

## **Rethinking Humanitarianism**

Episode 9

Inside the Donor Mindset

### **Heba Aly**

Over the course of this podcast series, we've spoken to diplomats, to NGO executives, to the private sector, to aid workers on the ground, and there was one thing that came up in almost every conversation: the way donors fund aid.

### **Jeremy Konyndyk**

Fifty percent of the total in the system goes to just three big UN agencies: UNHCR, WFP, and UNICEF. And the incentives for those, based on how donors fund them, is to capture as much money as possible.

### **Danny Sriskandarajah**

Many of us are still waiting months on [from COVID-19] for donor money to flow through the system.

### **Sema Genel**

Donors, if they so wish, can actually contribute to what's being created and what's being convened at the national level.

### **Simon O'Connell**

What we need is consistency across donors around what constitutes legitimate overhead costs.

### **Tara Nathan**

There is a reluctance to engage in modes or mechanisms that are considered sort of not, you know, business as usual.

### **Heba Aly**

In many ways, donor practices can either make – or break – efforts at reforming humanitarian aid towards a sector that's more demand-driven and locally-owned. So today, we're sitting down with donors.

In Geneva, Switzerland, I'm Heba Aly, Director of The New Humanitarian, and this is Rethinking Humanitarianism.

I mentioned in our last episode that my co-host, Jeremy Konyndyk, had taken a leave of absence from the Center for Global Development to help the incoming Biden administration get set up. He has since, and I guess you all saw this coming, been sworn in at the US Agency for International Development to help stand up USAID's efforts to combat COVID-19, with a focus particularly on strengthening global health security. I will of course miss him on the podcast, but I know I speak for our colleagues on the Rethinking Humanitarianism team, his colleagues at CGD, and our listeners in wishing him well at this critical juncture – in the US and internationally.

This was always meant to be a 10-part series but given just how much it has resonated, we are exploring what a new reiteration of the Rethinking Humanitarianism podcast could look like, sadly, without Jeremy. So stay tuned for more on that in our next and final episode of the initial 10-part series.

So we're speaking today with two donors to get their vantage point on how we should be Rethinking Humanitarianism – and what *their* role is in that process. To what extent are donors using their power to incentivise change? And when are their policies and political constraints part of the problem?

We've brought together one of the largest donors and a smaller donor in the humanitarian system because of course they face quite different realities.

Michael Koehler is Deputy Director General of the European Commission's humanitarian aid arm – ECHO – which you may hear referred to as DG ECHO – for Directorate General. And ECHO's budget in 2020 was €2 billion, rivalled on the world stage only by the US government in terms of humanitarian aid levels globally. So, looking forward to hearing his thoughts on all of this. Welcome, Michael.

### **Michael Koehler**

Thank you, Heba. Pleasure to be with you.

### **Heba Aly**

And on the smaller side of the spectrum, Ruairí De Búrca is the Director General of Irish Aid, which is projected to manage about €110 million in humanitarian funding this year. Welcome to the podcast, Ruairí.

### **Ruairí De Búrca**

Hiya Heba, how are you?

**Heba Aly**

I am well, how are you?

**Ruairí De Búrca**

Good. Good.

**Heba Aly**

I should of course note that government and multilateral donors are only one part of the financing equation and Western donors even more so. But they do control the purse strings and really drive the direction of a \$25 billion humanitarian response system. There is of course tonnes happening outside of that system too, and we hope to talk about that during the course of the conversation. But to get us started, we want to ask you a question that we put to all of our guests on the show, but with a slight twist perhaps in this case. What is one weird quirk about the way humanitarian response is funded that has just never made sense to you? Michael?

**Michael Koehler**

The biggest conundrum for me is how it is possible that the humanitarian landscape has changed so much over the past 20 years and, particularly I would say, over the past five years, but our ways of funding have remained exactly the same. If I see how, at least here, in DG ECHO, we operate financially right now in 2021, I think it is not fundamentally different from the way we operated in the late 90s. We have an amount of money that comes from the taxpayers' budget, we give it to either the United Nations system, to the Red Cross Red Crescent family, or to international NGOs. At the same time, what we are doing is, let's say expanding more and more, not only in terms of quantity but also in terms of quality. Today, we are no longer just providing food and shelter for people who are suffering from the consequences of natural disasters. Today, we are mainly active in crises that are manmade, that are protracted, which means 10 years, 20 years, 30 years – in the Palestinian case, 70 years. And we are going much beyond food, shelter, and WASH. We are investing in livelihoods, social safety nets, and so forth. But our funding method is still as it was at the beginning. And that contributes to the widening gap between needs and available resources.

**Heba Aly**

Ruairí, what about you?

## **Ruairí De Búrca**

Similar, pretty much to Michael, I mean I think it's what I call a concept of humanitarian time, which is often sort of short-term in its framing, but increasingly the problems are protracted and long-term. And our funding models tend to have short money, by and large. Not always, and you know, six months, one year, and a lot of the time, you know, the shortness of the money defines what's possible and the types of partnerships, and makes things more transactional, potentially, than they need to be. And that, I think, leads to a series of inconsistencies and frustrations. I think we need to collectively challenge ourselves about: how do we provide money with a longer-term timeframe, which can be challenging when you look at government financing, which tends to be annual budgets, and then that feeds into how donors fund. But I think it's a more collective challenge. I think we need to be honest with ourselves that, you know, we're not responding to the aftermath of hurricanes. We are, Michael mentioned the Palestine crisis, 70 years, you know, South Sudan, it's ongoing. The problems with which we're trying to grapple require really considered long-term investments, and we waste money and we waste time, if our thinking is always short-term.

## **Heba Aly**

I want to delve into that. And particularly what the obstacle is to changing it, but just out of curiosity, before we do, I'm also just wondering what you hate most about being a donor? I mean, what is it like to just have people asking you for money all the time? Does it make you arrogant? Is it a burden? Does it keep you up at night in terms of how you're spending it? Help us understand what it's like in your shoes.

