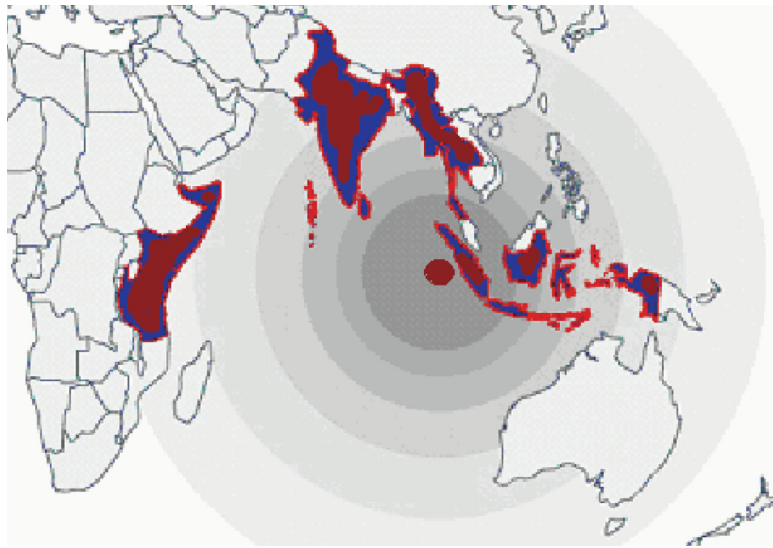


Tsunami Evaluation Coalition (TEC)

The International Community's Funding of the Tsunami Emergency and Relief



Corporate Funding

Spain

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I. Background

The tsunami catastrophe that struck Asia on December 26, 2004 is one of the worst natural disasters in modern history. Although the major impact was felt in India, Indonesia, the Maldives, Sri Lanka and Thailand, several other countries were affected (including Myanmar and Somalia) or touched by the tsunami (including Bangladesh, Kenya, Malaysia, Seychelles and Tanzania). More than 250,000 people have died and thousands were injured. Overall, an estimated 1.5 to 5 million people have been directly or indirectly affected. Damage and destruction of infrastructure has destroyed people's livelihoods, and left many homeless and without adequate water and healthcare facilities.

The world—governments and people—responded with unprecedented generosity in solidarity with the rescue and relief efforts of the affected communities and local and national authorities. More than \$6 billion has been pledged for humanitarian emergency relief and reconstruction assistance to tsunami-affected areas. This has been instrumental in reducing or mitigating the consequences of the disaster, and in boosting the current recovery and reconstruction efforts.

This evaluation is part of the overall evaluation by the Tsunami Evaluation Coalition. It is a thematic evaluation of the funding response by the various governments, UN agencies, NGOs and INGOs. The overall shape of the funding response evaluation is laid out in the Concept Paper annexed to these TORs.

The purpose of this specific evaluation is to understand the motivation and nature of funding flows from the corporate sector into tsunami relief operations, exploring the nature of corporate giving:

- Which companies donated, to whom and in what fashion?
- From which company budget lines did the funds come (publicity, philanthropy, new market development)?
- Is there any relationship between corporate funding and commercial presence in the country or contracts with the aid system?
- Were corporate funds timely and untied?

This specific report on Spanish corporate funding, while not very significant in the context of the overall funding of the tsunami response, provides additional perspectives on the nature of the overall response in Spain after the tsunami disaster.

The aim of this study is to quantify and to analyze the donations given to NGOs by the Spanish private and public companies¹ to implement their aid programs after the tsunami.

This report does not intend to offer a comprehensive compilation of final figures on corporate donations in Spain; however, the methodology that has been followed and the participation (or not) by Spanish companies allow for a fair reflection of the involvement of the Spanish corporate sector in the tsunami emergency and relief operation.

Approach and Methodology

The technique used for this investigation consisted of a standardized questionnaire (see Annex 1) sent to 63 Spanish companies. These 63 companies were selected according to two criteria:

- Companies who are members of the stock market index Ibex 35. This index gathers the 35 most liquid stocks in the Spanish stock market. This index is the equivalent of the Dow Jones, NASDAQ or CAC 40.
- Private and public companies reporting to the Spanish Observatory for Social Action. Out of the 122 companies present in the 2005 report, 32 companies were chosen according to their reporting of overseas programs carried out by NGOs. Some companies were included in both categories, leading to a total of 63 companies contacted.

