


# New development: Accounting for human-made disasters—comparative analysis of the support to Ukraine in times of war

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## IMPACT

The article provides interesting insights and highlights tensions in the multiple international responses to supporting Ukraine following the Russian invasion in February 2022. Humanitarian aid and donations were launched almost instantly, while military support varied from country to country. The pattern of immediate reactions enables the visualization of global economic and financial architecture and suggests how governments and international institutions might better address future crises. The article will be of value to practitioners by critically assessing and re-evaluating support packages in addressing human-made disasters and subsequent humanitarian crises.

## KEYWORDS

Accounting; man-made disaster; international responses; Ukraine; war

## ABSTRACT

On 24 February 2022, the Russian army attacked several Ukrainian cities and launched a full-scale invasion of Ukraine. This disastrous decision by the Russian government caused the outbreak of war and started a domino effect of subsequent crises on a global scale. The authors initiate a debate on accounting to mitigate a human-made disaster, as well as mapping and analysing the multiple responses to the invasion, based not only on humanitarian aid but also on military and other types of support. Only a few accounting studies have to date explored human-made disasters related to socio-technical and warfare shocks. Importantly, this article begins to fill this gap and presents a future research agenda.

## Introduction

On 24 February 2022, the Russian government ordered the entry of military forces onto Ukrainian territory. With this action, Russia launched a full-scale invasion of Ukraine. At a striking pace, the war caused an economic and humanitarian crisis. For example just over one month after the start of the war, thousands of Ukrainian civilians had died, the infrastructure of the biggest cities had been destroyed and over 3.7 million Ukrainians had fled to neighbouring countries.

A United Nations (UN) resolution, approved on 2 March 2022 with the support of the majority of member states, admonished Russia for the invasion and demanded that it ‘immediately, completely and unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders’. The international community united in expressing significant support for Ukraine in facing this disaster. In addition to help with military assets and in-kind contributions, international organizations, national governments, fundraising organizations, and volunteers announced support packages for Ukraine.

## The role of accounting

Accounting for disasters and crises has said much about their potential impact on economies and societies (Sargiacomo et al., 2021) of catastrophic events resulting from natural disasters, such as volcanic eruptions, tornados, earthquakes or pandemics (Sargiacomo et al., 2014; Shimizu & Fujimura,

2010; Grossi et al., 2020; Rinaldi, 2022), over which humans have no control (Sargiacomo, 2015). Only a few accounting studies have explored human-made disasters related to socio-technical and warfare shocks (Shaluf, 2007) and those connected to catastrophic events resulting from human decisions (Chwastiak & Lehman, 2008). Disasters are also interconnected, as one extraordinary event can bring on other shocks. These are subsequent disasters that result from natural and/or human-made disasters, such as floods or refugees (Shaluf, 2007).

We unveil the role of accounting for a human-made disaster, in the case of the war in Ukraine. The article follows a global perspective and maps the multiple responses of international organizations, national governments and non-governmental organizations to the disaster caused by a human decision. The information for the article was gathered from the official sources—websites and press releases—of the international actors.

The overall amounts of financial, humanitarian, and in-kind support, which Ukraine received during the first month of the war, are difficult to quantify precisely due to the lack of data systematization. According to the Head of the National Bank of Ukraine (The National Bank of Ukraine, 2022), the overall estimate of the international financial, technical and humanitarian support to Ukraine has reached 15 billion USD. However, the data is rapidly changing as more governments are announcing new support packages to Ukraine. We detail immediate responses by international organizations and national governments below.

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## Immediate responses of international organizations

From the start of the war, international organizations were quick to provide financial support to Ukraine, mainly for emergency humanitarian purposes.

### *European Commission (EC)*

The EC supported Ukraine with emergency assistance, both humanitarian aid and civil protection assistance, for example food, water, shelter, and the meeting of basic human needs. The EC announced an additional 90 million EUR for emergency aid programmes to help civilians in Ukraine and Moldova affected by the war, as part of an urgent aid appeal by the UN, European Commission (2022a). On 1 March 2022, the EC announced 500 million EUR of additional funding for response activities dealing with the humanitarian consequences of the crisis. After 10 days, the EC decided to urgently disburse 300 million EUR of macro-financial assistance as the first tranche of the financial package approved on 24 January 2022 amounting 1.2 billion EUR. The EC is also planning to allocate an additional 120 million EUR of grant support, which will be directed to strengthening Ukrainian institutions and resilience, European Commission (2022b).

