for one week to build houses (Habitat for Humanity International, 2013). The Haitian Earthquake of 2010 was used by NGOs to showcase their results on the media, rather than focusing on saving lives.

Donors increase the competition

The Humanitarian market lacks transparency even among the largest donors that control a large portion of the quality of humanitarian aid delivery. Only 37 percent of pledged ODA was sent by January 2011, nine months after the pledges. Meaning that big donors were slow to provide the funds for the recovery (Interim Haiti Recovery Commission, 2011). On the other hand, NGOs themselves were postponing aid delivery by spending just 38 percent of the private donations collected a year following the earthquake (Preston and Wallace, 2011). These numbers are difficult to assess because most NGOs do not publish their finances to the public. However, quality of delivering the funds is low for both donors and NGOs. The effects of this can be seen on the field. Two months after aid pledge, there was minimal progress in increasing sanitation and provision of the clean water in Haiti. “37,6 percent of camps still lacked water, and 25,8 percent were still without a toilet” (Schuller, 2012, pp.173). In a humanitarian emergency, this lack of available funding and slow spending has devastating results to the affected population. Fewer projects are implemented, leaving aid receivers without humanitarian assistance. It shows that NGOs and donors are competitive towards collecting the funds and communicating it to the public, but very hesitant with spending them on actual aid.

International donors require specific ways of writing the proposals; they even have different tax year assessments. “Most individual agencies conducted their own needs assessments, but each followed different standards, methodologies and focus thus limiting the usefulness of the results for an overall analysis or strategic planning” (OECD DAC, 2011, pp.3). An excellent project, without a reasonable proposal, will never receive the funds. NGOs must use the right language and keywords that donors prefer. “Nobody trying to be influential

can afford to neglect the fine art of buzzwords... Images conveyed by simple terms are taken as reality, and words are increasingly loaded with ideological symbolism and political correctness. It may seem innocuous. It surely is not. Why makes a fuss? The reason is that the terms we use help to shape the policy agenda... The linguistic crisis is real and is not going to go away" (Standing, 2001, pp.13). Words with slightly different meanings can bring very different results. "Opportunism may be a rational response to institutional coagulations of material interests, not an inherent characteristic of individual INGOs." (Cooley and Ron, 2002, pp.34) So, every release NGO has, like a speech, article, mission statement, report, that shapes the image of the issue and contributes to framing it in a certain way. It might lead to the assumption that the large donors have "financial supremacy and an indefinite patronage" when it comes to the NGOs (Abouassi, 2012, pp.585). ODA project assessment rules have direct influence over NGO working models and even mission statements. Donors are looking for a very specific fit to their criteria. NGOs are assessed on a basis of project proposal, financial statements and even their organization mission statements. For example, the European Commission had a period when they were encouraging NGOs to implement New Public Management Techniques (NPM) in their practice. These practices were adopted by some large organizations like Care UK and Amnesty International. Big international donors, by determining their priorities, have a direct influence over relatively prominent NGOs. "In certain contracting situations, research has suggested that competition for scarce resources can cause NGOs to align their missions with donor preferences, emulate for-profit contractors, and ultimately abandon their missions in pursuit of financial security" (Mitchell, 2014, pp.70). Competition over funds has a direct influence towards organizational values and working models. Receiving funds from big international donors does not automatically lead to fragility, however, over-dependence on these funds does.

Creating a vacuum after their withdrawal

One of the fundamental protocols of humanitarian organizations is having an exit strategy. However, these strategies are difficult to implement. Even if NGO can deliver results during the emergency, that need might not disappear after. For example, Doctors without Borders in their working principles define, that they engage just in humanitarian assistance. An interview conducted with Doctors Without Borders representative in Denmark confirmed though, that organizations "try to cooperate with other NGOs and governments to leave health facilities to them, but it is not their priority" (interview with Doctors Without Borders representative in Denmark). There were more instances when the resources were left alone as there is no one to take over. Tremendous resources get wasted as other NGOs working both in humanitarian and development aid willing to do a similar project in the future, will need to invest in building something, which could have been reused. The resources wasted on building the infrastructure, which is doomed to be wasted as there is no one to take it over. Laura Zanotti (2010, pp.761) described how a traumatology hospital in Port Au Prince, was doomed to be closed as by November 2009 Doctors Without Borders decided to leave the facilities as the humanitarian response was over. There was nobody, who would overtake running the hospital. Competition between the NGOs and the willingness to get more and more projects, increase the possibility of resources wasted after the project is over.

