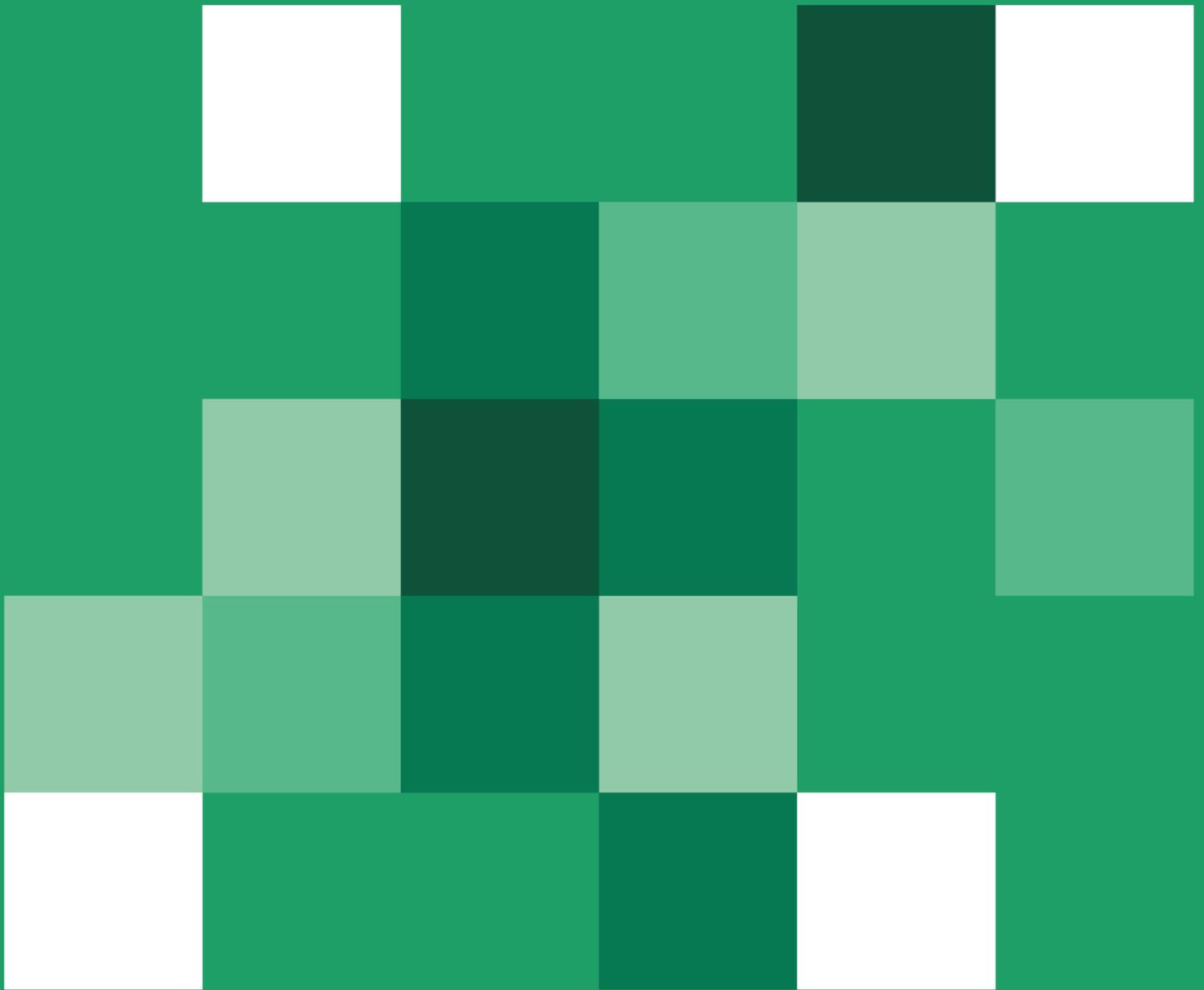




development
initiatives



September 2022

The Ukraine crisis and diverted aid: What we know so far

factsheet

Key facts

- By the start of August 2022, funding for humanitarian appeals from the UN Office for the Coordination of Humanitarian Affairs (OCHA) was equal to 33% of funding requirements. When Ukraine is omitted, funding coverage was equal to 30%, lower than in any year in the last decade ([Figure 1](#)).
- By the start of March, funding coverage for crises other than Ukraine was similar to the average at the same point in previous years (13%), but it subsequently diverged. Average funding coverage at the start of August between 2012 and 2021 was 47%, whereas funding for crises other than Ukraine in 2022 was 30%. Ukraine's funding coverage (taking into account all appeals) was 53% following the revised requirement figure ([Figure 2](#)).
- In 2022 Somalia faced unprecedented rain failures, triggering drought and concerns about a new famine. Funding coverage for Somalia's humanitarian response plan (launched in December 2021) was 68% by the start of August; Ukraine's combined appeals achieved this coverage in six weeks.
- Several countries have made explicit announcements that aid will be diverted, and real-time aid data to date shows evidence of this diversion. Sweden and Denmark ([Figure 4](#)) have announced cuts to other aid priorities that equate to 14% and 10% of their 2021 aid budgets respectively. Estimates of the impact on the UK budget suggest that other priorities could be cut by up to 25% ([Figure 3](#)).
- Some countries appear to be providing additional funding. The US is on track to spend considerably more in 2022 than in previous years. For most countries, there is insufficient information to be certain ([Figure 5](#)).

