

## EMERGENCY RESPONSE AND THE BURN-RATE FOR UKRAINE Finding the right balance

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In the weeks after the Russian invasion of Ukraine leading to large-scale internal and external forced displacement, huge amounts of money were raised and pledged. Bilateral and multilateral donors as well as the general public contributed. A recent attempted overview identified more than US\$ 100 billion in commitments, of which US\$ 8.5 billion primarily humanitarian grant funding, allocated between late February and early July.<sup>1</sup> Such amount dwarfs the humanitarian funding available for many other crises, where refuge across borders is not an option and the actual physical survival of more people may be at risk. By now, *the predicted criticism* is beginning to emerge that only a modest percentage of all that funding has so far been allocated, to Ukraine and to the refugee hosting countries. Why is the spending so slow? Is it stuck in aid bureaucracy, are the relief agencies using parts of the money to build up their reserves or to invest it to gain interest or even dividends?

The criticism was predicted. It occurs every time there is a major crisis that gets much public and media attention and where much money is mobilised in a very short time. We have seen it for example after the 2004 Indian Ocean tsunami, after the 2013 Haiyan typhoon that hit the Philippines, and to somewhat lesser degrees after the large-scale influx of Rohingya refugees from Myanmar into Bangladesh in late 2017 and after the Beirut explosion two years ago. *The question why such much money remains unspent is legitimate; the rapid conclusion that it is caused by self-interest and bureaucracy of aid agencies is not.*

The question and doubt it casts will linger however if aid agencies (governmental, multilateral like the UN, and non-governmental) do not communicate and explain why rapid spending of such huge amounts of money is neither possible nor desirable. They should be – and should have been- proactive about this, and not wait till the question arises when they risk appearing defensive. Donors and operational agencies have constituencies in certain societies. It is their role to inform and explain to the media and the wider public that responsible spending *not only* means *fast* spending, even in acute crisis situations. Some however, afraid of reputational damage when this criticism arises, also push for accelerated spending. If it is only to deflect such criticism and not underpinned with concrete proposals for relevant interventions, this would be precisely an expression of the self-interest they want to avoid.

Relief agencies trying to spend over US\$ 8 billion in say six months in general does not sound like a wise intention. Spending as the target itself is rarely a recipe for relevance and quality. Here some of the more specific considerations why *spending for the sake of spending* is neither feasible nor desirable.

### **1. Relief aid happens within governmental laws, policies, and regulations**

Government policies and procedures, in this case of Ukraine and the refugee hosting countries, are one factor that influences the speed and nature of emergency relief spending. For example, international agencies not already established in a country must go through a legal registration process that will take some time. Governments typically need to establish or adjust interministerial or whole-of-government task forces and working groups, which cannot be expected to work fast from day one. It is a learning and adjustment experience for everyone. Meanwhile, the international relief sector imports its UN-led coordination structure but requires national and local actors to adapt to this imported entity rather than it adapting to and reinforcing existing coordination structures. That is inherently problematic. Parallel coordination structures often result from it, which is not time-efficient and will slow operations down.

Even where governments are very welcoming, as many have been for Ukrainian refugees, legal, policy, budgetary and procedural adaptations may be required which will take some time. Some relief actors, mostly governmental and intergovernmental, can and will provide budgetary support to the public

authorities, but non-governmental ones will typically provide interim and complementary support. Both however, for certain operational activities, will have to wait for these changes to be formalised. In Romania for example, legally most Ukrainian refugees entered with biometric passports and hence were 'tourists'. It required over 30 legislative changes to be able to grant them rights as refugees and a medium-to longer term National Plan was not finalised until late June.

In Ukraine, there has been a rapid expansion of cash assistance to the millions of internally displaced and sometimes those hosting them. This is appropriate, fast, and has the advantage of leaving them choice on what to use it for. That cash assistance however must become aligned with the pre-war social protection provisions of the Ukrainian government, through its Ministry of Social Policy, that the Ministry since the invasion has maintained where it could.