Limitations

In Spain, very few public and private companies have a clear donation policy laid out. Only some companies with an identified “Social Action Department” or with an internal foundation have this information available on their web site.

This information however, is very often incomplete. Sometimes, data provided reflect information regarding donations or grants to NGOs without detailed budget breakdowns; or data show a donation or grant to an NGO without specifying the amount. The opposite case, information about the donation amount but not the recipient, also takes place.

As a result, the team got in touch with a number of NGOs in order to clarify the available data. The vast majority of Spanish NGOs contacted were unwilling to provide any information, citing reasons of confidentiality.

¹ All throughout the study they will be named “Spanish companies.”

An additional and very important limitation of the study is the fact that many of the companies requested that some information remain confidential. Due to this request, there is no mention in the report of either donations or statements by individual companies. As a consequence, the team has had to aggregate overall findings and analyze the results in aggregated figures.

II. Introduction

Spanish companies and international humanitarian aid agencies have had limited interaction, although in recent years this dynamic is steadily changing. In Spain, the debate about corporate social responsibility is recent, and the Spanish private and public sector has just begun to realize the relevance of communicating its engagement and commitment with humanitarian causes. This change is mainly driven by public opinion.

So far, the Spanish public and private sector is mainly present in Latin America. The vast majority state aid and humanitarian aid programs sponsored by Spanish companies are also concentrated in the same area. After Hurricane Mitch struck Central America in 1998, the most important Spanish companies present in the region mobilized important economic, human, and technical means to help the victims².

In contrast, Spanish companies have a modest presence in Asia. Their direct investments in this region of the world only reach 1% of their total foreign investment³. This figure can partially explain why after the December 26, 2004 tsunami disaster only a few Spanish private companies responded to the relief effort by contributing to NGO programs.

It must be added that another reason for the limited Spanish corporate contribution to the tsunami is also due to Spanish companies' own logic of intervention, linked mainly to their size, their commercial and strategic objectives, and their understanding (or not) of the "humanitarian world."

² This study could not determine the total amount donated by Spanish private and public companies after Hurricane Mitch. However, it is common knowledge that significant Spanish companies such as Union Fenosa, BBVA, Telefónica, Endesa and Iberdrola financed important emergency and reconstruction projects for victims of the hurricane. Donations by Spanish citizens (this figure does not include corporate donations) after Mitch amounted to 150 million euros.

³ Spanish investments in Asia: the pending subject. Pablo Bustelo (11/12/2002). Elcano Royal Institute.

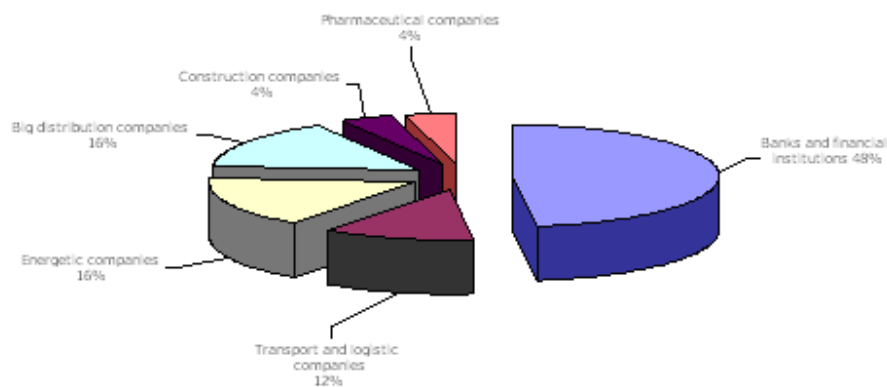
III. Findings

Based on the specific Terms of Reference formulated by the TEC, a case study on Spanish corporate donations came to the following conclusions:

1. *Which companies donated, to whom and in what fashion?*

Twenty-four Spanish companies out of a total of 63 interviewed made donations to Spanish humanitarian agencies for the implementation of assistance programs after the tsunami.