## **Michael Koehler**

Well, I don't think that this is something which is, so to say, a psychologically insurmountable problem to be a donor. But yes, I think, first, whatever amount you have, whether it's the Irish budget or the EU budget, it's always short of needs. And not only short of needs, but short of let's say, bringing about structural change. I would like to be in a situation where I can invest much more in resilience, in local preparedness, in local capacity building. Instead of, for example, in eastern Africa, every year when the floods come, and they come more and more often, basically coming with the same level of first aid, except that it becomes more and more expensive every year. I also would like to be in a position to have a real choice on policies, and to discuss with my partners and to select my partners according to their policy choices, so to say, what we really need to do. Instead of that, what has happened is that, let's be honest, and I say this without any negative connotation, there's something like a humanitarian aid industry in which you have agencies, in which you have NGOs and so forth, people depending on the structures, depending on this. And if for whatever reason, you say, okay next year, I want to do

something completely different, it puts in jeopardy not only the industry but the entire humanitarian system. So your freedom of choice to go for new priorities, new orientations is rather limited if you want to be a responsible partner, and partnership is key in our system.

### **Heba Aly**

I saw you sort of nodding, Ruairí.

### **Ruairí De Búrca**

Yeah, I mean, let's start off by saying, you know, to be a donor is an incredibly privileged position because governments entrust a certain amount of our taxpayers' money, and effectively say, do something really good with this. I think we have a responsibility to discharge that privilege as best we can. However, I think we have to be really honest and say that, in any given year, it's really on the margins that you make your difference. We do try as best we can to have multi-annual partnerships. You know, on the humanitarian side, about 50 percent of our money is multi-annual commitments. So, in the beginning of every year, you know where half of it's going, which means that, at best, half of it, and actually in reality, much less, is your free money to respond to new challenges or to invest in new things. And so, that freedom of operation isn't always as big as just looking at the cash amount at the beginning of the year would seem. And of course, you know, when you get money from a government, it comes with certain expectations. Part of that is on the prudential financial management side, and lots of people complain about the bureaucratic burdens donors put on them. You know, we have to answer to parliaments and to taxpayers and all of that. And that is a burden. But some elements of it are important, because governance is important throughout the system as well, and to make sure the flow of funds is right. But I think more importantly, is trying to balance those different pressures that come on – the pressure to respond in solidarity to a crisis, the choices you make about which crises you respond to. And every choice is effectively zero sum, because money into one particular organisation or one particular response is money you're not putting somewhere else. And we don't always get those choices right. Or, as Ireland, we might think we've got it right. But the critical mass of donor action might pull the system in a different direction. And there's times when you can do something about that and there's times when you can't, and I think that adds to frustrations at the other end.

### **Heba Aly**

So could we unpack that a little bit because I find it fascinating that the things that frustrate you about the system are the same things that frustrate the agencies and NGOs receiving your money about the system, and *they* would complain, "Oh the donors are only giving us short-term funding, these are long-term problems." And they believe that you're

in a position to change that. And yet it sounds from what I've just heard from you, that you feel that you're not in a position to change that. So help me understand what is at the heart of changing that model that both of you have said, you're kind of locked into a system that isn't working or isn't effective in a context of long-term, protected crises. What is blocking you from being able to fund differently?

### **Michael Koehler**

Well, I think on the one hand, of course, there is such a thing as structural conservatism or inertia and so forth. We're all human beings, we are used to ways of operating, changing the course of a ship always takes an effort. And if your ship is a tanker, and not just a small sailing boat, it takes a little bit longer. But ultimately, I believe that it is really the shortage of money that so far at least is the main constraint. Why? If for programme 1, with partner A, I now award, let's say a three-years contract, it will consume me three times [the] money on my 2021 budget than if I gave them a contract only for one year. If I do that, I would have predictability, I would have foresight and so forth in this one project. But unfortunately, I consume three times the amount of money and I cannot finance other projects that otherwise I would finance. So we would have to come to a completely new system. We are making some tests in this regard right now. As a consequence of the Grand Bargain, we have developed this concept called programmatic partnerships, which are multi-annual partnerships on sectors. The problem is that this is an equation that, if we want to solve it, like in mathematics, requires an effort on both sides. If you have a long-term commitment, I think it must be just a bit more than a donor saying, "okay, I'll give you more money, I'll give you a contract over three or four years instead of one year." There needs to be another quality of partnership, there needs to be another quality of trust, of policy dialogue on this project and on this partnership, and probably there also needs to be something like a perspective. If I give money for nine months or 12 months, then I can accept that with this money, I'm going to address some acute needs. There are a couple of hundred IDPs, here and there. They have very urgent needs in terms of food, shelter, healthcare, and so forth. I have an NGO that promises me, with a good implementation record to solve that issue, I'm going to do it. However, if I give them money for three years, then I would like to have a perspective that after three years, they will not come and say, "now give us money for the next three years". I would like to have something that promises me at least that there is something like an exit strategy, that there is something like a solution to the problem. Or there is at least, let's say, time enough now to find a more sustainable financing system in order to take care of these humanitarian needs. And there we're coming to the nexus. So in reality, if you go for a long-term financial system, this is not only something [whereby] we create a little bit of headache on the side of donors on how we manipulate the budget, which kind of legal rules we have, it also means that there would need to be a much more comprehensive and much more responsible partnership with implementing agencies and probably also other actors in the

development area that are working in the same field. And of course, this adds a level of complexity that I think we should add, but it's not something yet that you can do from one day to the next.

## **Heba Aly**

Ruairí, at Irish Aid you have that integrated approach in which humanitarian, development, foreign policy are all under one department. Has that helped in this dilemma?

