

Citigroup And WFP Work Together To Combat Hunger

GLOBAL FINANCE: Is the WFP Emergency Network an example of a new paradigm for public/private partnership in delivering emergency aid?

MICHAEL KLEIN, *chief executive officer of global banking, Citigroup Corporate and Investment Banking*: The large global natural disasters of the past few years have certainly raised the level of awareness among corporations and individuals in terms of major emergency disaster relief intervention. There's a wider trend, however, related to the globalization within industry and the investment community and within the production and delivery of goods. Businesses have developed three very specific traits that enable them to help the non-governmental organization [NGO] community. They are globalization and the mobilization of resources, just-in-time delivery of goods and services, and overall crisis management and continuity of business. NGOs are incredibly good at dealing with crises, but these three sets of tools were put to the test in many ways for the first time with the tsunami. Because of globalization, the corporate community is more keenly aware of these disasters and has a greater understanding of the tools and services it can provide to NGOs.

BOB DRUSKIN, *president and chief executive officer, Citigroup Corporate and Investment Banking*: Citigroup has a unique ability to be a leader in this. With a presence in over 100 countries, we have the ability to be on-site in many, many places where there might be a need. We bring to the table a deep network of relationships, and so we can approach companies that have very, very significant resources

CITIGROUP PARTNERS WITH UN WORLD FOOD PROGRAMME

When disaster strikes, time is of the essence. As recent experience has shown, rapidly getting aid to the people and places that most need it can dramatically reduce the damage caused by a natural—or man-made—disaster. In the aftermath of the tsunami of December 2004 it became clear that the corporate world was eager to help—but found it difficult to offer the right aid at the time and in the places where it was most needed.

In response, Citigroup Corporate and Investment Banking created a partnership with the UN World Food Programme to build the WFP Emergency Network, a first-of-its-kind network of corporate partners focused on providing timely aid and disaster relief. Through the emergency network, participating companies provide

critical goods, services and resources that can be pre-positioned in emergency depots around the world before disaster strikes. This pre-planned approach allows WFP to utilize private sector support swiftly and effectively and, by saving time, WFP can save more lives.

The concept is simple: Goods that have been carefully selected based on WFP's needs during an emergency are stored in a network of UN depots. The bases, managed by WFP, are strategically located around the world in Brindisi, Italy; Dubai, UAE; Panama City, Panama; Accra, Ghana; and southeast Asia. When a crisis strikes, these donated goods will be dispatched from one of these depots to the location they are most needed. To learn more, visit www.wfp.org/emergencynetwork.

and a range of abilities that can be helpful in a crisis or a disaster. And we already are a global citizen and we want to be an important member of the communities in which we reside. We want to be viewed as a local company as well as a global company. Being able to help in this way is very important to us.

JIM MORRIS, *executive director of the World Food Programme (WFP)*: Leaders of very enlightened companies like Citigroup understand that addressing issues like natural disasters is about more than money. They care deeply, they know how important these issues are and they want to be as smart about their involvement in this area as they are in other parts of the business. They want to make

their engagement count; they want to make a difference. Institutions are becoming more thoughtful and applying the same standards in this area as they do to the bottom line. That's the new paradigm. It's changed dramatically for the better, because companies like Citigroup have an exceptional ability to help institutions like ours do more and do it better and in the process they become much stronger, more attractive, more caring institutions. It is a very productive two-way stream.

GF: Is it possible to provide preemptive emergency aid and how does this work?

KLEIN: During the tsunami we found a clear interest among corporations to

give goods that they actually produced. The problem was that linking what was needed with what was available was very complicated. Emergencies occur at any time in any place and you can't possibly prepare for that. But by using the supply chain management concept you can pre-position items that are necessary in every emergency. Those items are far more useful if they're available immediately. The overarching construct is that amongst the world's 1,000 largest companies there is excess capacity, used for redundancy, growth or their own continuity of business. If you can pre-position some of that redundancy around the globe for use by an organization like the WFP you dramatically improve what is available in an emergency. That type of pre-positioning already exists. For example, we have food companies that have depots in Asia, Latin America, South America or in Africa, so it's easier for them to pre-position because they're already global. It's just a question of linking the NGO with the corporate community.

MORRIS: We can do 30% to 35% more with the same amount if we have it available at the onset of a problem. So if we have transport and we have IT capacity and we have food and medical supplies in the beginning, it's much more valuable to us than it would be later on. Being organized ahead of a problem, knowing how people will help and how this system's going to work—as opposed to putting it together in the middle of a crisis—makes all the difference in the world.

DRUSKIN: With all the issues that have developed around the world, companies have begun to think in terms of disaster response, continuity of business, being able to respond very quickly to any kind of crisis. Between the WFP, which has been an expert in this for a long time, and large companies with a much greater ability to act quickly and decisively in a crisis, there's a very good melding of skills and mindset that makes this a lot more feasible than it might have been five or 10 years ago.



Jim Morris of the WFP on a recent visit to Sudan



Citigroup's Michael Klein with local children in Guatemala this summer

GF: When or how did private sector engagement become important to WFP?

MORRIS: We started with TNT, a large Dutch logistics business that was essentially doing the same thing that we do. They had enormous capacity to help us think how to better manage our warehouses, how to manage our fleets—they simply made us better. That was the model and we knew that a big banking operation could make us better, with their depth of experience in the most difficult kinds of financial environments imaginable. The issue is world hunger.

