Strategic Responses to Forced Displacement: Making the Humanitarian System Fit for Purpose

Interim Report

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EXECUTIVE SUMMARY

Declining donor funding, rising conflict and persistently high levels of forced displacement are driving an escalating crisis in the international humanitarian system. Current responses that prioritize life-saving aid, shift support to local partners and improve efficiency are necessary, but they are insufficient for protracted crises and do not address the structural drivers of aid dependence. This report describes the scale of the challenge, with a particular focus on humanitarian responses for refugees and internally displaced persons and argues that the system must be rethought to make it more efficient, more effective and better tailored to the contexts in which it operates. With traditional leadership receding, middle powers must step up. They cannot replace lost U.S. dollars, but they can build the coalitions that make every dollar go further. The launch of Partners for Multilateralism at this year's UN General Assembly shows the appetite is there. Forced displacement is where that commitment should be tested first. To that end, the World Refugee & Migration Council (WRMC) will carry out an 18-month initiative with international partners—donor and refugee-hosting governments, UN and development institutions, global think tanks, local authorities and displaced people themselves—to develop a practical blueprint for a humanitarian system fit for a changing world.

INTRODUCTION

The international humanitarian system established after World War II to protect refugees and crisis-affected populations is facing a profound challenge. U.S. funding, long its backbone, has plummeted by 57 percent and is increasingly earmarked for select countries aligned with American geopolitical priorities.

Other high-income member countries of the Organisation for Economic Co-operation and Development (OECD) are also cutting back. Official development assistance from the 33 members of the OECD's Development Assistance Committee fell by 23 percent in 2025, the largest annual drop on record, with humanitarian aid falling by more than a third, and is projected to decline further in 2026.[1] This is not a temporary shock but a prolonged disruption coming at a time when global armed conflict has reached its highest level since 1946 and nearly 118 million people worldwide remain forcibly displaced by persecution, conflict and violence, close to double the level a decade ago.[2]

The effects on the ground are severe and systemic. They are experienced most acutely in the low- and middle-income countries that host 71 percent of the world's refugees, from Bangladesh and Chad to Jordan and Uganda.[3] Global economic shocks on domestic fiscal resources and high debt levels have further contributed to the deteriorating situation in host countries. Food assistance, nutrition programs, vaccination campaigns, health services, shelter, water and sanitation programs, protection services, and educational support are being sharply scaled back or even phased out altogether. United Nations humanitarian agencies and international non-governmental agencies (NGOs) are retrenching, laying off staff, closing offices, and terminating programs. UNHCR's 2026 budget is about 20 percent smaller than in 2025, and the agency has cut more than 5,000 staff.[4]

Modelling studies estimate that reductions in U.S. humanitarian assistance alone could result in more than 14 million additional deaths by 2030. Including cuts by other major donors, this figure could rise to 22 million. These estimates predate the Iran conflict that, according to the International Monetary Fund, could push 45 million more people into acute food insecurity.[5]

To date, the humanitarian system's response to funding shortfalls has centred on a 'reset': prioritizing life-saving assistance, directing more funding to local partners, and reducing duplication and inefficiencies. Yet the system remains dependent on short-term fundraising efforts and does not resolve the entrenched policies and practices that sustain aid dependence in protracted displacement crises. And with almost 70% of the world's refugees displaced for five years or more – often for decades, the system needs more than a reset.

As donor fiscal space tightens amid rising security and social spending pressures, and the humanitarian system struggles to adapt, more sustainable and context-adapted responses are increasingly urgent.

This report examines the challenges with a specific focus on humanitarian assistance for refugees and

[1] Devex Newswire: The aid numbers are in — and they're ugly; April 10, 2026. OECD, "International aid fell sharply in 2025," April 9, 2026; OECD, "ODA projections for 2026 and the near-term", June 18, 2026; OECD, "A Historic Decline in Foreign Aid: Preliminary 2025 ODA Data," April 2026
[2] PRIO, "Conflict Trends: A Global Overview, 1946–2025" (2026); UNHCR, Global Trends: Forced Displacement in 2025, June 2026
[3] UNHCR, Mid-Year Trends 2025, November 2025
[4] UNHCR, "Early Donor Support Tops $1 Billion for 2026, but Widening Funding Gaps Leave Millions at Risk," press release, December 4, 2025; InfoMigrants, "More than 11 Million People Will Be Affected by UNHCR Funding Gaps, UN Warns," December 15, 2025
[5] Andrea Ferreira da Silva et al., "Impact of Two Decades of Humanitarian and Development Assistance and the Projected Mortality Consequences of Current Defunding to 2030: Retrospective Evaluation and Forecasting Analysis," The Lancet Global Health 14, no. 2 (2026)

internally displaced persons forced to move by persecution, conflict and violence. It argues for approaches that would contribute to UNHCR's ambition to halve the number of persons in protracted forced displacement dependent on humanitarian aid by 2035.[6]

OPERATIONAL CONTEXTS

The humanitarian sector has evolved into a global ecosystem of international organizations and NGOs with extensive technical expertise and rapid-response capacity. Built on principles of impartiality, neutrality and independence, it aspires to save lives, alleviate suffering, and uphold human dignity. In practice, it is under-resourced, shaped by donor geopolitics, and often constrained by policy and access restrictions. By default, it has remained engaged in protracted crises beyond the short-term emergency role for which it was originally designed. This produces perverse effects, entrenching costly dependency and institutional practices that do not resolve this structural problem.