## **Ruairí De Búrca**

I would hope that it does. I mean, what I would say is, we have a lot of complexity internally around a given place because we're trying to have humanitarians, development people, foreign policy people having a conversation, and we try and resolve some of those dialectics internally. And that can be really useful. But the more people you have talking about a problem from different perspectives as well, the more challenging it can be to bring things to resolution. And then if you scale that out from beyond one donor or one foreign ministry to a more global level, that's difficult. And I think we have to be careful about, in wanting things to be better, not to have a council of failure, because I think sometimes there are voices that attach themselves to that. And from a donor perspective, that public accountability, you know, the fact that we have taxpayers' money granted to us, means that councils of failure can affect the public mood and the legitimacy which gives us the space to operate. So, in wanting things to be better and having that constant dialogue with ourselves, there is a self-criticism, which is useful. But sometimes that self-criticism on the outside isn't seen for the sort of support for and positive thing that is intended. And we need to just be a little bit mindful of that. Just to go back to the question about change. I think there's lots of models of change that are underway. They're not necessarily reaching the systemic level as yet. We do some interesting work with NGOs around long humanitarian money. You know, we have three-year funding, we're moving out to five, we invest in pooled funds, you know, on a multi-annual basis. I think one of the challenges is that, sometimes it's not always clear that when we go long, do the intermediaries go long? I think there's a data issue here, too. You know, that the DAC markers for, you know, humanitarianism are relatively kind of clunky. They don't give you the granular tracking of money through the system down that you get on the development side. So it's very hard for us to know, in real time, how much of our, you know, unearmarked money or our pooled fund money goes through the system to cash. Which means that when we want to feed it back into a system discussion, we don't always have the right data to say, look, this is where the problem is.

## **Heba Aly**

And when you say it's not clear that when you go long, the intermediaries go long, you mean that you may well be giving multi-year funding to an NGO, and it still hands out mattresses on an annual basis or thinks short-term in its activities?

**Ruairí De Búrca**

I don't think we've got the data to be able to be sure that if we give three- to five-year money in a humanitarian context, that the intermediary organisation necessarily extends that privilege to the next layer.

**Heba Aly**

But that may well be because you're giving it multi-year funding, but it doesn't have enough multi-year funding to be able to project itself.

**Ruairí De Búrca**

Exactly.

**Heba Aly**

I mean, that's where the system approach becomes so relevant, that one donor acting differently doesn't necessarily change the game.

**Michael Koehler**

If I could perhaps add a word here on this, because there has been over the past two or three years, a rather acute foreign policy problem for the European Union related to something like that. You know about the facility for refugees in Turkey, first round, second round, altogether six billion euros and so forth. And you know the polemics that have occurred around the past two or three years between the European Commission on the one hand and the Turkish government, the Turkish president, on the other hand, who always said, "Well, Turkey is not receiving money, Europe is not paying." And we were saying, "Well, we are paying!" Now, the difference was that we said, okay, we have contracted and have paid the money to the organisations that are implementing the assistance. But the Turks wanted to see what happens on the ground, what really arrives in the refugee camps, so to say, and what money goes, for example, to the Turkish Red Crescent. And of course, the story that Ruairí tells us is exactly of application here. Of course, there is a differential, so to say, between the moment when the contract is signed in Brussels and the money leaves our account, so to say, and then sort of, say, the cash or the food and whatever it is really arrives in the south of Turkey. Sometimes it's a matter of months, sometimes it's a matter of years, which has nothing to do with bureaucratic procedures, but with the fact



that aid has to be implemented in tranches, you know, you don't pay everything on the first day, you pay against progress and so forth. There are very, very good reasons for that. But the problem is that the system always leads to a situation where at some point, the donor has given the money, the beneficiary has not yet got it. And there's a lack of transparency on what happens in between. It's like a black box. And if this black box is big, it's not only an efficiency problem, it becomes a problem basically of political relations. And that, of course, is something which becomes a matter of concern for people like Ruairí and me, because, once again, we have to justify to parliaments, we have to justify to other parts of the government, to courts of auditors, how we are implementing the aid. And if I just say, "Well, listen, I contracted, I paid, and then the whole thing disappears in a black box. And after three years, we are going to get the progress report," this is simply not good enough. And therefore, for long-term financing, we need to have a much more transparent and much more seamless partnership with our implementing partners.

### **Heba Aly**

But what I hear in that is a frustration with essentially the UN layer that is the pass-through. And interestingly CGD has been doing – the Center for Global Development – has been doing a fair bit of research around donor funding and has done a series of interviews with donors, as well as a survey, with the donors that control the majority of the money in the system. And they found that multilateral agencies are the organisations that donors have the least confidence in, compared to say NGOs or the Red Crescent. And yet, you keep funding them. And so I understand that there's a need for an intermediary layer but you are expressing and, not just the two of you, but the wider donor community, dissatisfaction with that intermediary layer, and yet keep pumping money into it. And, in fact, more so we saw during COVID, when we expected this would be the opportunity in which funding would go to those local agile organisations that would be best enabled or equipped to respond to a crisis like this one, and it was the opposite. It went overwhelmingly to those big institutions. So if you're frustrated with that layer, why do you keep putting money into it?

### **Michael Koehler**

Well, first, I'm far away from doing any UN bashing. We need the UN, we need the agencies, we have excellent cooperation and OCHA is doing a great job and bringing all of us together. Now, could we do without the United Nations? Well, first, we don't want to because I mean, both Ireland and the European Union are committed to effective multilateralism. We want to work with them, we want to strengthen them. We are very happy that now we have a new administration in the United States that goes in the same direction. But let's be honest, I mean, we are facing more and more humanitarian crisis situations that are of such a size that, frankly, the response cannot just be a response operated by international or by local NGOs. I mean, if you want to have a social safety