Introduction

As the attention of aid-giving countries has largely been absorbed by the events unfolding in Europe, there have been concerns that other crises are not getting the attention or funding they need. Obtaining an accurate picture is difficult, in part because many aid providers have stopped publishing real-time information on official development assistance (ODA) to Ukraine. This is unfortunate. While there are legitimate concerns about confidentiality, in times of crises it is even more important to have an accurate picture of what flows are available. In addition, while countries have pledged large amounts of support to Ukraine, few have been explicit about whether this will be additional or come at the expense of other causes.

This factsheet explores what we can so far say about the impact that the Ukraine crisis is having on ODA to other priorities by piecing together what we know from near-real-time aid data for all other countries, donor announcements and funding for humanitarian appeals.

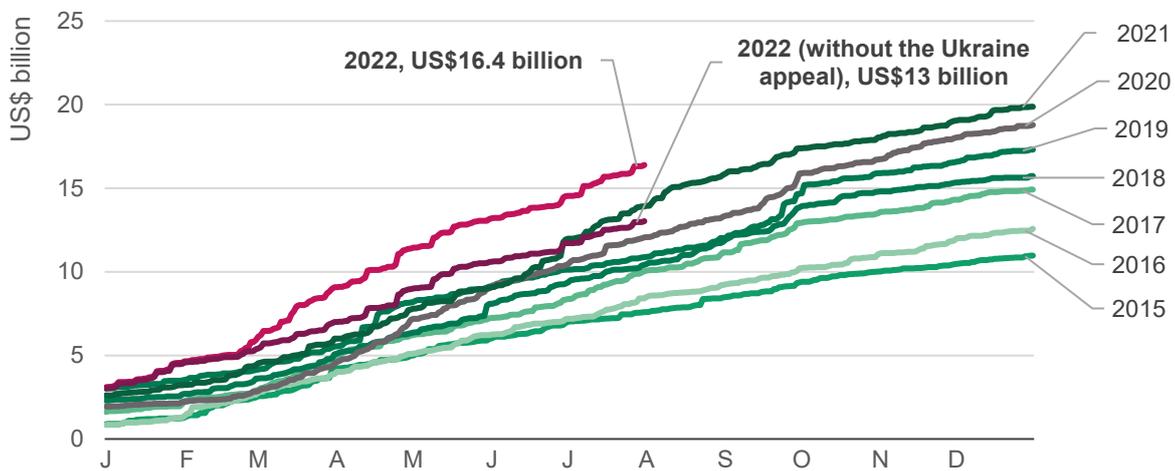
Although we are still only part-way through the year and there are large caveats to the data, it tells a mixed story. As of July, funding for humanitarian appeals was higher in absolute terms than in previous years, however, the gap between funding and need continues to grow when Ukraine is omitted from the data. Some donors – notably the US – appear to have funded support for Ukraine from additional budgets, whereas others – notably those most concerned with hitting ODA/GNI targets – have announced plans to divert ODA which are already evident in the data.

