

Beyond the Funding Decline: How U.S. Humanitarian Assistance Is Being Reshaped

Analysis of Funding Flows, Partnerships, and Global Response Priorities

(Covers the period from 20 January 2025 to 30 September 2026)

As the United States enters FY27, InterAction's analysis finds that the past year was defined not only by a reduction in humanitarian spending, but by a significant restructuring of how U.S. humanitarian assistance is delivered. At an estimated \$7 billion, U.S. humanitarian funding remains below the levels seen during 2020–2024, when annual spending often exceeded \$10 billion and was further augmented by supplemental packages such as those for Ukraine and Gaza. The data clearly demonstrate a continuing U.S. commitment to humanitarian response.

The most significant story is the emergence of a new funding architecture: most of the funding now flows through a mechanism managed by the U.N. Office for the Coordination of Humanitarian Affairs (OCHA) and large global awards, rather than through the diverse set of direct partnerships that historically characterized U.S. humanitarian action. This shift has implications for who receives funding, how quickly assistance reaches affected populations, and how humanitarian capacity is distributed across the system.

The InterAction analysis also highlights increasing concentration across multiple dimensions of U.S. humanitarian funding. Resources are being channeled through fewer mechanisms, fewer recipient organizations, and a narrower set of crises. While U.N. agencies and NGOs continue to receive similar overall shares of funding as in previous years once OCHA pass-through funding is considered, access to funding is increasingly mediated through a smaller number of large actors and funding vehicles.

At the same time, several major humanitarian crises, including Afghanistan, Yemen, Somalia, and parts of the Sahel, have received little or no new U.S. humanitarian funding despite continuing needs. These changes raise important questions about humanitarian coverage, localization, efficiency, and the long-term resilience of the humanitarian system.

What We're Watching in FY27

As implementation of these new funding mechanisms continues, InterAction will be closely monitoring three questions. First, how funding is distributed among recipient organizations and whether increasing concentration strengthens or weakens overall humanitarian system capacity. Second, how resources are allocated across sectors, including food assistance, health, WASH, protection, and other priorities, and what those choices reveal about the U.S. humanitarian strategy. And third, whether the growing reliance on OCHA-managed funding mechanisms affects the speed, effectiveness, administrative burden, and cost of delivering assistance to people in crisis.

Together, these trends will help determine not only where U.S. humanitarian funding goes, but how effectively it translates into humanitarian outcomes for affected populations.

8 Trends Shaping U.S. Humanitarian Assistance

1. U.S. Humanitarian Funding Remains Significant, but Below Recent Highs.

At an estimated \$7 billion, U.S. funding remains below the \$10 billion-plus annual levels seen during 2020–2024, when emergency funding for Ukraine and Gaza drove spending higher. Even so, the United States remains one of the world's largest humanitarian donors.

2. Food for Peace (Title II) Funding Is Lagging Behind Other Humanitarian Accounts.

Much of the available International Humanitarian Assistance (IHA), International Disaster Assistance (IDA), and Migration and Refugee Assistance (MRA) funding had been announced or obligated by the end of fiscal year 2026. However, about \$1.4 billion designated for emergency food assistance through Food for Peace (Title II) had not yet been spent.

3. New Strategic Shift Toward OCHA-Managed Funding Mechanisms.

More than half of tracked U.S. humanitarian funding now flows through OCHA-managed mechanisms, compared with less than 1% before 2026, signaling a significant change in how assistance is delivered.

4. Large Global Awards Have Taken on a Much Bigger Role.

Multi-country awards to U.N. agencies, NGOs, and NGO consortia now represent the second-largest funding mechanism, further shifting funding away from traditional response-specific awards.

5. The U.N. Continues to Receive the Largest Share of Funding, but Through Different Pathways.

U.N. agencies remain the largest recipients of U.S. assistance, though a substantial share now reaches them through OCHA-managed mechanisms.

6. The Proportion of Funding to the NGO Sector Is Relatively Stable, but Access Has Deeply Changed.

NGOs continue to receive a similar share of U.S. humanitarian funding compared to recent years, but from a much smaller funding base. NGOs implement roughly one-third of U.S. assistance, and more funding now flows through intermediary mechanisms rather than direct U.S. government partnerships.

7. Funding is increasingly concentrated.

Resources are flowing through fewer funding mechanisms and organizations, with a small number of recipients accounting for a growing share of total allocations.

8. Geographic priorities have shifted significantly.

Several major crises, including Afghanistan, Yemen, Somalia, and parts of the Sahel, received little or no new U.S. humanitarian funding despite ongoing humanitarian needs.

About InterAction

InterAction is the leading alliance of more than 150 U.S.-based international NGOs and partners working to improve the lives of the world's most vulnerable people. Through advocacy, learning, and collaboration, we help members shape policy, strengthen their organizations, and increase their collective impact.