Demand in the humanitarian market

Demand in humanitarian field is different than in the business field. In the business field, the customer decides on how big his own need is and how much he is willing to pay for fulfilling it. In contrast, in humanitarian field demand is measured not by the receiver, but rather by the donor. When the humanitarian need arises, donors decide how big is the need of the people affected by the war or natural disaster. However, this model does not allow to measure the need accurately, individual need assessment criteria create a justification but cannot adequately fulfill the needs of the victims. Donors, rather than victims themselves, decide what assistance is needed, therefore if action is taken too quickly and without cultural considerations, it can create possible misconceptions and misuse of the aid (Carbonnier, 2016, pp.46-47). A great example of lack of quality in delivering the aid is how camps were built after Haiti Earthquake 2010.

In a competitive NGO market, building camps in itself became a way of showing productivity. The more shelters provided, the better. "The aim here is to show 'results' in closing down camps, not the consequences of such a strategy" (Wearne, 2012, pp.19) On the other hand, running camps is very expensive: provision of water and food requires a system of aid workers and contractors, who will provide these goods. "NGOs cannot be compelled to work better or work in underserved areas because they are first and foremost private, voluntary initiatives. This is why any NGO can point to individual successes post-earthquake, while close to 40 percent of camps still lacked water a year following the quake" (Schuller, 2012, pp.176). Looking from this perspective, building camps in itself is a sign of productivity. NGOs point out to the successful cases, and as they are the ones assessing their work, they decide how to communicate the statistics on the provision of the goods. "Between June and August reports emerged of non-earthquake affected people, often from rural areas, moving to camps to benefit from the services available. Other reports also concern residents with 'one foot in and one foot out' of camps, registered for services but often being elsewhere. Maintaining services to the camps are very expensive, yet conditions are often similar in slum areas that do not benefit from similar levels of investment" (Clermont et al., 2011, pp.12). Part of the problem was that the country never had a long-term housing project. "T shelters remove the political incentive to provide permanent reconstruction, they are costly, wasteful, and exacerbate long-term vulnerability - the statement 'there is no such thing as temporary shelter' is often invoked. They are essentially rural in conception. They also suit NGO budgets and timeframes more than people's long-term needs" (Clermont et al., 2011, pp.15). Furthermore, NGOs and International Organizations do not get into cultural context as in some instances; earthquake created traumatic experiences for people, who did not want to go back to the previous housing that was rebuilt. People were scared to come back to the houses thinking that it might collapse again. They would live in tents next to their previous housing (Farmer, 2010). This solution meant to keep communities together but did not take into account cultural settings and possible constraints to how the aid receivers will receive these houses. Temporary housing serves NGOs objectives of receiving short success, but is a wasteful solution, that does not contribute to sustainable solutions.

The Humanitarian system is built in a way that excludes recipients from the decision-making process. "Rather than an open, participatory, democratic process, NGOs are increasingly rewarded for a "bean counting" approach that reduces people to statistics" (Schuller, 2012,

pp.175). Recipients become institutionalized and are reduced to the statistics. For example, the UN started closing IDP camps, which were built spontaneously after the disaster. Camps were far from the city and had no schools (Clermont et al., 2011, pp.15). However, inhabitants did not want to leave. Agencies decided to cut off the water supply. Officially camps were closed, but in practice, inhabitants were pushed out to look for housing alternatives themselves. Humanitarian agencies were not able to explain what happened to the inhabitants of closed IDP camps and if they were able to find permanent housing (Schuller, 2012, pp.175). The numbers of shelters provided were later used to promote the success of the projects. Closing camps is a feasible solution as humanitarian assistance should stop after the humanitarian crisis is finished. However, this case study shows, that without coordination and with strong competition, humanitarian agencies and NGOs take decisions too quickly and are keen to use “bean counting” approach in communicating their results.