Two separate blogs will explore some implications of these findings. The first of these sets out why we should target country-programmable aid instead of ODA.

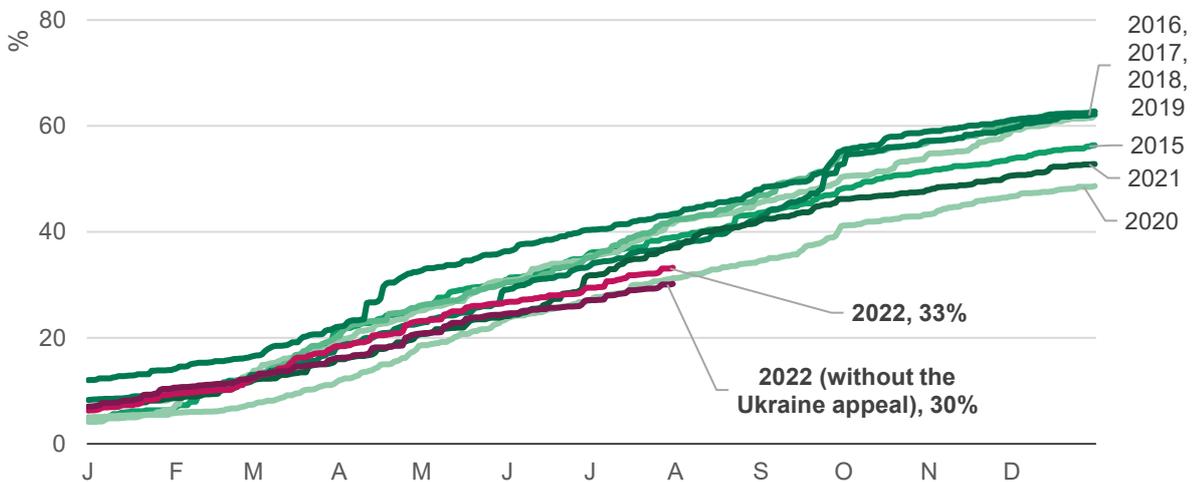
Funding for crises beyond Ukraine continues to fall

Figures 1a and 1b: Mid-year humanitarian funding up slightly, but lower without Ukraine

Cumulative funding received for humanitarian appeals, US\$ billions



Cumulative funding received for humanitarian appeals, US\$ million, % of requirements



Source: OCHA Financial Tracking Service (FTS) data (downloaded 9 September 2022), [FTS Appeals Overview](#)

In 2022, funding for humanitarian appeals has grown much faster than in previous years in absolute terms. By the start of August, over US\$16 billion had been raised for humanitarian appeals, which is 20% higher than the same time the previous year, and nearly 40% above the level at the same time in 2020.

When Ukraine is omitted, funding for appeals equalled US\$13 billion by the end of July, 6% less than 2021, but still higher than any other previous year.