Figure 1. Spanish corporate donations, by sector



None of the 63 companies spontaneously answered the questionnaire. Only 3 companies answered the entire questionnaire. The rest of the companies either answered partially or gave basic information (agency and amount of the donation) by phone.

The difficulties encountered in collecting information from the Spanish private and public companies can be explained by the following reasons:

- Most companies do not have a clear communication policy regarding their philanthropic and social activities.
- Information is not available or is so fragmented among different departments (social action, press, corporate services, accounts department, presidency) that gathering it entails an administrative challenge.

- Donations are in some cases so meager that companies allege principles of confidentiality in order not to divulge specific figures.

Figure 2. Responses from Spanish companies regarding the tsunami response, based on 63 interviews

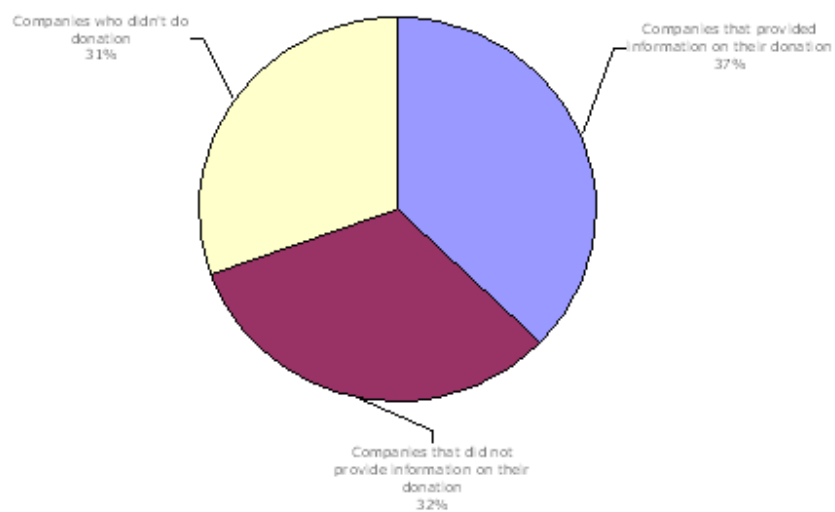
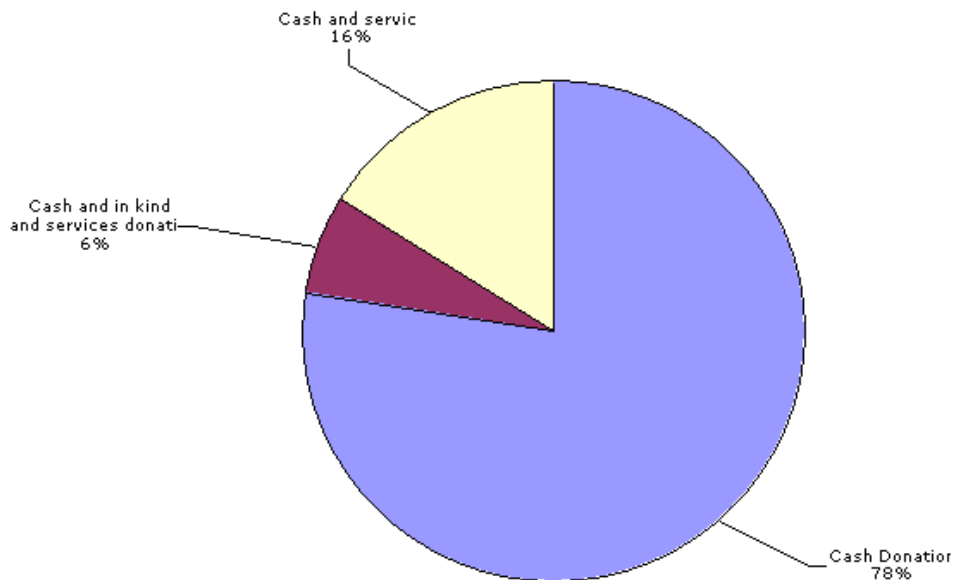


Figure 2 shows that 68% of the companies that responded provided total or partial information on the financial contributions they made to NGOs in support of their tsunami aid. This ratio is reasonably high and shows an encouraging level of transparency.