Humanitarian action increasingly operates in fragile environments marked by poverty, insecurity, and restrictions on the rights of displaced populations, including freedom of movement and access to employment, education, and health care. Successful transitions from emergency relief to sustainable development remain rare due to political failures and weak state capacity. As a result, solutions remain elusive, trapping populations in poverty for generations.

In conflict settings, humanitarians often work when no functioning peace process is in place, amid rival authorities and factions competing for limited resources. Where peace processes are underway, humanitarian agencies may not be fully included because of concerns about impartiality. The assistance they provide may even complicate negotiations among the parties to the conflict.

In protracted displacement situations, an optimal durable response would enable displaced persons to access employment, education and basic services, thereby reducing their dependence on external assistance. Three broad country contexts can be distinguished:

Context 1	Context 2	Context 3
Countries with policies and institutional capacities that may require only time-limited emergency support.	Countries with the political will to embrace change but with institutional weaknesses and limited resources.	Countries with neither the will nor the capacity to support such an inclusive agenda.

To date, the funding instruments used to support all these situations have remained predominantly humanitarian. Typically, these continue in annual cycles long after the acute, life-saving emergency phase. In the process, they have created a level of dependency that leaves displaced populations trapped in poverty and discourages the emergence of alternative, more sustainable approaches.

In the current funding climate, refugee-hosting states have understandably sought reassurance about the level of support they can expect in the future. Complementary resources will therefore be required to address continuing humanitarian and development challenges in displacement settings. Changes to current financing models and institutional arrangements are needed to match different operating environments, incentivize policy change, and secure better outcomes for all key stakeholders.

Current humanitarian reforms target four persistent internal and mainly technical weaknesses: needs-based prioritization, localization, accountability, and mandate overlap.

Aid agencies are having to tightly prioritise where their scarce resources go, based on assessments of who is most vulnerable and which needs are most urgent. But vulnerability data remain uneven because agencies cannot always reach affected areas and their methodologies differ. Donor geopolitical priorities, chronic underfunding, and funding appeals that ask for more than agencies can implement undermine the credibility of needs assessments. Moreover, there is no system-wide framework to guide how funding should be allocated across all crises based on prioritized needs.

Localization (the shift to national and local delivery partners) could make aid delivery more efficient and accountable. However, progress has been slow, particularly where some governments are unwilling or unable to assume greater responsibility. Local NGOs

[6] UNHCR, Global Trends: Forced Displacement in 2025, June 2026, 13

bring knowledge and community trust but often lack the capacity to scale up the logistics and financial controls that large-scale operations require.

Aid agencies remain weakly accountable to the people they support. Success tends to be measured by how much assistance is delivered and how many people are reached rather than how have lives been improved. Donors rarely require or finance studies to show impact.

Overlapping mandates create coordination efficiency challenges and intensify competition for scarce resources. They also sustain a costly aid system that runs in parallel to national services rather than through them, delaying progress toward government-led responses.

These reform efforts share a common limitation: they do not address the strategic failure to match humanitarian action to context. In protracted crises in particular, operations too often proceed beyond the emergency phase without sufficient political economy or security analysis. In the absence of alternative responses, humanitarian agencies often assume responsibilities better suited to states and thereby discourage government-led engagement.

The resulting parallel system is financially unviable, complicates cooperation with development partners and impedes efforts to include displaced populations within national development planning.

Responding to this challenge requires moving away from a single model of humanitarian action towards context-specific approaches, in which all stakeholders contribute to structural reform of the sector and plan for a phased transition of humanitarian aid out of its emergency response role. The experience of countries such as Ethiopia, Colombia and Rwanda shows that a move towards host-government-led responses is possible.

THE NEED FOR A FUNDAMENTAL REASSESSMENT

The combined pressures of shrinking budgets, rising needs and increasingly protracted crises make clear that incremental adjustments will not be enough. As International Rescue Committee president David Miliband warned at this year's UN General Assembly, aid cuts have left the world with "more shocks, fewer shock absorbers," with an estimated 65 wars underway.[7] Crises that last decades cannot be met by doing more of the same with fewer resources. The humanitarian system must be re-examined in how it is organized, financed and governed, so it becomes more efficient, more effective and better tailored to the specific contexts of different emergency and relief situations.