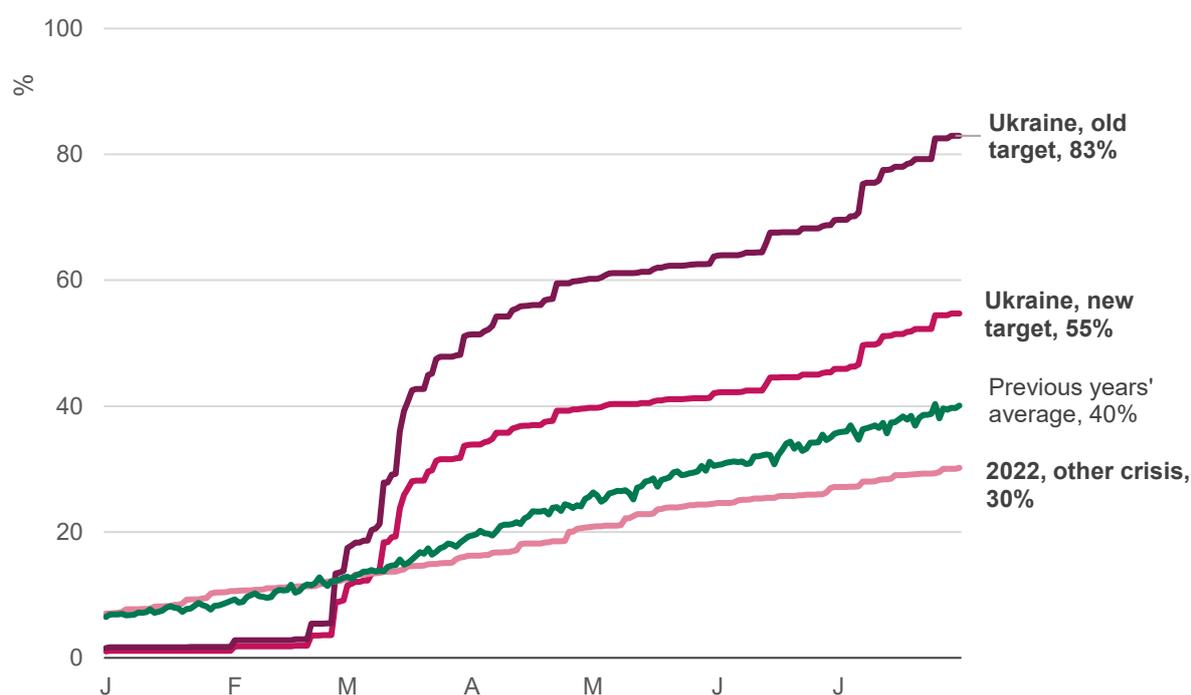
However, as percentage of need (as judged by UN OCHA funding requirements) funding by the start of August 2022 was 33%, which was lower than in any year but 2020.

The Ukraine crisis was unusually well funded: by July the Flash Appeal was nearly fully covered (although funding requirements were subsequently revised). When Ukraine is omitted from the 2022 figures, funding for appeals was 30% by the start of August, lower than in any year between 2012 and 2021.

Ukraine unusually well-funded even after increase in target; opposite is true for other 2022 crises

Figure 2: Cumulative funding to Ukraine as a % of requirements outstrips other crises

Cumulative funding received for humanitarian appeals (% of requirements) in 2022 versus average of 2013–2021



Source: OCHA Financial Tracking Service (FTS) data (downloaded 9 September 2022), [FTS Appeals Overview](#).

Notes: Previous years' average refers to the cumulative funding against each year's requirement by days since the start of year, averaged across the years 2013–2021.

As of the start of August, funding for the two appeals pertaining to Ukraine (the Flash Appeal, and Regional Refugee Response Plan) was US\$3.3 billion, equal to 55% of joint requirements for these plans. However, by July, Ukraine's Flash Appeal was close to being fully funded, and subsequently the requirements were increased from US\$2.2 billion to US\$4.2 billion. Prior to this increase, the joint appeals for Ukraine were 83% funded

Despite the increase in funding requirements, the joint appeals for Ukraine are still significantly better funded than other crises in 2022, for which funding covered 30% of requirements by the start of August.

Up until February, funding coverage for crises in 2022 was similar to the average for previous years at similar points in the year (13% by the start of March, equal to the average of 13% between 2013 and 2021). After February, funding as a percentage of requirements began to diverge. By the start of August, average funding for crises other than Ukraine in 2022 was 30%, compared to an average of 40% over the years 2013 to 2021.

One of the most significant crises in 2022 is in Somalia, which is experiencing its worst drought in 40 years. The World Health Organization (WHO) has classified the crisis as a grade 3 health emergency. This is WHO's highest ranking, and it is the first time this has been used for this type of crisis.