Six months after the Earthquake, half of the camps did not have access to the clean water, and 30 percent did not have sanitation. “Before the outbreak, a July/August 2010 study of a random sample of 108 IDP camps— one in eight in the metro area— found that 40,5 percent of camps did not have water, and 30,3 percent of camps did not have a single toilet. Overall in the Pòtoprens area, toilets were on average shared by 273 people” (Schuller, 2012, pp.173). Interestingly, these facilities were not a priority, as NGOs were concentrating on building the shelters and not facilities around it. Keeping in mind that Haiti is in the middle of the hurricane belt and subject to severe storms from June to October; occasional flooding, earthquakes, and droughts, erosion worsens the possibility of building stable houses, as there is a huge possibility of them being flushed away in big storms. Therefore, just building the shelters is not enough, as shelters must be resistant to all of these possible challenges. Otherwise, new shelters will need to be built. Lack of clean water and sanitation increase possibility for the spread of diseases and eight months after the earthquake Haiti cholera epidemic stroke. It was a first time this disease was found in the country, and as there was poor sanitation and unclean water, cholera spread very fast.

Looking through the humanitarian economics perspective, officially donors responded to victims need for the permanent shelters, but practically that need was not met adequately. Due to competition between NGOs and the need for efficiency, NGOs saved money on necessary infrastructure (sanitation and water) within the camps. NGOs and donors used high statistics of shelters provided to celebrate the success of humanitarian response, while data about lack of clean water and sanitation in these camps were not communicated accordingly. “In the absence of accurate data, a variety of proxy indicators serve the purpose of estimating the evolution of needs for international humanitarian aid” (Carbonnier, 2016, pp.46). The competition between NGOs in the humanitarian market led to increasing number of shelters provided to the victims while decreasing the quality of these shelters and feeding into structural problems.

Housing alternatives

Nine months after the disaster, the Interim Haiti Reconstruction Commission (2010) estimated that more than 1/8 of Haitian population were still displaced living in camps or other temporary housing (IHRC, 2010, pp.5). UN-Habitat decided that the best plan would be if people come back to their previously inhabited refurbished houses (UN Habitat,

2010). However, people were scared to move back to these buildings and would rather stay in camps, where food and water were provided for free or sleep in tents next to the houses. Diarrheal diseases even dropped 12% after the earthquake as people would receive clean water from humanitarian aid agencies. “Diarrheal diseases are usually a symptom of an infection in the intestinal tract, which can be caused by a variety of bacterial, viral and parasitic organisms. Infection is spread through contaminated food or drinking-water, or from person-to-person as a result of poor hygiene” (WHO, 2011). More sustainable solutions are needed, like building hospitals, that would serve not just during the emergencies, clean water, and sanitation provision. “External control of NGOs through the marketization of the external environment and the use of short-term contracts may cause NGOs to adopt business orientations to compete more effectively against for-profit contractors, transforming NGOs into de facto businesses driven by excessive competition to neglect their missions in the pursuit of financial security” (Mitchell, 2014, pp.71). Without long-term solutions, these factors will feed into humanitarian crises to come. These factors are very beneficial for the short-term projects, as they will always find what to fix in a short period, while significant changes like building a sanitation system left for the government, which cannot build this infrastructure.

