

Navigating the Development and Humanitarian Funding Crisis: Ethical Implications and Strategic Responses

A roundtable hosted by Arigatou International and Globethics in Geneva called for rethinking funding models, strengthening collaboration, and upholding ethical principles to ensure aid remains effective, responsible, and impact driven.

What are the short-and long-term impacts of the funding crisis? How can CSOs, UN agencies and humanitarian actors uphold ethical standards when funding priorities shift?

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In response to the growing funding crisis in humanitarian and developmental sectors, Arigatou International and Globethics hosted a roundtable bringing together CSOs, UN agencies, diplomats, and other humanitarian experts and actors to discuss the ethical challenges posed by shrinking budgets and shifting donor priorities. The engaged discussions during this full-house event reflected the urgent need to reframe the crisis response through long-term strategic and ethical considerations. The crisis has deepened as major donors - including the USA, Netherlands, Germany, Switzerland, the UK, and multiple EU member states - have significantly reduced their contributions to global aid. The situation was further compounded by the temporary freeze on nearly all U.S. foreign assistance, including USAID. Yet, the Discussion was not only about financial survival but also about the moral responsibility of shaping a humanitarian system that is both effective, as well as ethically grounded. With funding shortfalls forcing difficult choices, participants present at the conference explored how to balance urgent short-term needs with long-term impact while ensuring the protection of vulnerable populations, particularly children and refugees.

Experts at the roundtable underscored the severe consequences of funding cuts, warning that essential services and lives are at risk. Immediate effects are felt by CSOs and UN agencies as they watch freezes on air travel, delays in supplies, cancellation of resettlement programs and significant staff reductions. As vulnerable populations bear the brunt of financial decisions, participants warn that responses to the crisis must be rooted in ethical principles that uphold human rights and dignity.

Rethink funding models A central takeaway from the discussion was the urgent need to rethink funding models. Relying solely on traditional aid is no longer viable amid donor fatigue and shifting geopolitical priorities. Participants called for a diversified approach - one that mobilizes domestic resources, fosters innovative partnerships, and engages private sector stakeholders, faith-based organizations, and other non-traditional donors. This shift, particularly in the Global South, is seen as a critical step toward bridging funding gaps,

strengthening resilience, and reducing dependence on external aid. With growing recognition that heavy reliance on foreign support is unsustainable, there is a pressing need for countries to explore alternative financing methods, including leveraging natural resources, improving governance, social innovation and local solutions, as well as adopting innovative financial strategies to build long-term economic stability.

Balance emergency responses with development strategies The roundtable underscored the urgent need to balance short-term emergency responses with long-term development strategies. While immediate humanitarian aid is vital to sustain health, education, and social protection services, participants warned that an exclusive focus on crisis management risks undoing decades of progress in human rights and peacebuilding. Strengthening institutional capacity, preserving expertise, and safeguarding institutional memory were identified as key to ensuring sustainable solutions. Afghanistan for example, with half its population reliant on aid, funding cuts are eroding years of advancements in its healthcare and education. Similar concerns were also raised about HIV prevention and treatment. This crisis is a stark reminder that neglecting long-term solutions today fuels greater instability and vulnerability for tomorrow. Participants also emphasized the need for stronger investment in peacebuilding and conflict prevention, arguing that even well-funded humanitarian programs cannot succeed without stability. Prioritizing mediation and conflict resolution, they stressed, is essential to safeguarding current aid efforts and laying the foundation for sustainable development.

Collaboration, rather than competition Collaboration, rather than competition, emerged as another major theme. Speakers warned that in an increasingly resource-constrained environment, fragmented responses would only exacerbate the crisis – with CSOs finding themselves competing with the UN for financing, whilst governments withdraw their support. Instead, they called for collective action to reinforce global commitment to humanitarian values. A collaborative and united effort was recognized to be essential in maximizing the impact and efficiency of aid initiatives.

Throughout the discussion, ethical considerations in the context of humanitarian and developmental fields remained at the forefront. An expert warned that financial pressures could tempt actors to compromise the core values of their mission in chasing the necessary funding, making transparency, accountability, and mission integrity more critical than ever. Aid decisions, they emphasized, must be guided by ethical frameworks aligned with human rights and the SDGs. In a climate of rising self-interest and shrinking solidarity, as put by a speaker, one should return to fundamental humanitarian principles. A redefined approach to humanitarian aid - one that moves beyond traditional donor-recipient dynamics and fosters shared responsibility - was seen as key to ensuring a more sustainable and equitable future.

Strong call for bold, collective action With the feeling that it is our sense of shared humanity and not only humanitarian work is at risk, the roundtable concluded with a strong call for bold,

collective action in the face of an unprecedented crisis. It was reminded that the Human rights and SDGs (Sustainable development goals) frameworks, in addition to the ethical and spiritual legacies, constitute a strong message of hope that together we can uphold the global responsibility of leaving no one behind. As humanitarian and development actors navigate the difficult balance between addressing immediate needs and planning for long-term impact, the path forward must be defined by innovative financing, stronger partnerships, and an unwavering commitment to ethical principles. Decisions made today will shape the humanitarian and development landscape for years to come, raising issues of intergenerational justice. A call to rethink, reset, and reprioritize humanitarian and development structures is vital - not just for the future of global aid, but for the lives it protects. Now more than ever, international actors must act with responsibility and solidarity to ensure that human rights remain at the center of humanitarian efforts.

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