Somalia's humanitarian appeal was launched in December 2021, when a third rainy season failed. By the end of July (around eight months after the launch of Somalia's humanitarian response plan), it remained around 68% funded. By comparison, Ukraine's Flash Appeal attained this level of coverage within six weeks.

How has donors' aid spending changed to countries beyond Ukraine?

Humanitarian appeals are not the only priorities competing with Ukraine for scarce concessional funds: broader development flows will also be affected. Most donors have made significant announcements about aid to be provided to Ukraine, and estimates suggest that the amount that could be spent on hosting Ukrainian refugees will also have a large impact on ODA figures.

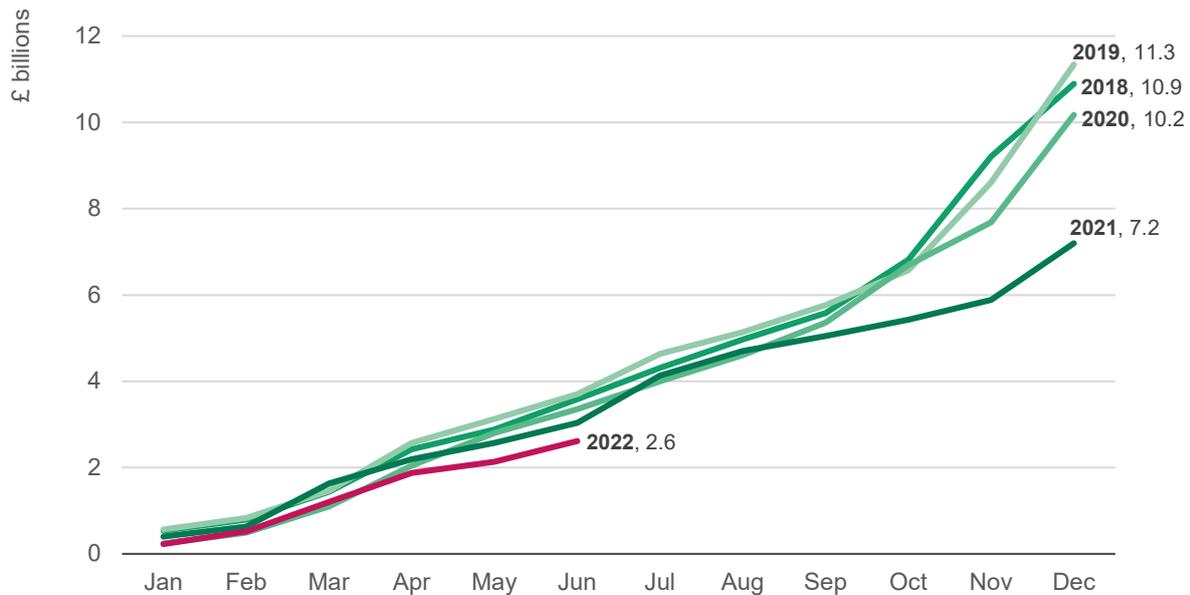
However, for most countries it is not clear the extent to which such costs will be additional or divert aid from other priorities. This section examines countries for which we have unusual clarity – either because of announcements or their general policies – and supplements this with the latest available data from the International Aid Transparency Initiative (IATI) for these countries. Unfortunately, reporting quality of some donors is not of sufficient quality to give an accurate picture (or any picture at all, in the case of some prominent donors such as France and Japan).

This factsheet is not an attempt to summarise all announcements made with respect to aid to Ukraine. We focus on countries for which there is clear reason to believe that aid announcements are or are not additional.

UK

Figure 3: FCDO expenditure by July 2022 was 14% below the same point in the previous year

FCDO cumulative aid spending excluding Ukraine in the years 2018–2022



Source: IATI.

The Foreign, Commonwealth and Development Office (FCDO), the UK's main aid-spending agency, has outlined that [all ODA-eligible costs incurred in responding to the Ukraine crisis will be funded within the 0.5% of GNI aid budget](#). The UK has had a legal target to spend 0.7% of GNI on aid since 2015, but the government voted to temporarily reduce this target to 0.5% in 2020.