system for 3.6 million Syrian refugees in Turkey, it is not with an NGO that you're going to address that. What we need, however, is a little bit more competition, a little bit more choice, because it wouldn't be fair to say the UN is always like that or the EU is always like that. No, there are different agents, there are different agencies, sometimes you have a choice. And sometimes this choice leads to, let's say, the possibility to select between different levels of expediency, of cost, because some do it at a cheaper price than others, and also responsiveness. And then what really is important is whether partners on both sides are ready to learn, and to understand what the other side's needs are. In that respect, because I don't want to spread doom and gloom here, I'm very heartened by the way we have worked together, for example with the World Health Organization since the outbreak of COVID. Where in the beginning, precisely a year ago, we made available, let's say a large chunk of EU money in almost unearmarked way, to be faithful to the spirit of the Grand Bargain, for WHO to address COVID needs in Africa and in Asia, in the first place. This was fine, then of course, all these governments in Africa and Latin America and Asia came to us and said, "Hey listen, we are really in trouble, can you help us?", and then answering simply, "Well, we gave money to the WHO, we cannot do anything further." That was politically not good enough. So we talked to our colleagues at WHO. And the result of this is a fairly well working system, whereby we have an ex-ante dialogue on what happens with the money, although legally speaking, it's not earmarked, we have joint communication so that people in country X or Y know that this money comes from WHO through the European Union's efforts so to say, and we are working together on adjusting the programmes as we go into this crisis, to new needs and new challenges. So what is important is that you have a real spirit of partnership. And you have developed a mentality of implementing the programme together. And I think if that is the case, then many of the problems that we alluded to in the past 20 minutes, let's say diminish in size.

## **Ruairí De Búrca**

I think if you're a European country, I think you have an automatic respect for effective multilateralism and a global rules-based order. I think you also have a sense that there's a messiness intrinsic to that, because there's lots of different perspectives, differential power bases. And I think the trick is to try and encourage the highest common factor in decision-making, rather than the lowest common denominator. Large organisations, particularly large global organisations responding to complex situations quickly, can tend towards the lowest common denominator. And I think that's where, you know, some of the frustrations come through. But that's not a council of despair, I mean I think we have a duty of hope. If we didn't have the United Nations, we'd create it again. That doesn't mean the system can't do better. But if we don't have a system, we can't make it better. Responding to COVID required a very fast response. My own view is that the capacity of the UN system to move globally, quickly was probably the best way for us to mobilise a global action. The next challenge was for us to engage with the system to make sure that in-country the size

of the UN system didn't become an obstacle to effective local engagement. What we did in a number of countries was get straight on to the RC's (Resident Coordinator's) office and say listen, what do you need to help you coordinate across the system?

### **Heba Aly**

The Resident Coordinator of the UN.

### **Ruairí De Búrca**

Resident Coordinators. Yeah, because those offices aren't genuinely strong enough to be able to navigate the UN actors in-country in many cases. And using the information gleaned from supporting Resident Coordinators, feeding back through, you know, at a certain point last year, we were on the board of CERF, for example, to try and feed in at a granular level into iterations of the Global Response Plan, so we could fine-tune it as best as possible.

### **Heba Aly**

But does having strong multilateralism necessarily mean that UN agencies have to be that intermediary funding layer? I mean, is it all or nothing? Because if you look at some of what's emerging now, we're seeing country-based pooled funds, not only those managed by the UN but also more localised NGO funds. We heard from the NEAR Network on a previous episode around kind of local coordination mechanisms that they are using not only, within the humanitarian actors, but also the private sector and others, to organise at a local level and be able to increase how much money they can absorb. I mean, apart from saying we have no other alternative, what is the way forward on localisation, understanding that you do need some intermediary level? Does it have to be the UN?

### **Michael Koehler**

If I just look at it from a purely humanitarian point of view, of course, one could do with much less United Nations. There are alternatives, at least for some projects, not for the very large ones as I said, but for some there would be. However, this is not going to happen. This is not going to happen for a number of reasons. One reason is of course that the so-called indirect support cost – you mentioned the seven percent or even higher – this is something which in a way, finances the UN system as such. It doesn't really have a lot to do with the project costs. It finances the United Nations. And if, for example, the European Union decided to set up its own aid agencies, such as other organisations like the Arab League have their own agencies, and we would direct our money to that, rather than going through UN agencies, this would create a substantive, vital problem to the entire UN system.

## **Heba Aly**

But that's a whole problem of the way UN agencies are funded, that they have to rely on those overhead costs in order to fund some of their core functions. Why not fund their core functions for what you want them to do? And then separately, channel other money through local pooled funds or whatever else for the frontline delivery?

## **Michael Koehler**

I would be exactly of your view. Unfortunately, let's say destiny had it that I went into humanitarian aid. If I was in a Ministry of Finance, then I could perhaps try to change the system. But it's what it is. And we have to make the best of it.

## **Heba Aly**

Can I push you on that Michael? Is that what it is? I mean, how much leeway do you have to push the politicians towards making these changes? And it was quite interesting, and sorry to cut you off, but CGD had also asked in its research on this question of kind of where the real obstacle was. And it found that often, the changes were feasible, it's just that they required such a significant expenditure of political will, that it was difficult for donor leaders to generate that. So to what extent is there that willingness to really fight the fight on the political side, to make some of these changes more possible?

## **Michael Koehler**

Well, I'm afraid that trying to go in this direction would be such a systemic change that many decision-makers would have the impression that the real objective of this would be weakening the United Nations, not coming to, let's say, a more efficient system. And weakening the United Nations, after the past four years, is the last thing that, at least, Europeans want to do. And by the way, it would need to be a change that would be operated by basically all countries in the world. However, there are of course, countries that are traditionally extremely close to the UN system. There are other countries that, for example, right now have been selected and have been elected to the United Nations Security Council. These countries will never go in the direction of anything that for them, casts doubt on the financial viability of the UN system. So I think this is not the way to go. The way to go is to basically apply the same criteria. And if localisation – if going straight to the people – is something that we all want and we have all signed up to in Istanbul and later, then we have to think about methodologies. And we have to think how we can do this. And this applies just as much to UNHCR and IOM as it applies to Ireland, the European Union, or any other implementing or donor agency. And I think there are ways for that. I don't believe that we need to, let's say, attack where the defenses are the thickest. And by the way, the UN system has one big advantage that is increasingly important. And that

goes much beyond funding and operating on the ground. This is advocacy. And this is creating international legitimacy. And the more we are operating and are forced to operate in crises that have to do with war, with civil war, and so forth, the more it is important to have this very strong voice of advocacy. So that is something we rather have to nurture, than to weaken.