A particular operational attention point is fairness with the (non-displaced) citizens of a country. Poland, Moldova, and other refugee hosting countries have social protection policies and packages for their own poor and vulnerable populations. Even if these would be considered inadequate, providing greater support to Ukrainian refugees would be a recipe for conflict and rapidly declining support for their hosting. Aid agencies therefore often extend the relief services to sections of the host population but designing such interventions does not happen overnight. It may be faster to do so for the provision of e.g. cash or in-kind assistance packages, but strengthening for example the public health services does not happen quickly. Money and modern medical equipment can be provided fairly fast – expanding the number of skilled personnel, and dealing with language barriers, is another matter.

A faster way of operating and spending is to implement projects and programmes separate from and in parallel to existing national structures. This is justifiable as needs can be acute and addressing them should not be held up by bureaucratic red tape. That needs to be balanced against the inevitable medium-term result of a multitude of fragmented actions managed by different relief agencies, that governmental authorities struggle to get a reliable picture of and that de facto are little or poorly coordinated. In Ukraine for example, several aid agencies are providing 'mental health first aid' support as part of their own projects, and each tries to recruit and train its own Ukrainian psychologists and social workers. This is understandable and relevant: the need is huge and urgent. But in the medium-term Ukraine will need a national policy, resources and capabilities to deal with what will be a large and very long-term problem. The same holds for projects of demining and removal of unexploded ordinance: Individual agencies can act fast in specific locations, but strategically stronger collective Ukrainian capabilities must be invested in, as this too will be a long-term challenge.

None of this is an unsurmountable obstacle nor is it a new experience to many relief actors (although many are used to countries with weaker and less functional government institutions). But it is one factor influencing the pace of action.

## ***2. There are no fast solutions for all fundamental needs***

For example, continued access to education in emergencies is a recognised right. In many host countries, Ukrainian children have rapidly received the right to access the national school system. The language problem however cannot rapidly be addressed. That has led to platforms being created to also enable online learning, in Ukrainian, with Ukrainian teachers and in continuation of the Ukrainian curriculum. Enabling that requires computers and good internet access, which relief agencies again can provide. But which again raises the questions of similar equipment and internet access for the rest of the students in the school, for example in Moldova, and equal treatment between schools in areas with refugees and those without.

## ***3. The international relief system does not enable much funding to key responders***

A fast way to get emergency relief to large numbers of Ukrainians would have been to make more money directly available to local authorities and the hundreds of voluntary initiatives in Ukraine and neighbouring countries who have been at the forefront of the responses. That however most governmental and intergovernmental aid donors shy away from. It also runs into resistance from many international relief agencies who want to be in the game, also as intermediaries between donors and local actors, a role they will be paid for, and which gives much power.

The international relief system is not fit to support, reinforce, and complement, rapidly and effectively, national governmental and non-governmental responders, even if these have been and remain at the forefront of the responses in Ukraine and neighbouring countries. Its way of operating in a large-scale sudden onset crisis is to mobilise in large numbers, fly in and design and itself manage a comprehensive response. That sector-wide reaction comes with particular assumptions and behaviours: “*It is based on the notion of limited or no capacity, and a central role for international agencies in managing, coordination and delivering assistance. There are many issues with this model in terms of its insensitivity to context, the lack of engagement with local and national actors, and a tendency to be supply-driven rather than needs-oriented.*”<sup>ii</sup>

There is indeed a long-standing negative narrative about national and local actors (as presenting a higher risk of fraud and corruption, having limited capacities and unable to deliver to international quality standards) and of superiority of international agencies. This has generated so many ‘compliance’ requirements to avoid any possible risk, that most national actors cannot meet and that becomes a self-created obstacle to provide them fast support. On the contrary, instead of immediately supporting national and local responders, many international agencies focus first on building their own capabilities. A key component of this is hiring ‘local staff’. In practice, this often means hiring away the more experienced staff of national and local voluntary and governmental agencies (certainly if they are fairly fluent in English), who thereby find themselves weakened and eventually subordinated to the designs and decisions of the international agencies which control the money. International agencies strengthening their own capabilities takes time. In the longer run is deeply counterproductive, but it has the ‘advantages’ of being more expensive (i.e. nationals may now be doing the same work but at three or four times the cost – understandably they do not object to being better paid) and providing an impression of quality assurance that calms the risk anxieties of institutional and private donors alike.