Thirty-two percent of the companies interviewed refused to provide any information on their donations, citing the principle of confidentiality. By insisting, it became quite obvious that many of these companies' refusal was due to the lack of financial records detailing the nature and amounts of their contributions.

Within this 32%, three companies (or 5% of the total) were corporations listed as donors by specific NGOs, with donations of less than 5,000 euros.

Figure 3. Profile of Spanish companies' donations in the tsunami response



This second chart shows that the vast majority of the donations were exclusively financial (78%). However, some companies offered their expertise, technical know-how, company tools, and products to NGOs, as per the examples below:

- Logistical and transport assistance to NGOs in order to dispatch their teams and material to the field (e.g. TNT Spain);
- Food donations (e.g. 45 tons of food donated by Carrefour Spain to Peace Messengers and Children without Borders);
- Satellite phones and technical assistance (e.g. Telefónica donated satellite mobile units to the Spanish Red Cross, Save the Children, and Firemen without Borders);
- Free space in newspapers, television and radio broadcasts offered to NGOs for their public awareness campaigns.

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Table 1. Donations received by agencies from the 63 companies interviewed

Organization	Donation received, in €*
Intermón Oxfam	918,000.00
Spanish Red Cross	651,120.00
Valencia Humanitarian Aid Agency	600,000.00
Basque Cooperation Fund	400,000.00
Medicus Mundi Andalusia	320,000.00
Manos Unidas	240,000.00
Foundation Vicente Ferrer	216,350.00
Medicus Mundi Guipuzkoa	181,000.00
UNICEF	165,000.00
Doctors of the World	121,000.00
OCHA	80,000.00
Proclade	60,000.00
Aldeas Infantiles	24,000.00
Save the Children	16,230.00
Action Against Hunger	12,000.00
Messengers of Peace	12,000.00
WFP	10,000.00
Foundation Entreculturas	800.00
TOTAL	4,027,500.00

*Figures based on information facilitated by our panel of 63 Spanish public and private companies .

This table illustrates the distribution of Spanish private and public companies' donations to humanitarian agencies. In DARA's study on Spanish NGO funding for the tsunami emergency and relief operation, corporate funds received by NGOs were 1,871,718.38 euros (2.45% of the 88 million euros collected throughout the tsunami campaign).

The relatively small amount of information on corporate funding provided by NGOs can explain this discrepancy. Of the 23 NGOs contacted, only three completed the questionnaire, six

answered verbally and 14 did not provide any information. Furthermore, it should be noted that three of the 63 Spanish companies contacted for this study provided up to three different total amounts for donations, underlining the difficulty in presenting final reliable figures.

In contrast to public donations, Spanish companies' first choice for channelling their financial contributions is Intermón Oxfam rather than the Spanish Red Cross. Companies emphasized that their decision was based on Intermón Oxfam's professionalism and seriousness. They particularly appreciated its "high degree of accountability" and the "feedback they give on how their money is used."

The Spanish Red Cross is the second natural recipient of most company donations. This is due to the organization's good image in Spain and its constant presence in the media. Companies interviewed often said that choosing the Spanish Red Cross was "normal" or "evident" and highlighted its "important presence all over the world."

Two decentralized aid donor agencies from Valencia and the Basque Country channeled funds from Spanish companies in order to fund agencies to implement tsunami relief and recovery programs. Companies donating to those agencies are based in the two regions.

In addition to the aforementioned donations, the Spanish Association of Public Land and Housing Promoters (SAPLHP, which is an association from Valencia that gathers enterprises constituted with a majority of public capital) collected 900,000.00 euros among its members for an integrated housing program to be implemented in Sumatra. SAPLHP's funds have not been allocated to any humanitarian agency. SAPLHP is currently carrying out an evaluation mission with the Spanish Cooperation Agency in the field.

