Executive Summary

The fading of the Humanitarian Reset

How donor governments and fair financing models could save reforms

CHA
CENTRE FOR HUMANITARIAN ACTION

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A crisis of "legitimacy, morale, and funding"

The summer of 2025 could one day be seen as a milestone in the long-standing efforts to reform the humanitarian system. Following the official closure of USAID on 1 July, the world's largest donor institution to date, the meeting of the Interagency Standing Committee (IASC) in early summer was expected to set the course for the *Humanitarian Reset* – a reform process that must overcome nothing less than a crisis of "*legitimacy, morale, and funding*". At the same time, the European Commission and Germany, the largest humanitarian donors after the US to date, made far-reaching decisions about their future humanitarian engagement, while expectations placed on them to shape the humanitarian aid of the future are higher than ever.

It is therefore a crucial moment to reflect on where the humanitarian community stands six months after the announcement of the cessation of all US aid funding—what progress has been made on reform, what obstacles have become apparent and what role donor governments, international and local aid organisations from the UN and civil society play at the stakeholder level. Considering current developments in late summer 2025, the interim results of the overarching UN80 reform process and the latest so-called *Reset Roadmap*, it is also important to answer the question:

Is the *Humanitarian Reset* already fizzling out?

Donor representatives see reform momentum lasting only until the end of 2025 at the latest

The very vague IASC decisions last summer, the *Reset Roadmap* developed by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) in August, and the status of the much-criticised parallel UN80 initiative all make it clear that this is a real danger. Even donor representatives believe that the momentum for reform may last only until the end of 2025 at the latest.

To get substantial reforms off the ground, donor governments, UN agencies and INGOs urgently need to change course and do their homework if a genuine reset - or *renewal* - of the system is to be achieved, let alone the *transformation* that some had hoped for. At the same time, the progress needed at all levels of actors is interlinked:

Donor governments, led by European top donors must increase pressure on the UN and civil aid organisations to undertake substantial reforms and make funding decisions contingent on progress.

Only credible donor governments will be able to persuade humanitarian actors to make painful changes

To achieve this, expectations are rightly high—including for the like-minded humanitarian donors themselves, who continue to commit to humanitarian values and principles verbally. Only governments willing to meet their own expectations—by avoiding excessive political prioritisation of aid and resisting a financial *race to the bottom*—will have the hard power and the credibility to convince humanitarian actors to make the difficult yet necessary changes. "*Only if we can maintain a substantial, reasonable budget, we have a chance of influencing the reform processes*," predicts a top donor representative.

How much help is appropriate?

Numerous donor countries have promised to continue financing humanitarian aid at an appropriate or, in the words of the new German federal government, "*adequate*" level. At the same time, an unprecedented process of cuts to humanitarian budgets is underway not only in the USA, but also in Europe. The question of what constitutes an appropriate budget for a given donor government and how this can be defined transparently, therefore, appears central. However, so far, none of the actors involved has provided a transparent or consistent answer. Unlike in the defence or development sectors, for example, there are until today no internationally agreed financial targets or for a start a substantial debate about what would constitute an appropriate humanitarian commitment based on which criteria by a donor government?

In an era of *Contested Aid*, rapidly shifting narratives and eroding credibility among reform-oriented donor governments, which are increasingly shirking their humanitarian responsibilities financially, an answer to this open policy and research question seems urgently needed. Agreements among like-minded donor governments on criteria-based targets for their humanitarian budgets would be an important building block for a successful reset process, which is why this paper presents three possible approaches to defining them.

Fair Share models offer the most comprehensive approach, based on rights rather than charity

Out of these according to this analysis, *fair share* models offer the most comprehensive approach to define appropriate humanitarian budgets, grounded in needs and rights rather than charity. At the same time they would enable donor governments to distance themselves from even more far-reaching expectations and calls for higher funding for example from from civil society in times of erratic commitments or complete withdrawal of other governments.

Strikingly all three shared possible indicators for an appropriate financial commitment by humanitarian donors produce relatively similar quantitative results, which can further strengthen the credibility of a criteria-based budget approach. For an appropriate humanitarian budget, for example, Germany would have to set a target of at least €3 billion per year in each scenario (2025 budget: €1.05 billion).

Moreover, international aid organisations from both the UN and NGO circles are currently facing a strong temptation to prioritise their own interests, focusing on social responsibility for employees in the Global North and securing their niche in a shrinking humanitarian system. The risks of such an approach are already evident in the collapse of local structures and partnerships, as well as the lack of participation in the reform process of precisely those actors who have suffered the most from them so far: the affected populations and local aid workers. In addition, a *race-to-the-bottom* has begun in terms of programmes and policies being deprioritised or verbally played down by organisations as these have recently been strongly criticised by some donors—particularly in the areas of climate change, gender and inclusion. At the same time, collective processes, coordination fora etc., are deprioritised in parallel while these are central to upholding common approaches and red lines.

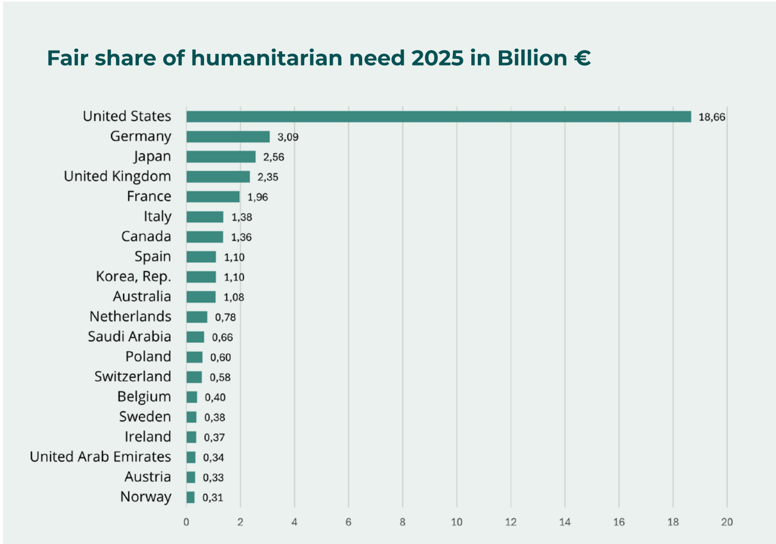

Figure 1: Fair share of humanitarian needs to be covered by donor country in proportional terms based on relative GDP share (in 2025 in billions of euros). Data: GDP data based on IMF World Economic Outlook Database; humanitarian needs in 2025 based on OCHA data (GHO report as of July 2025). Source: CHA calculations.

Nevertheless, the hoped-for substantial reform of humanitarian aid can still succeed if key actors change course. To this end, the disruptive USAID crisis momentum must trigger a reconsideration and a willingness to painfully put at least some self-interests on hold to prevent an even more profound financial and legitimacy crisis for the humanitarian community that would affect all actors and hundreds of millions of more people in need. Donor governments in particular are called upon to push through reforms based on own financial commitments which follow or aim at least mid term at a *fair share* approach.

If such a shift of course by key actors does not occur, the summer of 2025 threatens to mark not only the official end of USAID, but also the end of the *Humanitarian Reset*.

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