In addition, the EC is considering creating a solidarity fund for Ukraine to help provide basic services in the country and meet citizens' immediate needs. EC President Charles Michel tweeted on 18 March 2022 that 'The Fund would give liquidity for continued support to authorities and in the longer term serve as a backbone for reconstruction of a free and democratic Ukraine once hostilities stop'.

For all member states, the EC proposed on 23 March 2022 to increase pre-financing from 11% to 15% of the 2021 Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) tranche. Moreover, for the frontline member states (Hungary, Poland, Romania and Slovakia) and for the member states that received the highest number of people from Ukraine in proportion to their national population (above 1% between 24 February 2022 and 23 March 2022—Austria, Bulgaria, the Czech Republic and Estonia), the EC suggested increasing the percentage of pre-financing to 45%. Thus, the total increase of pre-financing equalled 3.4 billion EUR to be paid to member states upon approval of the proposal by national legislators.

### *World Bank*

The World Bank stated on 7 March 2022 that they were going to provide 3 billion USD of financial support to Ukraine. The World Bank initially mobilized an emergency financing package of 723 million USD. The same day, its board approved a supplemental budget support package—Financing of Recovery from Economic Emergency in Ukraine—of 489 million USD. This support was to help with the delivery of critical services to citizens, for example financial support to hospital workers, the elderly and the vulnerable. The initial World Bank support was increased with guarantees from the Netherlands of 89 million USD and Sweden of 50 million USD. Additionally, the World Bank launched a multi-donor trust fund to facilitate the channelling of grant donor resources to Ukraine, with

contributions from the UK, Denmark, Latvia, Lithuania, and Iceland to the amount of 134 million USD. Japan linked 100 million USD in parallel financing to the support package (World Bank, 2022).

### *International Monetary Fund (IMF)*

After the beginning of the war, Ukraine requested emergency financing, which was greenlighted by the IMF Executive Board in the amount of 1.4 billion USD under the IMF's Rapid Financing Instrument (IMF, 2022). The IMF continues to work on Ukraine's Stand-By Arrangement programme, under which it is planned to distribute an additional 2.2 billion USD by the end of June 2022.

### *The North Atlantic Treaty Organization (NATO)*

On 27 February 2022, NATO expressed its support for Ukraine and encouraged the delivery of humanitarian and non-lethal aid, while individual NATO member countries used their right to decide whether to send military support to Ukraine.

### *UN*

The UN Refugee Agency (UNHCR) stepped up its operation and capacity in Ukraine and neighbouring countries, to support Ukrainians forced to flee their homes, with emergency cash assistance and psychological support. The United Nations Children's Fund (UNICEF) announced 400 million EUR to help Ukrainian civilians and children.

### *International Committee of the Red Cross (ICRC)*

The ICRC assisted Ukrainians with evacuation; it distributed over 90,000 food and hygiene parcels, 7,000 critical care items and 32 tons of food, medical supplies, and various household items to Ukrainian families; it also provided first-aid training to more than 12,000 people (Red Cross, 2022).

## Responses by national governments

International support for Ukraine during the first days of the war was significant (see Table 1). The money raised by individuals or governments in most cases went to specialist organizations dealing, for example, with refugees, and to international organizations. All 27 EU member states, plus Norway and Turkey, offered help to Ukraine via the EU Civil Protection Mechanism, gathering 80 million EUR for humanitarian purposes. The following groups of humanitarian aid were provided:

- Medical aid (first-aid kits, medicines, medical equipment, hospital materials, bandages, surgical gowns).
- Housing supplements (pillows, blankets, sleeping mats and bags).
- Food and personal care items (clothes, hygiene parcels for children and older people).
- Emergency equipment (protective clothing, tents, firefighting equipment, power generators, water pumps).