Figure 4. Distribution of aid from public and private companies, by agency

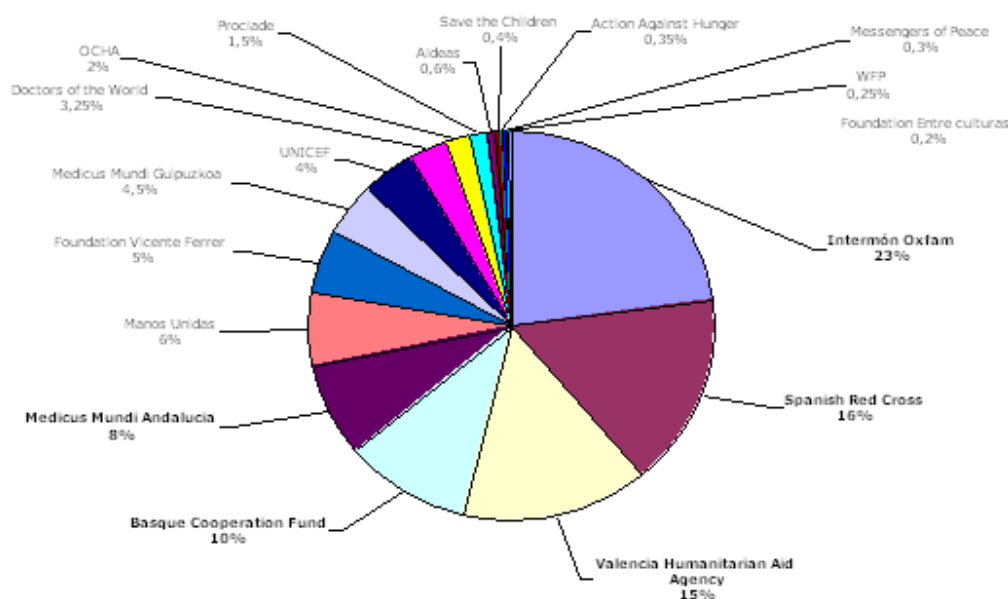


Figure 4 illustrates the dominant position of donation recipients Intermón Oxfam, the Spanish Red Cross and the two decentralized aid agencies from Valencia and the Basque Country. The four organizations combined received 64% of donations from Spanish private and public companies.

In contrast, the internationally recognized humanitarian organizations Action Against Hunger, Doctors of the World and Save the Children together received only 4% of the total donation. In the case of Action Against Hunger and other NGOs, they had not actively lobbied Spanish companies for support because they had received large amounts of funding from the public and preferred to contact companies to request funding for other crises.

Between these two extremes appear medium and small-scale organizations with good local presence (Medicus Mundi Guipuzcoa, Medicus Mundi Andalusia, Manos Unidas and Foundation Vicente Ferrer) that together gathered 23.5% of the donations. UN agencies (UNICEF, OCHA and WFP) received almost 6.25% of the donations made by the Spanish companies.

Figure 5. Scale of the donations

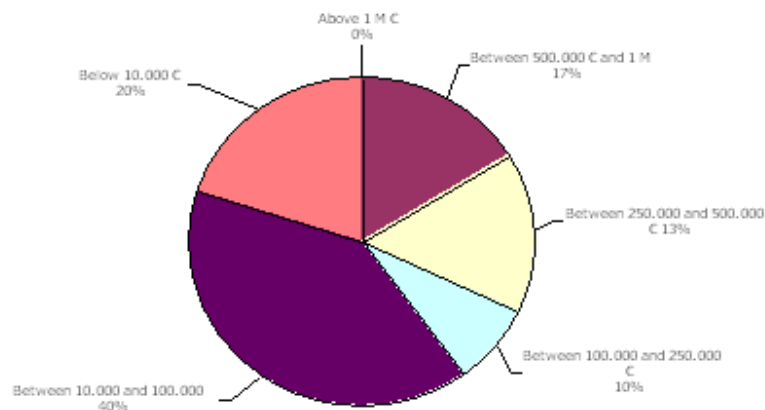


Figure 5 provides information on the scale of donations made by the Spanish public and private companies to NGOs to implement their aid programs after the tsunami. As shown in the figure, 40% of the companies donated between 10,000 and 100,000 euros.