The main cost associated with the response is likely to be in hosting Ukrainian refugees. Some estimates suggest that [these costs could be as high as £3 billion](#) (around US\$3.4 billion). This would represent around a quarter of the UK's total aid budget in 2021.

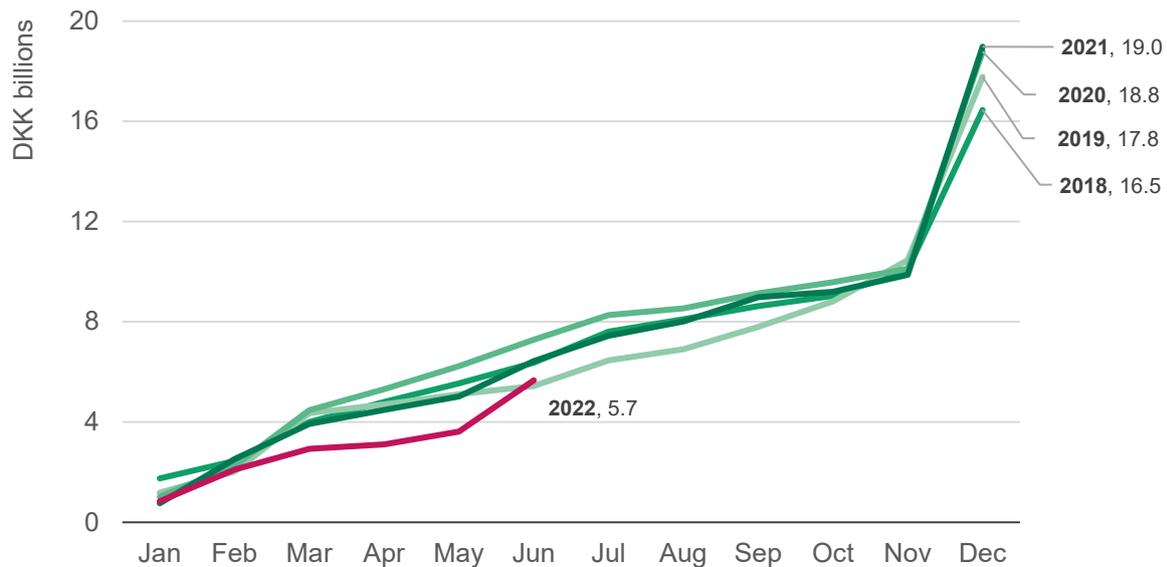
Following the decision to count Ukrainian refugee costs as ODA under the 0.5% of GNI target, the [UK announced a halt to all 'non-essential' aid spending](#) though it was not specified which spending counted as non-essential.

These cuts are becoming apparent in the UK's IATI data. The FCDO had spent 14% less by July 2022 than the same point in 2021 on crises other than Ukraine.

Denmark

Figure 4: Danish aid spending lagging behind other years in anticipation of large in-donor costs

Cumulative Danish aid spending excluding Ukraine in the years 2018–2022



Source: IATI.

Denmark is formally committed to spending an average of 0.7% of GNI on ODA over a three-year period, and has a [budgetary mechanism in place to ensure that it does not greatly exceed 0.7%](#) in any year.

In March 2022, the Minister for Foreign Development announced that [2 billion Danish krone \(DKK\) \(around US\\$280 million\) of the ODA budget would be reallocated in 2022](#) to in-donor refugee costs to cover the expected costs associated with hosting Ukrainian refugees. This figure could be revised up if the number of incoming refugees exceeds expectations.

