CHAPTER 5 SUMMARY

In 2025, protracted crises accounted for 95% of humanitarian funding to interagency appeals – up from 54% in 2016 – and 19 of the 25 most climate-vulnerable countries were also affected by conflict. Yet the system continued to run on short-term funding, and development and climate finance were unable to fill growing gaps.

Alongside the funding cuts in 2025, total official development assistance (ODA) fell by 23.1% in real terms. Between 2022 and 2024, humanitarian funding exceeded development finance at least once in seven of the most severe crises, while climate finance largely bypassed conflict-affected areas and peace financing fell to its second-lowest level since 2004. In many places, national debt compounded the financing squeeze: countries in protracted crisis spent twice as much servicing debt in 2024 as a decade earlier. New financing mechanisms proved useful but remained small relative to the size of the system. The humanitarian–peace–development (HDP) nexus was designed to bridge these systems, but aid practitioners rated it the worst-performing area in our survey: only 28% reported positive progress (almost unchanged since 2022).

The share of funding going to protracted crises increased from 54% to 95% between 2016 and 2025.

The six editions of *The State of the Humanitarian System* (SOHS) have documented successive reform agendas, from the cluster system to successive Grand Bargains to the Humanitarian Reset, often aiming to address similar problems: weak coordination, funding bypassing local organisations and thin accountability to – and (especially in conflict) poor protection of – people affected by crisis. While two decades of reforms have delivered some important technical improvements, from pooled funds to joint intersectoral analysis to cash-first policies, commitments like localisation have not been met due to agencies' incentives to protect funding and mandates.

Investment in other mechanisms, such as innovation and learning, continued to grow: evaluation coverage expanded, innovation units and funds matured, and shared platforms and coalitions supported the spread of new approaches. Cash and anticipatory action

have moved from marginal to established approaches over the six SOHS editions, supported by pilot evidence, donor investment, coalitions and networks. Use of technology has also grown, though it requires stronger governance. The 2025 cuts affected innovation and learning infrastructure, but many organisations tried to retain these capabilities.

The Reset progressed in a few specific ways, such as in technical processes to prioritise needs, expanded pooled funds and fewer clusters. Critics have questioned whether these measures reflect what the system needs to do to respond to the changing nature of crisis. Protection received little attention in early discussions, despite the profound effect of current conflicts on civilians, and protection programming was cut in several countries. Meanwhile, the Reset was criticised for not meaningfully consulting communities, and some argued that the formal system had been captured by organisational agendas and should be looking to better complement local ecosystems instead.

Rating of progress on the HDP nexus as 'good' or 'excellent' varied considerably between local & national NGO staff and international staff.