Globally, 83% of the donations made by the Spanish private and public companies were below 500,000 euros.

2. From which company budget lines did the funds come?

None of the interviewed companies agreed to answer that question.

3. Is there any relationship between corporate funding and commercial presence in country or contracts with the aid system?

As previously shown, Spanish corporate presence in the affected regions remains marginal. However according to Federico Ferrer, President of the Official Credit Institute⁴, Asia might be the new destination for Spanish investment.

Spanish companies denied that their donations were linked to the strategic objective of breaking into this emerging market. They presented their initiative as a “humanitarian” one based on the images of death and destruction seen on television. Nevertheless, Spanish companies that did

⁴ The Official Credit Institute is a public management entity affiliated with the Ministry of Economy and Finance.

not donate linked their lack of commitment to the absence of commercial presence in the affected region.

4. *Were corporate funds timely and untied?*

None of the interviewed companies agreed to answer this question, but donations to NGOs are to be taken as untied, and no other evidence from the NGOs allows inferring the contrary.

Figure 6. Contributions of private and public companies in relation to their 2004 profits

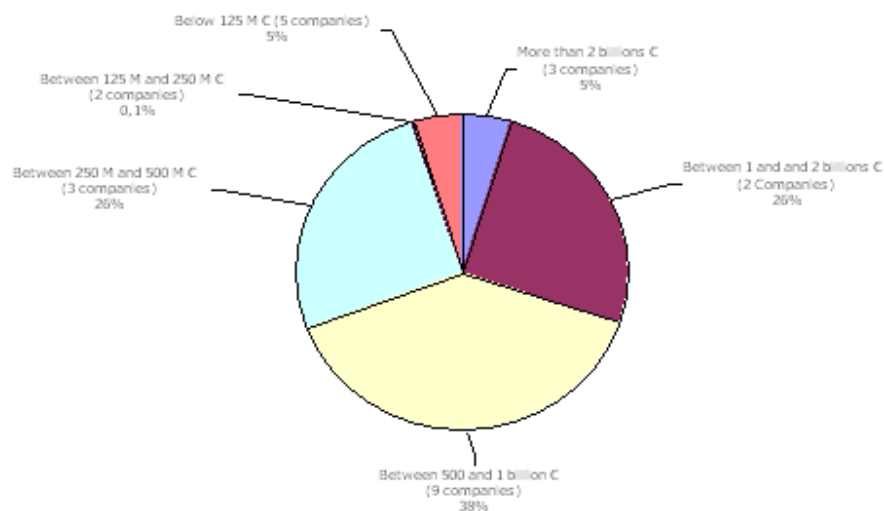


Figure 6 shows the distribution of contributions in relation to the 2004 profits made by Spanish companies who supported tsunami aid agency programs.

It shows that the nine companies that made between 500 million and 1 billion euros in profit in 2004 contributed up to 38% of the total donations.

The three companies that made between 250 and 500 million euros in profit in 2004 accounted for 26% of the donations, and the two companies that earned between 1 and 2 billion euros in profit during the same period accounted for 26% of the donations, yielding an aggregated total of 52% of the total donations.

Also, the three companies that made over 2 billion euros in profit in 2004 donated 5% of the total contribution.

Figure 7. Average donation by Spanish private and public companies in relation to their 2004 profits