#### **4. *The pressure-to-spend can create perverse effects***

Not picked up by the media or the general public, is how the pressure to spend creates perverse incentives within international aid agencies: Managers are no longer asking only about the relevance, quality and effectiveness of interventions, and how they contribute to strengthen overall national capabilities. An important and regular question now concerns the ‘*burn rate*’: are we spending money fast enough? The pressure to spend can lead to the deployment of more international staff than required, whose salaries and benefits, housing and transport requirements help with the ‘burn rate’. It can lead to the renting of more luxurious offices and hiring of more staff than necessary or the purchase of expensive vehicles even if local rentals would be perfectly adequate. It can lead to project interventions with only marginal added value. This is not fraud or corruption, but it can be labelled ‘wastage’. In addition, overly fast spending can fuel tensions and conflict among different social groups with different perspectives: there is a fine balance to be found between reducing such tensions by providing additional resources and fuelling them or creating new ones by pouring too much money too fast. Money can make but also break: The pressure to spend has often been an impediment to working with adequate conflict sensitivity.<sup>iii</sup> Both fast spending and the establishment of structures parallel to government can also undermine the democratisation process in Ukraine, a very negative impact observed previously in e.g. Afghanistan and Iraq.<sup>iv</sup>

#### **5. *In long-term crises, everybody hurrying to spend fast is not smart***

Many crises today last long. Even with a peace agreement tomorrow, the impacts on Ukraine will be felt for years to come. For crises with high political and media profile, huge amounts are raised rapidly and there is no shortage of funding for emergency responses in the first two to three years. But if everybody seeks to spend most of it in the short term, little will be left for the medium-term when many needs persist, but public and political attention has shrunk. Short-term funding booms are followed by drastically shrunk budgets and major fundraising problems when political and media attention shift elsewhere. The Rohingya refugees remain stuck in Bangladesh; people in Beirut remain in a desperate situation because of the political and economic meltdown of their country. The Syrian refugees in Idlib province and in Lebanon are already a ‘*forgotten crisis*’.

Also for Ukraine many donors and agencies will be spending fast because their emergency response budget is bound to the fiscal year or because their constitution demands it. They must be complemented

by donors and agencies that are not obliged to do so and do not give in to the pressure to spend, as these will still have some funding when many others have emptied their purse.

**In conclusion:** People in acute need have a right to appropriate assistance provided fast. There is definitely an argument for donors to enable fast spending and operational agencies can make a case that neither donor nor governmental requirements should cause significant delays. This however needs to be balanced with responsible donorship, where donors rightfully check for overreliance on more expensive international capacities; wastage on non-essential operating infrastructures and overstaffing; intervention proposals with little added value or that create small-scale parallel systems that result in problematic fragmentation at a larger scale, and the fine balance between spending that reduces tensions and spending that increases it.

Importantly, given that institutional constraints will force several donors to spend fast, even if a crisis will clearly be of long duration, those that can maintain part of their funds also for the longer-term when the others are exhausted, must do so.

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<sup>i</sup> <https://www.devex.com/news/funding-tracker-who-s-sending-aid-to-ukraine-102887>. Of the US\$ 100 billion, over US\$ 63 billion are loans and other repayable finance, while some US\$ 30 billion remained pledges for the future. Pre-war development funding for Ukraine stood at US\$ 1.8 billion and humanitarian funding at some US\$ 168 million. The attempted overview tries to identify particularly the funding for Ukraine, not for refugee hosting countries.

<sup>ii</sup> Ramalingam, B & J. Mitchell 2014: *Responding to Changing Needs? Challenges and opportunities for humanitarian action*. Discussion paper for Montreux XIII Donor Meeting:28-35, ALNAP

<sup>iii</sup> Van Brabant, K. 2018: *Good Conflict Sensitivity and Peacebuilding Donorship*. GMI

<sup>iv</sup> Brick Murtazashvili, J. & N. Shapoval 2022: *Drowning Democracy*.

<https://www.journalofdemocracy.org/drowning-democracy/>