## **Heba Aly**

Ruairí, you've talked a lot about the dilemma of being a good donor while maintaining the buy-in from the public that you need to be able to operate. How do you get around that challenge that Michael has just outlined, that if you don't want technical fixes, it does need political action. But to generate that political action, you risk actually ending up in a situation where the answer won't be reform – it'll be disinvestment.

## **Ruairí De Búrca**

I mean, I share Michael's analysis around some of the political economy questions of UN reform, particularly at the moment. And I think the danger there is actually not so much at a domestic political legitimacy question. But a more systemic risk that if you start to unpick an element of how the UN is financed, we weaken the broader institutions. And my fear would be that broader weakening would then have a negative feedback to popular opinion. I think we have to accept that political bandwidth, particularly at a time of crisis like COVID, in every country, is going to be constrained. So I think we have to be very careful about what we ask political leaders to do. And I think one of the things that has changed in the international system is the media. Media landscape is, you know, particularly in digital media where algorithms kind of thrive on conflict, political time is shorter and legitimacy has moved out of the classic people who, when I grew up, you know, it was the bank manager, usually male, wearing a suit. But most of those kinds of people that you trusted are not trusted in society anymore, including political leaders. And I think those political economy questions around change and who leads change matter. So for me, it's about having a bottom-up engagement around change and leadership in the humanitarian sector. So for us, our engagement with NGOs who engage on the ground, or individuals who have stories to tell about what's working, who legitimate actions, is really critical. And they create the space for political action. The other space that I think is going to open up and I think it's going to challenge us, you know, in terms of humanitarian action, but maybe in a positive way, is the emerging discussion around climate. Five years ago, we concluded the Paris Agreement, not a lot happened. And then in the last two years, I think there's been a sea change, you could say maybe as a result of Greta Thunberg. But I think it's more profound. And we're beginning to see a lot of political activism around climate. And I think we need to really engage with that intersection between climate and humanitarianism over the next while, and I think that brings us back to that conversation

with our citizens in a new way. I also think it'll challenge us about some of what we define as the spaces for humanitarian action.

### **Heba Aly**

So that's a great pivot. I mean, you've just described climate change as the game-changer. If we're to take a view outside of the system, because you've both said there are constraints to the degree to which the system will ever change. And the system has tried to inject what were meant to be game-changers, whether it's cash programming or anticipatory financing or performance-based financing, and none of them have fundamentally changed the game even if they've led to incremental improvements. So, what is the game-changer out there? Particularly as we're now heading into a global recession, the needs as a result of COVID and all of its knock-on effects are going to be higher than ever. If the solution is not within the system, where is that solution in changing the game as to how these needs are met?

### **Michael Koehler**

I think the future of humanitarian aid will be decided not in the traditional area of humanitarian aid in the proper sense of the word, but rather in this grey zone between humanitarian and development. If you see, for example, a case like Yemen. Five years back in the European Union, we had a sizable development aid programme for Yemen. And we had, let's say, 20 percent or so of that amount also in terms of humanitarian aid. Given the evolution of what is happening in Yemen – militarily, politically, and also from a humanitarian point of view – today development aid is 10 percent and humanitarian is 90. Now, unless, and I hope that of course, there is some sort of political solution to the Yemeni crisis, this kind of development is going to continue, we are going to be in a situation where more and more the humanitarian needs are going to overwhelm us. And at the same time, there will be all kinds of needs where I would say, humanitarian classics would say, “hmm, we understand the need, but is this really our core business?” And you could come to the conclusion.

### **Heba Aly**

Like the climate change example.

### **Michael Koehler**

You could come to the conclusion to say, no, this is not our business, but who else will then take care of that? Social safety nets are, for example, such an item, but there are many others and climate change, you're right, will indeed add to the list. It will create, for example, the need for resettlement programmes for people who need to get out of the

wadis and further up in the mountains. This will have huge social impacts, social distortions will be created, tribal problems will arise. So we are getting into an area that is somehow mixed. The question is first: Do we want to do this? Which structures do we need for that? And thirdly, which kind of financial sources do we need for that? I'm not only speaking about more money, but also other money.

### **Heba Aly**

When you say, do we want to do this? What is this?

### **Michael Koehler**

Well, of course, you could also be, let's say, a humanitarian conservative and say, "Listen, I feed people so that they don't starve to death. What happens beyond is other people's business." If you do that, in a way, you stay faithful to your doctrine, fine. But in reality, you create a problem, a gap. And we see this in all the protracted crises. You know, that is I think, one of the reasons why, for example, the European Union a couple of years back, we started with education in emergencies. And it was a big game-changer. I mean, many of my colleagues here at the time were dead set against and said, "this is not our business". But today, if you see that crisis situation takes 10, 15, 20 years, and about 60-70 percent of the people affected are at school age, and if you believe that there should be no lost generation, and if you see that the development people are not really dealing with this as a matter of priority because they have other well-chosen priorities, then maybe you say, "Okay, well, at least certain segments of that problem should be dealt with within the framework of humanitarian aid, and then we have to develop instruments for that." And I have to say, I have a decent degree of optimism in that regard, because that, for me, could be a trigger for us to renovate our financial system. And to go through some of the forms of innovation that our colleagues on the development side have been implementing over the past 15 years. But on the development side, it's perhaps easier. The humanitarians are still working basically on the level of grants that come either from public budgets or some private donations. We should show a little bit more imagination and turn many of the erudite talks that we have about these things into pilot projects and reality on the ground.