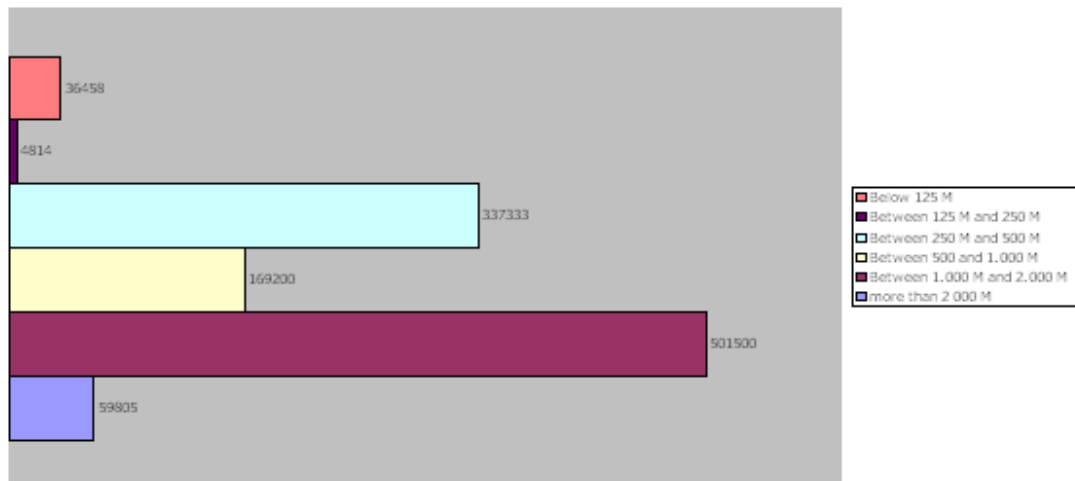


Figure 7 shows the average donation by company in relation to 2004 profits. The most charitable companies reported between 1 and 2 billion euros in profit in 2004 and contributed an average donation of 501,500 euros.

As shown in the chart, the richest companies are far from being the most generous, with an average donation of 59,805 euros.

The Spanish companies interviewed reported 17,999,609,000 euros in profit in 2004. Their donation to humanitarian aid organizations to support programs after the tsunami disaster was 4,903,380 euros.

IV. Conclusion

Compared to the Spanish public, the Spanish corporate sector demonstrated an extremely low level of interest and charitable contribution after the tsunami disaster. The main reason for this disregard seems to be the poor economic and commercial presence of Spanish companies in the area affected by the tsunami. Throughout the study, companies very openly expressed that this low interest was due to the fact that a generous response to the disaster would not translate into significant commercial and economic profits in a geographic area where their presence remains limited. For many Spanish companies, humanitarian aid assistance programs remain only a marketing tool that can generate positive image and positive publicity in the affected areas.

The tsunami case showed that for most Spanish companies humanitarian aid is not a strategic factor integrated in their traditional activity but an additional cost that only marginally improves the image of the company.

It is worth mentioning as well that Spanish companies did not utilize donations to the tsunami as a marketing strategy toward the Spanish public. Corporations did not seem reactive to the general public's interest in supporting relief efforts for the disaster, and their donations have not been widely publicized.

On the other hand, it is very possible that companies were not "alerted" by NGOs, since in general NGOs did not fundraise from the corporate sector (as they traditionally do) due to the high level of spontaneous donations they received from the public. This is well exemplified by the case of the Spanish Red Cross and Action Against Hunger, which, anticipating the abundance of public donations, preferred not to call on companies for additional funds.

In the case of companies which made a donation the following elements should be emphasized:

- The pro-active role of employees who were shocked by the images coming from Asia and who started internal fundraising campaigns, prompting a company commitment to match or duplicate the amount collected (situation reported in 30% of the Spanish companies interviewed).
- The role of the firms' foundations with a better understanding of the "humanitarian architecture" and a larger capacity to respond to emergency situations and provide timely funding.
- More than 60% of the companies that donated received information from the humanitarian agencies regarding both the implementation of their programs and spending of the contribution. The companies that did not receive reports did not place the recipient agency at fault and are not requesting information.

- Few companies regretted the absence of an umbrella organization capable of coordinating fundraising operations while at the same time providing guidance on best organizations to donate to in accordance with existing gaps and needs.
- It should also be underlined that an obstacle for corporate charity is the absence of an incentive tax system to donors. This is an old issue among humanitarian agencies, the corporate sector, and the government. For Spanish companies, the basis of the fiscal deduction after a donation is 35% (as opposed to 60% in France, 100% in the United States, 130% in Portugal, and 50% in India). In the case of tsunami donations, contributions by corporations to charitable causes are minor compared to those by households. A more favorable tax deduction system could play a major role in reversing this tendency in the future.