Tracing the financial terms of the military support provided is challenging, due to the lack of transparency of several countries unwilling to disclose their military

**Table 1.** Immediate support from national governments.

Country	Types of support				Humanitarian								Military					Other	
	Medical aid	Housing supplements	Food and personal care	Emergency equipment	Ammunition	Small arms	Combat clothing	Fuel	Anti-armour weapons	Anti-aircraft weapons	Financial aid to the army	Drones	Financial	In-kind					
Austria	Distributed via humanitarian organizations						•	•											
Australia	Distributed via humanitarian organizations				•	•					•		•	•					
Belgium							•	•	•										
Bulgaria	Distributed via humanitarian organizations												•						
Canada	Distributed via humanitarian organizations				•	•	•			•		•	•	•					
Czech Republic					•														
Croatia	•	•				•	•		•					•					
Denmark	•			•			•		•	•			•						
Finland	Distributed via humanitarian organizations				•	•	•		•				•						
France	•	•	•					•	•										
Germany	Distributed via humanitarian organizations						•	•	•	•				•					
Greece	•		•		•	•			•										
Estonia	Distributed via humanitarian organizations				•	•			•	•									
Hungary			•					•											
Ireland	•						•	•											
Israel	•												•	•					
Italy						•			•	•			•	•					
Japan	•	•					•						•						
Latvia			•				•		•	•	•			•					
Lithuania	•	•	•		•	•	•		•	•			•	•					
Malta													•	•					
New Zealand	Help delivering humanitarian support to Ukraine						•												
Norway	Distributed via humanitarian organizations						•		•					•					
Poland	•	•	•		•	•						•		•					
Portugal					•	•	•							•					
Romania					•		•	•					•	•					
Slovakia	Distributed via humanitarian organizations				•			•	•	•				•					
Slovenia	Distributed via humanitarian organizations				•	•	•												
Spain	Distributed via humanitarian organizations				•	•	•						•	•					
Sweden	Distributed via humanitarian organizations						•		•				•	•					
Switzerland	•																		
The Netherlands	•	•			•	•	•		•	•									
Turkey	•	•	•	•	•	•	•		•			•							
UK	•	•	•				•		•				•	•					
USA	•	•	•		•	•	•		•	•		•	•	•					

Source: Compiled by the authors based on the data obtained from the acknowledged scholars and official websites of national governments.

contributions to Ukraine (for example France and Poland). However, other countries, like Italy, the UK and the USA, announced their intended military support more openly. Military support to Ukraine can be traced through financial support directly to the military sector, or physical assets and material resources deployed to the Ukrainian government, including lethal or non-lethal weapons. As shown in Table 1, the neutral status of some countries like Switzerland, or the political orientations of others, like Hungary, framed their decisions about whether or not to supply military equipment. Moreover, several foreign volunteer military battalions were reported to have been sent to Ukraine, although the exact number had not been officially disclosed at the time of writing.

Other types of support, including donations, legal assistance, and the sheltering of refugees, to varying degrees, were traced from many countries and also non-governmental organizations. Several European countries also launched specific grants for Ukrainian artists and academics.

### Conclusions and future research avenues

This comparative overview has highlighted the importance of extraordinary governance on a global level during human-made disasters such as war. Countries that have effective transfers and assistance programmes for military, humanitarian and development purposes, or international organizations like the EC, IMF, the World Bank, UNHRC and UNICEF that can pool resources from different countries, are able to effectively address subsequent humanitarian disaster and reduce the harm of inequalities in Ukraine and neighbouring countries. At the time of writing, the permanent and long-term consequences on public finance, budgetary institutions and fiscal governance in Ukraine and around Europe are not fully known. Our initial analysis shows paradoxical responses that give priority not only to humanitarian aid but also to military aid and focus primarily on short-term measures, rather than addressing the long-term impacts and the reconstruction of a free and democratic Ukraine.

Our comparative analysis of the immediate support to Ukraine shows that governments possess the ideas and political tools to handle the immediate effects of a human-made disaster. However, they may lack both the capacity to use these tools cost-effectively and the appropriate strategies to meet the various needs in a responsible and accountable way—especially from a long-term perspective. Future research is needed to look back at the experiences during Russia's invasion and draw important lessons from different countries about re-budgeting, humanitarian policies, accounting and auditing practices, so that countries will be better equipped in the case of emergencies. Besides multiple paradoxical responses (humanitarian, military and others), several accounting themes need to be identified as either accounting-specific (accounting procedures, budgeting, costing and disclosure) or accounting-related (financing, auditing, prevention of corruption and performance evaluation). Equally important will be research on accounting during and post war disasters, considering wider sustainability issues, not only financial but also social, humanitarian and environmental, in a way that is coherent with the UN's sustainable

development goals. Finally, despite the great harms and the many challenges posed by this new global emergency, it has already provided a much-needed stimulus for scholars and practitioners to reconsider both the role of accounting in supporting human and social development and the need to be more transparent and less secretive about the nature and effects of humanitarian, military and other developmental support on the quality of societal life globally.

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