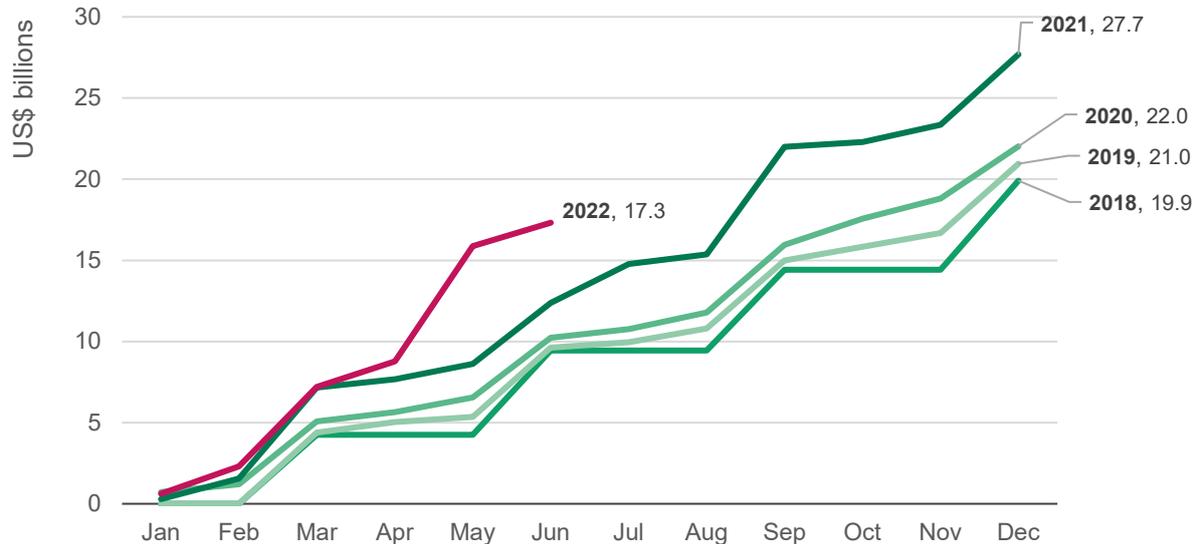
This figure accounts for roughly 10% of Denmark's 2021 aid budget. Of the DKK 2 billion cut, current plans are that [climate and environmental programmes will account for around a third](#) (link in Danish) (DKK 669, in particular reducing the budget for the DANIDA Sustainable Infrastructure Fund), and that another third (DKK 705) will be cut from 'neighbourhood' programmes on peace, stabilisation and migration.

IATI data for 2022 shows that by July, Denmark's aid spending was 12% lower than the same point in 2021.

US

Figure 5: USAID spending by July 2022 was 40% ahead of the previous year

USAID cumulative aid spending excluding Ukraine in the years 2018–2022



Source: IATI.

The US has appropriated funding for supporting Ukraine through the [Additional Ukraine Supplemental Appropriations Act](#), which provides for US\$40 billion in funding for Ukraine (including military support which is not aid-eligible).

This funding has been newly appropriated as a separate act and does not have bearing on funding already allocated. It is therefore likely that [this funding will prove to be additional](#).

So far in 2022, USAID has spent US\$17.3 billion on countries other than Ukraine. This represents an increase of 40% relative to spending by the same point in 2021, which itself was considerably higher than previous years.

Historically, the US has been less driven by targets, and distanced itself from any commitment to spend 0.7% of GNI.