This study highlights that in Spain the corporate sector is still in the early stages of defining its role as an actor in humanitarian, development, and social initiatives. As shown by this study, Spanish corporations' philanthropic culture is characterized by a number of weaknesses, namely the lack of an adequate strategy to contribute untied donations for relief aid and development projects, the need to improve the formulation of objectives, the inadequate internal mechanisms to account for donations and contributions, and finally the deficient tax treatment that fails to foster an environment of donation. There is no relationship between the company's size and its level of contribution, and the study reveals the general lack of policy regarding criteria and priorities to guide social contributions.

From the findings it seems that Spanish corporations were more responsive to the internal pressure of their own staff than to social or humanitarian concerns. Contributing companies did not launch any communications or public relations campaigns in order to publicize and promote the actions undertaken and, in turn, improve their public image.

V. Annex 1. Spanish Companies Contacted for the Study

Table 2 lists Spanish companies contacted. Table 3 lists Spanish companies that agreed to report on their donations.

Table 2. Spanish companies contacted			
1	Accenture	33	CAIXA
2	Accor	34	Bancaja
3	Al Campo	35	BBK
4	Alcatel	36	CAM
5	AmExpress	37	Banc Sabadell
6	BBVA	38	Caja Madrid
7	Banesto	39	Endesa
8	BNP-Parisbas	40	Mondragón
9	BP España	41	Ford España
10	Carrefour	42	Renfe
11	El Corte Ingles	43	Seat
12	Unicaja	44	Dragados
13	Grupo Santander	45	Volkswagen España
14	Telefónica	46	Fiat España
15	Iberdrola	47	Altadis España
16	Iberia	48	Gas natural
17	KPMG	49	Nissan
18	MSD	50	Peugeot
19	Merrill Lynch	51	Michelin
20	MRW	52	Ferrovial
21	Philips	53	Empresas publicas de agua de Cataluña (ECA, ATLL, CAT)
22	Real Madrid	54	Abertis
23	REE	55	Acciona
24	REPSOL YPF	56	Acerinox
25	Correos	57	ACS
26	Caja Ahorros de Navarra	58	Banco Popular
27	TNT	59	FCC
28	Unión Fenosa	60	Gamesa
29	Sony España	61	INDRA
30	CEPSA	62	Metrovacesa
31	Asociación Española de Promotores públicos de vivienda y suelo	63	PRISA
32	MAPFRE		

Table 3. Companies that agreed to report on their donations			
1	American Express	13	Caja Ahorros Navarra
2	BBVA	14	TNT
3	Banesto	15	Sony España
4	BNP-Paribas	16	Asociación Española de Promotores públicos de vivienda y suelo
5	Carrefour	17	MAPFRE
6	Unicaja	18	CAIXA
7	Telefonica	19	Bancaja
8	Iberia	20	BBK
9	MSD	21	Mondragon
10	Merrill Lynch	22	Altadis España
11	MRW	23	Empresas publicas de agua de Cataluña (ECA, ATLL, CAT)
12	Philips España	24	Prisa

VI. Annex 2. Questionnaire to Spanish companies

1. Did your company make a contribution in any way to the tsunami catastrophe aid appeal on December 26, 2004? Specify if it was a cash donation (amount), in-kind donation (detail material and quantity) or service donation (define the nature of the service).
2. What reason or reasons led your company to make a donation?
3. In the case of a cash donation can you specify if it was: a) employees' contribution or b) company's contribution
4. From which company budget lines did the funds come (publicity, philanthropy, new market development)?
5. What humanitarian organization did you give to in aid of the tsunami victims?
6. What was the reason for choosing this humanitarian organization?
7. Were corporate funds allocated to a specific program?
8. Can you specify if your company has a commercial or financial presence in the area where the humanitarian agency will implement its aid projects? (If yes, please specify the nature of your professional presence in the region.)
9. Were corporate funds timely and untied?
10. What kind of information did your company receive from the aid organization to which you made a donation?
11. Do you think that the aid organization to which you made a donation provided clear information about how your donation is being used?