### **Heba Aly**

And here, you're talking about insurance schemes, bonds, and the like.

### **Michael Koehler**

Insurance schemes, bonds, blending schemes, and so forth. On the EU side, we want to start a couple of pilot projects in this budget year.

## **Heba Aly**

But in fact, often these things end up costing the donors more. The premiums are high, you're paying interest and I'm not sure that actually the donors are winners in all of this.

## **Michael Koehler**

You know, when Mr Daimler constructed the first car at the end of the 19th century, I don't think he was heading for the degree of efficiency that we have in the modern electric car. Therefore, we have to run a pilot. But it's only once you try it that you can come with cost benefit analysis, that you can look at the detail, that you can look at what it means in Mali in comparison to Venezuela, and so forth. So I think we have to look for some options. And when I see what the colleagues who are working in the Civil Protection branch are already coming up with in terms of risk insurance schemes, I see that there are a couple of things that we can learn from them. And there are certainly humanitarian scenarios where this could be applied.

## **Heba Aly**

I mean, Michael, you've just outlined, essentially a moving away from the current business model, which is...

## **Michael Koehler**

Not a moving away, but adding some instruments to our toolbox without throwing away the existing instruments that will still, of course, be the main ones.

## **Heba Aly**

But there are those who are arguing not only that the current model of governments giving charities and NGOs money because they do good work, shouldn't last, but it won't last. And I've spoken to senior aid agency leaders who see that even within the next decade, this business model will die. Ruairí, do you think there is a future for the kind of aid that we are used to today?

## **Ruairí De Búrca**

I'm not so certain that it will die. There might be less money in certain ways, but I don't think it will disappear. And I think what's interesting about the moment we're in, around COVID, is that everybody in the world has had their lives impacted. And there's a sense of, I think solidarity, which might not always, you know, be manifest in terms of some of the global politics, but I think there's a moment of solidarity where people see. And I think,



from a political policy perspective, you know, we will see a reinvestment in global health over the next while because we need to. If you're living in Europe, those refugee crises and the drivers of those refugee crises, which include conflict and include climate and lots of other things, means there are very good public policy reasons to invest in what are classically development and humanitarian things, probably for 20 years, hopefully for less. But I think the challenge is to make sure we do it in a smart way. And I think one of the things that probably we haven't done well, collectively, is linking the politics of what we do with the financing of what we do. Sometimes, countries that are very generous donors are also amongst the drivers of conflicts etc. And so, you know, the public policy is pulling in two separate ways. And I think there has to be ways in which we put pressure on each other better around that. In a classic humanitarian model, we don't invest enough in the governments and the state structures of the countries where we're engaged, and oftentimes we can even hollow them out. And so, at a certain point, are we perpetuating the crisis, because we haven't invested enough in the state structures so that we can transfer the business from the first responders, to the people who live there long-term? And I think climate and how we respond to climate, which is again a global issue, which requires global responses, means that OECD countries will continue to have to invest in – and EU countries – in the world outside. Does that mean we'll do it through the exact same NGOs or big organisations that we have today? I think that's as much about how organisations themselves evolve and change. And we'll push that. But there's also an element that they have to want to change themselves and respond. I think one of the spaces for a relatively small donor like Ireland is that maybe we can take a punt on a few things, and move a bit earlier, not put big money in, you know. So, we do some risk reinsurance in the Caribbean, and it works very well. You know, in response to natural disasters, I think there's a very real space for that. I also think we have to do some serious internal reflection about where our added value is in terms of other exotic instruments. And if we don't understand it and we can't manage it, I think one of the lessons from the financial crisis is: don't go there. It's too sophisticated for us. One of the nice things, I think, for us is our money is free into the system, you know, it's cash. And so we can do something with free cash, that's different to something which is a bond, which has to be paid back or carries a coupon. But there's a place for that as well. And I think, I always, and this is a personal thing, I'm always wary of a silver bullet solution. I just don't think that there's a magic thing that we can do that will make everything better. So I think reflections like we're having today, we have to always, I think, reflect what's the best solution for the problem we have. And the last thing I'll say is, and this is a very much a donor problem, but I have the team I have, you know. If I want to change direction, I can't wake up in the morning and say to 150 people, “do you know what, don't come into work tomorrow, we're going to get another 150 people, you know, and we're going to go in a different direction.” So change is going to be also based on the skillsets we have. And I think there, you know, understanding our comparative advantage and evolving it rather than revolutionary

change probably is the best that I can do with the skillsets that are available to my team, who I think are really good, by the way. But it is a factor.

### **Heba Aly**

It's just that the problem is so big and at such a scale that those kinds of incremental changes are just not going to be enough. As you've pointed out, Michael, now we're going to have climate change barreling towards us, we already have the impacts of COVID playing out around the world, and there will be less money. And the money that already exists is not going far enough. And that money is likely to shrink in the future. So that's kind of just intellectually, something I wrestle with every day: What is the way out of this? How does this lead to something better, or more effective?

### **Michael Koehler**

Well, maybe we are in a comfortable position here in the EU because we have just received the green light from our member states and the European Parliament on the next financial framework. So we have now financial certainty for seven years to come. And part of that is that we got an increase in humanitarian funding of 35 percent. So this is at least a grace period. And I think in this grace period what we need to do is: first, go for financial innovation, go for money that makes more out of the euro. And there are techniques from risk insurance to blending. I've been working in development aid for many, many years. And although things cannot be compared if you go for blending operation, and we have used that, for example in the north of Jordan, where you have 50 percent of refugee population from Syria. If you use one euro there, you can get 13, 14, 15 euros in concessional financing, which can be used for water supplies, for educational projects and so forth. So there are possibilities. And the other thing is we really need to use this grace period for building stronger local capacities, stronger resilience. And that not doesn't only mean well-trained and well-organised people, but also consciousness. This in my view will all be part of humanitarian aid in the future if we do not only want to cope with the consequences. It's always better in life to prevent rather than to heal. And I think we have to get into a mentality where we excel in healing, but get better on prevention as well.