Summary Chapter 4

This chapter aimed to measure how the quality of NGO work was influenced by the competition in the humanitarian market after Haiti Earthquake 2010. The humanitarian principle of impartiality was used to measure the quality of humanitarian response. It dictated that humanitarian action should respond to the most pressing needs of the victims despite political, ethnic, religious and other interests (Carbonnier, 2016, pp.154). Many examples show that competition between NGOs had devastating results to the quality of humanitarian assistance. Due to increased competition between NGOs and need for quick and cheap solutions, aid did not incorporate prevention and preparedness, degraded government performance, created a brain drain, excluded government and local NGOs from the decision-making process. Exclusion of the government had a direct impact on NGOs themselves, as the government was not able to support NGOs and some of their projects failed. There were few attempts at including government in the coordination of the humanitarian response, but partnership stopped before bringing substantial results. Furthermore, NGOs were willing to bend project rules to stay competitive. Example with CARE food project showed that NGO became so dependent on income flowing from sales of subsidized food that it ignored the victims in faraway areas. Competition between NGOs had a vast impact on Haiti economy. Most of the money went back to the contractors from the western countries and just one percent to local business. However, according to the statistics, it is a common practice in the global humanitarian market. Prices increased as foreign NGO workers flew to Haiti. Furthermore, none of NGO projects included the middle class. NGOs concentrated on quick and efficient solutions, without incorporating safety measures for future disasters. As the example with T-shelters and the camps has shown, often short-term solutions do not serve the victims, but instead are created just for showcasing project success. Donors lack transparency in fulfilling their ODA pledges, while NGOs lack transparency in how they spend public donations, as one of the examples showed, many of them choose to publicize situational analysis rather than numbers. Statistics and empirical evidence show that competition decreased the quality of humanitarian work and contributed to long-term problems.

Chapter 5. Conclusion

This study examined the quality of humanitarian assistance provided by NGOs in response to Earthquake in 2010 in Haiti. The period covered was broadly from 1 January 2010 to 1 January 2012. To address the research question, a mixed qualitative and quantitative research method approach was chosen. Furthermore, two semi-structured interviews were conducted to sustain literature review. This study mainly relayed on secondary data and primary interviews complemented the research. All NGOs mentioned in the project were contacted via their emails. Unfortunately, just two NGOs agreed to talk. Other NGOs rejected the request. For this reason, the thesis mostly relied on the secondary data taken from official websites, books, articles, reports, and surveys. Porter's Five Forces framework and humanitarian economics theory was used to test a plausible assumption that competition between NGOs was present. Chapter 1 contained the introduction, where research problem area, research question and theory were introduced. Later, in chapter 2, some relevant concepts and theories were introduced, including humanitarian economics theory, a short introduction to global humanitarian market history and trends. In chapter 3 Porter's Five Forces theory was explained and applied to the humanitarian market in Haiti. The Framework helped to examine the importance of different forces played in the handling of Haiti Earthquake 2010. Each of the forces was applied separately, including the power of customers, the power of large suppliers, the level of rivalry among organizations in an industry, the potential for entry into the industry, the threat of substitute products. The power of costumers showed that competition exists due to basic rules of the humanitarian market. The same large government donors, like the US and EC, are giving ODA. Large NGOs had an advantage over the small ones. Furthermore, big donors had their specific ways of assessing the quality of NGOs that had influence on NGOs working models, as shown in the case of CARE. Winning contracts from big donors was a significant achievement for small NGOs as they needed to be familiar with different donor project assessment rules. Rivalry among small NGOs remained high, while large NGOs were able to receive more flexible funds from public donations. For example, Doctors without Borders and American Red Cross received the most public donations.

In chapter 4, quality of humanitarian work was measured by using one of the humanitarian principles, the principle of impartiality that focuses on humanitarian action as a response to the most pressing needs irrespective of political, ethnic, religious and other interests (Carbonnier, 2016, pp.154). Examples of temporary shelters, camps, and food project illustrated that NGOs did not work according to the principle of impartiality. There were instances, where NGOs bent the rules (like in the cases of IDP camps without toilets and water) or intentionally excluding the recipients (like in the case of CARE food project). Numerous examples had shown that NGOs are motivated to show results to their donors, to get more donations, they failed to incorporate prevention and preparedness, degraded government performance, economy, created a brain drain, and excluded government and local NGOs from the decision-making process. Competition between NGOs had a direct influence towards contributing to long-term structural problems. Vast amounts of money were wasted for administrative costs, the Haitian government was further weakened, and most of the funds went back to donor economies. Some ideas for further research include applying humanitarian economics theory to study behavior and motivations of different

donors. It can be used to study the effect of social media on the small donors, including individuals and businesses. Furthermore, gaining access to data from any of large NGOs could help to study how specific media campaigns influence donors.

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