Germany

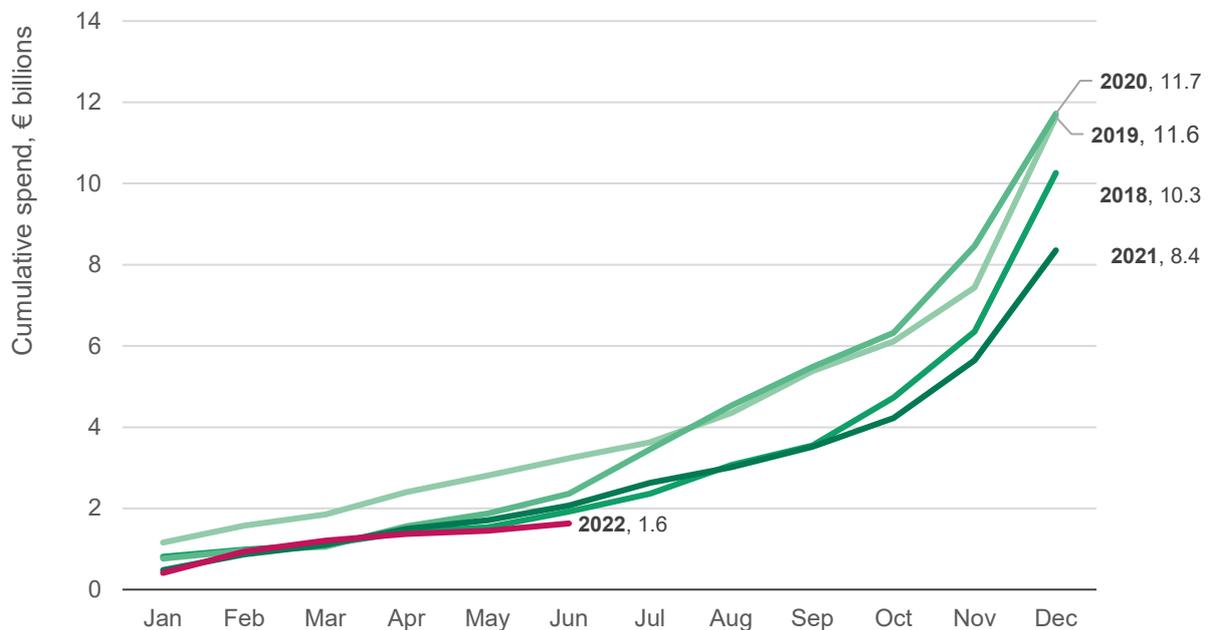
Germany initially planned to [reduce the budget of its main development agency \(BMZ\)](#) to €10.8 billion, down from €13.7 billion in 2021, which was linked to the need to increase defence spending following a reassessment of security threats triggered by the Ukraine invasion.

A [revised budget has since allocated €12.4 billion](#), a reduction of 10% relative to the previous year's budget. Current IATI data for BMZ reflects this: by June 2022, BMZ had committed €1.6 billion, around 20% lower than by the same month in 2021. However, this data should be treated with caution given that BMZ's commitments tend to accelerate throughout the year.

Germany has one of the largest populations of Ukrainian refugees in the world according to the Office of the UN High Commissioner for Refugees ([UNHCR](#)): nearly a million Ukrainian refugees are recorded in the country. It has been estimated that [in-donor refugee costs in Germany could increase by US\\$14 billion](#) as a result. There is no indication that cuts will be made to the ODA budget to accommodate this, but this remains unclear.

Figure 6: BMZ aid commitments by July 2022 were 20% lower than the same point in the previous year

Cumulative BMZ aid spending excluding Ukraine in the years 2018–2022



Source: IATI.

Sweden

In response to the Ukraine crisis, Sweden announced initially that it would divert around US\$1 billion from its budget of around US\$6 billion for 2022, representing ODA diversion of 16% of the budget.

This was based on early estimates of Ukrainian refugees who would seek asylum in Sweden, that have since been revised down. Consequently, Sweden later announced that the amount of [ODA set aside to cover in-donor refugee cost would be reduced to around US\\$750 million](#) (link in Swedish) (7.9 billion Swedish krona/SEK), which represents around 14% of the budget.

Since 2006, Sweden has been committed to spending around 1% of ODA on GNI, although it has allowed this ratio to fluctuate to a greater extent than either the UK or Denmark. In 2015, when Sweden hosted a large number of refugees, the ODA/GNI ratio jumped to 1.4%, from 1.1% in 2014.

Norway

In response to the crisis, [Norway initially planned to reallocate 4 billion Norwegian krone \(NOK\)](#) (link in Norwegian, equal to around US\$416 million), which would have represented around 10% of its 2021 ODA expenditure, and come largely [at the expense of funding for UN organisations](#). However, it has since [reduced this to NOK 1.5 billion](#) (around 4% of 2021 ODA expenditure).

In July, [Norway announced support for Ukraine and neighbouring countries](#) of NOK 10 billion to be disbursed between 2022 and 2023, stating that this would be additional to Norway's aid budget.

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