### **Heba Aly**

I'll just close with this question, then. Because I find it as an observer, a journalist on the outside of all of this, it's always a bit mind-boggling for me that even with the donors, there's this list of things that we could do or should do. And yet, you aren't in a position to do them. You've just talked about building local capacity. But we've just heard from you that actually, localisation is nearly impossible for donors. And so there's these tensions that I never quite know how to wrestle with. But we ask, in any case, all of our guests, if they had millions of dollars at their disposal and a magic wand that they could wave with

a wonderful solution to all these challenges, what would it be? In this case, you do have millions of dollars at your disposal. So perhaps I'll ask you, if you could escape out of your bureaucracies and snap your fingers and spend that money in the way that you think would be most effective, what would you do? Ruairí, maybe we can start with you.

### **Ruairí De Búrca**

Before I answer the question, I don't think localisation is impossible for donors. I mean, I think we have some good models. I mean, but I think we have to be patient about how we do it. And I think we need more data, as well. There's evidence that it's beginning. But it's maybe slower than we want, but I'm careful about a council that says it's impossible, because that becomes a self-fulfilling prophecy I think, and it's not. It's just hard. But hard is a challenge we have to accept and keep working at. And I do think we need to have better data. And the incentive structures for the intermediaries that we discussed earlier on, need to be interrogated. And we all have a job to do on that. But to answer your question about a million dollar idea, or a billion dollar idea, I think the fundamental problem isn't actually a money problem. I mean, ultimately, humanitarian crises by and large don't require humanitarian solutions. They require political solutions. Even natural disasters, you know, are often the result of human decisions. So, I do think one of the big challenges is trying to be less linear, about how we conceive of where humanitarianism is. People don't live these kinds of lives where they define themselves as I'm a humanitarian case, or I'm a development case, or, you know, I'm a peacebuilding case. People have needs, we do need to be more needs-responsive – those needs happen in a context and that context is usually political. And I think we have to align all of the tools at our disposal, and the really challenging one is the political ones, to be honest, to make sure that as we try and address those immediate needs we're building for the medium- to long-term, but we're also conscious of the drivers of the problem and what we need to do to put in place long-term viable political solutions so that those drivers are minimised or mitigated as best as possible into the future. And I think one of the challenges there is how we conceive of the concept of humanitarian neutrality. You know, neutrality on the ground, I don't think can mean neutrality in terms of trying to change the politics to drive humanitarian change. And that's a hard question, but I think it's a really important one.

### **Heba Aly**

Sounds like the next podcast episode has to be with the ministers then. Michael, what about you? With the millions of dollars, in fact \$2 billion, at your disposal?

### **Michael Koehler**

Well, firstly I agree more than 100 percent with Ruairí. Actually, he read from my heart when he spoke. No, strangely enough, Heba, we were in this situation in the month of May.

The European Commission came with a new proposal for this next new financial framework. And one of the ingenious ideas there was to add another five billion euros, in the framework of the so called European Recovery Plan, as an extra bonus for humanitarian aid that we would have for only three years: five billion euros, spend them in three years, in order to help the world to heal from COVID. Well, unfortunately, our heads of state and government then found that they had other priorities, so we didn't get the five billion, but we made the plans for them. And knowing that this would be a large chunk of money, knowing also that we wouldn't have it forever, we came very quickly to the conclusion to say, well, we have to invest it in a way that it creates sustainable structures – not to satisfy the needs in a better way and then after three years people are even more hungry than before. No, rather invest this in building up local structures, local skills, local capacity, local awareness. And that is something that we have planned. So it's in my drawer here, if I open my drawer, I still have this plan. So if the good fairy comes tonight, I will present the wish to her. But I agree with Ruairí, the real challenge is not to have much, much more money, although nobody would complain about having more money, obviously. The real challenge is that, altogether – and this is not only true for donors, this is also true, I think, for the United Nations and for many big NGOs – all of us, we're spending much too much time with coordination and overcoming artificially created barriers that we wouldn't need to spend time and energy on if the structures were different. So if over time we came to a situation where we wouldn't think of, well, I'm development or I'm humanitarian or I'm peacebuilding or I'm diplomat, or whatever. But we rather think of what it takes to make a certain situation a better place. And only then we say, okay, now we take a little bit of money from our humanitarian budget line, we take a little bit of money from our development budget line, and so forth, I think it will be much, much easier. But I'm afraid I have to be reborn in order to live that scenario. Until I'm reborn, I'm going to work relentlessly on the nexus and on a bigger understanding between the humanitarian community, the development community and the peacebuilding community, in order to enable us to sing from the same hymn sheet in a much more harmonious way.

### **Heba Aly**

Gentlemen, I could continue asking you questions forever. This has been really interesting. I thank you very much for joining the Rethinking Humanitarianism podcast. Unfortunately, we'll have to leave it there for now. But thank you very much.

### **Ruairí De Búrca**

Thank you Heba.

### **Michael Koehler**

Thank you, and there may be a new podcast in some time.

**Heba Aly**

That 's right! You've prompted a whole bunch of spin off podcasts now. We'll get straight to work on.

**Michael Koehler**

Many thanks, it was a pleasure.

**Ruairi De Búrca**

It's really, really stimulating conversation. And I think some homework for us to take forward as well, which is always a good thing.

**Michael Koehler**

Absolutely.

**Heba Aly**

Happy to hear it.

Before we close for today, our Audience Engagement Editor Whitney Patterson is back in the virtual studio to open the listener mailbox. Hey Whitney!

**Whitney Patterson**

Hello! Well we heard from Kate Moger, Vice President for the Great Lakes region at the International Rescue Committee who had some general praise for the podcast as well as a suggestion.