ABOUT THE WFP

The World Food Programme is the United Nations' frontline agency in the fight against hunger. As the largest humanitarian organization in the world, it feeds an average of 90 million people—including 61 million hungry children—every year in more than 80 countries. Working in the poorest, most remote regions of the world, WFP helps people whose lives have been affected by natural disaster and conflict as well as those, especially women and children, who suffer from hunger due to extreme poverty. WFP is funded entirely by voluntary contributions and when disaster strikes, WFP is among the first on the scene. Its food aid is often the only difference between life and death.

There are 350 million hungry kids in the world. Eighteen thousand die every day—one every five seconds all day long—and together with Citigroup, and with probably 10 or 20 other companies, plus the governments to help us, we'll have the capacity to dramatically affect this problem. There's no way the governments can do it alone, and governments don't have all the talent necessary.

GF: What's the rationale for the network?

KLEIN: It's very simple: If you take the concepts of continuity of business and just-in-time delivery, add to that the concept of excess capacity, most major companies and mid-size companies around the globe have the ability to do an incredible amount of good. Frankly, they seek to do so when they see pictures on the screen, but that's often too late. We decided to go backwards, to determine locales where events could occur and the goods/services that would be required for any disaster. Then we looked at potential providers and seconded the former chief operating officer of our emerging markets business to work with WFP to develop this "infrastructure of knowledge." The aim was to determine the potential pre-suppliers within each geography and for each of the 12 to 15 major items needed. Working with WFP, we set up

an agreement system for how individual firms can commit to provide, pre-provide or pre-position specific goods in the specific geographies and we operate this much as we would operate our call chain for an emergency. WFP already did pre-positioning but we are now linking together potential donor companies drawn from our clients around the globe who can deliver in advance, which means the expediency, the critical care and the specific value elements Jim mentions can be achieved.

GF: At what stage of development is the network?

MORRIS: We have standby agreements with 15 or 16 countries. For example, we have a partnership with a Swedish rescue group and they sent 22 people and a dozen vehicles into Lebanon instantly. We have the same kind of relationship with Switzerland in doing de-mining in tough situations. This is going to be a pre-organized group of companies that can provide transport, office space, information technology, communications, vehicles and food. It will complement our work in the field and plug us into the private sector. In the tsunami we desperately needed office space in Banda Aceh. Citigroup was able to find us office space and plug us into a very sophisticated communication network. We don't know where the next natural disaster like the Indian Ocean tsunami will occur, and this emergency response network is going to help us enormously, but it's also going to help the business community, which has a heart and is committed to help but more often than not doesn't know how to get plugged in. When you're plugged into the World Food Programme, since we are the largest logistical agency for the entire humanitarian community, you're helping UNICEF, the World Health Organization, the High Commissioner for Refugees, the Red Cross and the entire NGO community. So we are the perfect leverage spot for somebody to be attached to because we affect the entire humanitarian operation in a crisis.

GF: What kind of companies are you trying to bring on board, and what do you expect them to contribute?

DRUSKIN: There's lots of ways that companies can contribute: technical support, logistical support, satellite phones, computer networks, individual people skills, office space, trucks, equipment—whatever they have. The beauty of this is that we have tens of thousands of corporate relationships and the idea very simply is to get each of them to contribute what their strength is.

MORRIS: Ninety percent of the people that die of hunger and malnutrition every day don't die in a tsunami or an earthquake. They die in dire circumstances, out of the limelight. Hunger and malnutrition are the most serious health problems in the world. The world needs to understand the seriousness of the things we do. We're eager to bring on communications companies, companies that deal with nutrition, food companies, automobile makers. We're a huge user of air transport, and we aspire to have a partnership with a major airline. We do a lot of work with Ericsson. And I suspect you'll see us partner with a limited number of companies—maybe 20 someday—and all of them have to care as much about what we do as we do, and have to have the ability to help us do more and to do it better.

GF: How does a company benefit from being part of the network?

DRUSKIN: Companies that will get involved are those that really want to make a difference. We're all part of a global community, and the impact on that company's employees is going to be very important. There's an enormous psychological benefit as well as a real business benefit from being perceived as a company that not only tries to get a return for shareholders but also actually tries to do some good.

KLEIN: It isn't just the company that benefits but the individuals. Our staff is so enthusiastic about being able to do something that they know they're



Bob Druskin of Citigroup helps distribute aid in Guatemala

adding value to, something that is on such a wide scale. They know because they can see the impact. They're thrilled.

MORRIS: There's something really wonderful about being a part of a partnership that's really focused on the common good, where each of the partners brings their comparative advantage and brings their specific strength to causing the whole to be much stronger. Most people want to be a part of something larger than themselves. This is the kind of partnership that contributes to that moral strength and builds a real sense of morale of any enterprise.

DRUSKIN: We feel terrific about our association with the WFP. We all have jobs and we're all focused as a very commercial enterprise on making money and producing returns for shareholders, but we also have a responsibility to the communities that we serve around the world, also those we're not present in. Our people feel great that we're able to take part in some way in such an important set of issues as the ones we're dealing with.

MORRIS: The power of this relationship, the enormity of it and what it will affect is extraordinary. Over a short period of time it will change the paradigm of how important companies find ways to be good citizens. This is going to set the path. ■