A more efficient system

Scarce resources must go further. Overlapping mandates, parallel delivery structures and competition for funding impose costs the system can no longer afford. Reducing duplication, sharing services and clarifying the division of labour among agencies are necessary steps, but the gains will be limited unless they are accompanied by clearer understanding and agreement on when humanitarian engagement should give way to other forms of support.

A more effective system

Success should be judged by outcomes for affected populations, not by the volume of assistance delivered or the number of people reached. Ten years into a displacement crisis, the test is not whether emergency assistance is still being delivered, but whether people have opportunities to rebuild their lives. That requires policy change, stronger data and evidence, including analysis of how displaced people experience protection, vulnerability and self-reliance, and the systematic use of impact evaluation, particularly for high-cost interventions. It also requires more predictable, better-sequenced financing, so that humanitarian, development and, where possible, private-sector resources reinforce rather than substitute for one another.

A system tailored to context

No single model of humanitarian action can serve every situation. Decisions taken in the first weeks of an emergency, such as whether to establish camps or to restrict movement and employment, often shape the terms and conditions of displacement for years. Where host governments have the policies and capacity to lead, humanitarian support can be time-limited. Where the political will exists but capacity is weak, international support should help build national systems. Where neither is present, principled humanitarian action remains essential but must be paired with sustained diplomatic engagement. Matching responses to these realities, and planning for transitions from the outset, is central to reducing long-term aid dependence.

Taken together, these considerations point to the need for a humanitarian system fit for a changing world: one

[7] Semafor, "World Has Entered 'Age of Impunity' amid Global Aid Cuts, International Rescue Committee President David Miliband Says," September 22, 2026

that can save lives in acute emergencies while helping displaced people and host communities move beyond dependence on external assistance.

THE CASE FOR COLLECTIVE ACTION

Central to the success of any reform is the inclusion of all key stakeholders—donor and refugee-hosting governments, multilateral institutions, local authorities, and displaced communities themselves—in the design and development of future policies and implementation arrangements. What is needed is a collective approach that maximizes the use of complementary resources and capacities, reduces reliance on humanitarian aid, and improves outcomes for impacted populations.

Why Middle Powers Must Lead

Collective and coordinated engagement may provide the most important counterweight to a system that risks becoming increasingly fragmented and selective, driven by the security and geopolitical priorities of individual states.

Middle-power engagement is particularly relevant in the absence of clear international leadership during this period of rapid change. While middle powers are unlikely to replace previous levels of U.S. financing, they can build the coalitions that make every dollar go further. The launch at this year's UN General Assembly of Partners for Multilateralism, International Law, Peace & Prosperity by Canada, Australia, Barbados, Brazil, India, Kenya and the European Union, aimed at making multilateral institutions "more representative, legitimate, effective and trusted," shows a growing appetite for this kind of leadership. Coalitions of the willing, assembled around specific problems, can often deliver results faster than the system as a whole, and forced displacement is exactly such a problem.[8] Middle powers are well placed to support reforms that move beyond open-ended humanitarian assistance toward more strategic, sustainable and context-adapted responses in protracted displacement situations.

Many middle powers maintain long-standing commitments to multilateral cooperation and established partnerships with displacement-hosting states through humanitarian, development, and regional engagement. Their bilateral relationships and diplomatic flexibility may also enable more candid policy dialogue with governments than multilateral donors can.

CONCLUSION

The humanitarian system has saved countless lives, but it was not designed for the scale, duration and complexity of today's displacement crises, nor for the funding environment it now faces. Adapting and strengthening it will need more than internal technical reform. It will require a shared willingness among donor and host governments, multilateral institutions, humanitarian and development actors, and displaced communities themselves to rethink how responsibilities are shared and how resources are deployed.

Throughout 2027, the WRMC and its partners will carry out Strategic Responses to Forced Displacement, a joint initiative with donor and displacement -hosting governments, UN agencies, development institutions such as the World Bank, global think tanks, local authorities, and displaced people themselves. Host countries and displaced communities will help design the solutions from the outset, as partners rather than aid recipients. The initiative will begin with an expert roundtable, followed by a global consultation with governments, UN agencies, NGOs and those with lived forced displacement experience. It will culminate in a conference of donor and host governments to negotiate a joint communiqué, and finally to an Ottawa roundtable on coordinated middle-power action.

This work will develop specific mechanisms and proposals to make the humanitarian system more efficient, more effective, better tailored to context and fit for the purposes of a changing world. The goal is a practical blueprint that continues to deliver life-saving aid while moving decades-long crises beyond emergency dependence, so that forcibly displaced persons can work, learn and contribute, and host countries receive the support they need to make that possible.

[8] Globe and Mail, "Carney, Other World Leaders Launch Effort to Spur Middle Power Co-operation," September 22, 2026; The Wire, "As Middle Powers Rally for Multilateralism, India Joins but Not Their Criticism of the Global Big Players," September 23, 2026