**Kate Moger**

I've just listened to the climate change podcast as I try to every week on my lockdown walk, and I'm just astonished again by how this series feels both so current and topical and fresh and brings such a multiplicity of perspectives, while also weaving this really strong narrative for change across the different episodes. Today, I think my takeaway was Paul Knox Clarke's "ask not that we can do but how can we fit in the overall system," which really resonated for me with Tammam Aloudat's recommendations in the previous week about power and about ensuring that hierarchies based on colonial history and colonial norms don't inform decisions about who lives and who dies. That sense of humility carried

across the episodes for me. If I can make one suggestion, I would also love to hear more specifically focused on intersectional feminism and how the humanitarian sector could apply feminist leadership to achieve the transformation that you're discussing.

### **Whitney Patterson**

It's great to see the episode resonating.

### **Heba Aly**

Yeah, and I love her point on humility and it's certainly something we've seen through the COVID crisis. And I remember at the start of the pandemic, the head of the START Network told me: This is a humanitarian crisis that doesn't have a humanitarian solution and she really saw humanitarians as being a bit player in this crisis. As for the feminism piece, it is indeed a growing area of focus. We've seen Canada and Sweden adopt feminist foreign policies and a number of organisations from Women Deliver to ActionAid putting forward clear policy ideas for a more "feminist" humanitarian system. So, certainly something for us to touch on in the future.

### **Whitney Patterson**

Yeah, and in terms of feminist foreign policy and women and girls' perspective on humanitarianism, we've been gathering all of our coverage under the banner of a series called "She Said" on our site. I recommend checking it out to hear those voices foregrounded, and I'll put the link in the show notes.

Moving on to last week's episode on climate change, we heard from Professor Maarten van Aalst in the Netherlands. He's the director of the Red Cross Red Crescent Climate Center and a lead author on the Intergovernmental Panel on Climate Change. He pointed to a few more angles he felt humanitarians need to be thinking about.

### **Maarten van Aalst**

There are often systemic risks – they don't play out in a simple change in a single hazard in a single location. We are dealing with pervasive problems, much more similar to COVID, than to an individual storm. And the multiple storms we have seen in single locations are one example of that. But the food crisis of 2010, with harvest failures in Russia and Australia adding to the food crisis in Africa – that was actually also aggregated by another key aspect, that the solutions sometimes become part of the problem – and in this case, it was the solution of creating biofuels which competed with food production. The IPCC is increasingly looking at the way risks are playing out – not just driven by the climate

system but by the way the climate system interacts with development and how that creates the new risks we'll face in the future.

### **Heba Aly**

Yes, that's precisely where the system is weakest as I think Paul Knox Clarke pointed out in that episode, looking at those systemic risks. And on the negative side-effects of development, the Intergovernmental Panel on Climate Change raised some time ago actually, that measures to combat climate change won't always be positively aligned with achieving the Sustainable Development Goals – or could even be counter-productive to them. So there's some real thought needed, I think, to which solutions are used, in which order to be able mitigate that risk. And I think that's going to create quite a few dilemmas for the sector moving forward. As just one small example of that, we have a story coming up looking at the carbon emissions produced by the humanitarian sector – and if you think about that, if in order to save lives, you're contributing to climate change which then puts people's lives in danger, you've got yourself in a pretty tricky situation.

### **Whitney Patterson**

While on the topic of contributing to problems you're trying to solve, we also heard from Bistra Zheleva, Vice President of Global Strategy and Advocacy at Children's HeartLink in Minneapolis, in the US – by the way, that's an organisation that tries to improve paediatric heart care in underserved parts of the world – and she addressed a number of topics we've covered on the series from the dominance of UN agencies to the decolonisation of aid.

### **Bistra Zheleva**

This industry has several behemoths and their existence is perpetuated by the funders who allow only a certain type of NGO (or private contractor) to be able to compete for the grants. My small organisation has been in existence for over 50 years but we will never be eligible for large grants nor have the opportunity to be noticed by donors. The allowing of several groups to become practically monopolies is to me a failure of capitalism, which we see in other areas of the economy, not just humanitarian work. And we know modern day capitalism has colonial roots, especially US capitalism. So I would argue that the colonial mindset is very much a donor problem and some NGOs have been able to adapt and win financially while others are lagging. Look at us and many like us – we don't have a colonial approach, yet we suffer from the lack of funding because the funding practices are colonial.

### **Heba Aly**

That's such an interesting angle that hasn't really been looked at in-depth – and yet another example of just how much funding practices shape the system as per our conversation today. Thanks so much Whitney.

### **Whitney Patterson**

My pleasure.

### **Heba Aly**

As I mentioned earlier, this is the second-to-last episode of our initial 10-part Rethinking Humanitarianism podcast series. But as our listeners and guests today have made clear, there's still a lot to unpack – from what a feminist humanitarian system could look like to hearing from politicians on changing fundamental structures. So stay tuned on where the series goes from here.

But in the meantime, in the final episode of this initial 10-part series, we're going to gather all of the multi-million dollar ideas that we heard from guests over the course of the series and put them to people in a position to actually act upon them – for their thoughts and reactions.

So, I'm excited to see where that will lead! If you have thoughts or reactions on how donors can incentivise change or anything else you've heard on the podcast – tweet your comments or questions to us via @CGDev and @newhumanitarian with the hashtag #RethinkingHumanitarianism, or you know I like those voice notes, send in a voice recording to [RHpodcast@thenewhumanitarian.org](mailto:RHpodcast@thenewhumanitarian.org). We'd love to hear your voices on the show.

If you're a regular listener, I really appreciate you leaving a review of the podcast to help other people discover the series.

For more on funding trends in humanitarian action, head to [www.thenewhumanitarian.org](http://www.thenewhumanitarian.org) and [www.cgdev.org](http://www.cgdev.org). And in particular, the Center for Global Development has a recent blog post out on this topic so we'll drop that into the show notes.

Thank you for listening to Rethinking Humanitarianism. Bye for now.