

Impact of ODA Budget Cuts to The Hague Ecosystem



This research project was initiated in response to the growing concerns about the current and anticipated consequences of budget cuts in Official Development Assistance (ODA) by the Dutch and foreign governments, with particular attention to the impact on the ecosystem of peace & justice in The Hague and, more broadly, in the Netherlands.

The research was led by The Hague Humanity Hub (THHH), in collaboration with HVFC International (HVFC), with advisory and financial support from The City of The Hague.



For any questions or concerns related to the information present in this report, please contact hello@humanityhub.net.

Disclaimer

This report presents limited findings and has not undergone rigorous academic peer review. The methodologies and analysis employed may not adhere to the standards expected in formal academic research. Therefore, the conclusions presented should be interpreted with caution.

The report findings are limited by the sample size, reliance on self-reported data, and biases related to self-selection and non-response. The conclusions drawn are provisional and may be subject to revision pending further investigation and retesting. The report nonetheless provides a depiction of the ecosystem's current dependence on ODA and anticipates the operational and financial impacts over the next two years. This data can be instrumental in shaping exit strategies and informing policy decisions.

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Executive Summary

In the context of growing concerns regarding the impacts of domestic and foreign budget cuts, this report presents an analysis of the potential financial and operational impacts on The Hague's peace & justice ecosystem, shedding light on challenges to mobility, operational capacity, and funding. The main research question for this project was:

How is the financial and organisational capacity of organisations active in the peace & justice ecosystem of The Hague impacted by the budget cuts of foreign aid such as the Dutch ODA and other government ODA cuts?

To address this research question, the project employed a mixed-method approach that integrated desk-based research, a targeted online survey, and a series of qualitative interviews. Together, these three components provided an overview of the current state of the sector and the anticipated effects of the recent policy changes.

Key Research Findings

- 81% of respondents indicated that their organisation was affected by the ODA reductions.
- 23% of respondents expect to lose more than half of their current funding, while an additional 37% foresee a loss between 25% and 50%.
- Approximately 16% of survey respondents indicated that they expect to let go of more than half of their staff, and 21% foresee staff losses between 25% and 50%.
- Organisations most affected by the ODA cuts were those with significant international operations, particularly larger and medium-sized entities with established programmes outside the Netherlands.
- Smaller and mid-sized organisations, in particular, face challenges due to limited income diversification and the absence of financial reserves.
- Large organisations predominantly work with international development, humanitarian assistance and justice and rule of law. Meanwhile medium-sized organisations demonstrate a more evenly distributed engagement across various fields of work.
- 41% of small organisations expect to lose more than 50% of their annual budget, however, half of the respondents (50%) do not expect a change in staffing.
- Interviews revealed that many organisations are using this moment as an opportunity to reflect critically on their funding models and ways of working.
- Organisations are actively exploring shared services models¹, new alliances with private actors, and greater engagement with domestic audiences as part of their adaptation strategies.

¹

Shared services models refer to services provided on favourable terms for a limited group of organisations belonging to a network or alliance.

Methodology

The research project applied a mixed-method approach in order to obtain a comprehensive understanding of the anticipated financial and operational impacts of national and international budget reductions on the peace & justice ecosystem in The Hague, and more generally in the Netherlands.

The project methodology was divided into three key components: desk-based research, an online survey, and interviews with stakeholders. Combined altogether, this research analysed data of more than 1,500 Dutch-based organisations.

1 Desk-Based Research

Data was collected through The Hague Humanity Hub database and publicly accessible sources. Through collecting and analysing open-source data, the project team established an overview of the current funding situation and organisational capacity of entities operating in The Hague and in the Netherlands and to estimate the potential effects of the expected funding reductions.

The sources included:

- Annual reports of organisations
- The Hague Humanity Hub community database
- Data from the Central Bureau for Fundraising – Centraal Bureau Fondsenwerving database (CBF)
- Data from CBF's *State of the Sector 2024* report
- Data from PARTOS membership database
- Data from Decisio 2023 report²

The data collection centred around the following elements, wherever they were available:

- Geographical location of the organisation (in or outside The Hague or within the Netherlands)
- Organisational size based on the number of staff they have
- Estimated annual budget (budgetary mean where applicable)
- Main funding sources, including:
 - Percentage of funding from Dutch public sources
 - Percentage of funding from other (inter)governmental sources

²

The Decisio report (2023), official title 'The Impact of International Organisations on The Hague' is a research report providing an economic impact analysis of the international nonprofit sector in The Hague, procured by The Municipality of The Hague, and produced by DECISIO Economic Research & Analysis.

2 Online Anonymous Survey

An online survey was developed and distributed to more than 400 senior leadership within organisations in the peace & justice ecosystem across multiple fields of work, including but not limited to humanitarian assistance, development, education, human rights, freedom of press, democracy, climate justice, international law, etc. The survey questions were developed by The Hague Humanity Hub and HVFC International and validated by academic partners.

This survey served to gather first-hand anonymous insights into the perceived and actual impacts of the current financial developments. The distribution was conducted via personalized outreach by The Hague Humanity Hub and other project partners.

The questionnaire included questions on the current context and the consequences of the ODA cuts on various aspects of the respondents:

- Organisational type, area of work and geographical location.
- Staffing figures inside and outside the Netherlands.
- Annual budget and share of government-related funding.
- Estimated consequences of the budget cuts, including:
 - Anticipated budget loss.
 - Potential staff reductions.
 - Likelihood of operational discontinuity.
 - Impact on end beneficiaries.

A total of 69³ surveys were completed between March and April 2025. Two-thirds of the respondents were nonprofit organisations (33% of respondents are International NGOs, while 34% are NGOs). These two types of organisations were by far the largest groups among respondents. Other respondents who indicated being affected by the budget cuts include research & educational institutions, social enterprises, and think tanks (two of each). Overall, almost 80% of the respondents said that their organisation is a nonprofit organisation.

Despite the anonymity of the survey, 48 respondents (84%) opted to share the name of their organisation. As a result, the project team was able to exclude duplicate answers for completed surveys.

³ Corresponding for 17% of the outreached contacts.

3 Stakeholder Interviews

Twelve interviews were undertaken between March and April 2025. The interviews were designed to complement the findings with qualitative insights and to address any information gaps identified during the previous phases. Interviewees were senior executives and representatives of five different fields of work within the peace & justice ecosystem, namely humanitarian assistance, international development, education, international law, justice and human rights.

The interview questions were designed to gauge their expectations regarding present trends, the future of international development funding, and understand the strategies they are (or expect to) employ across their organisations to mitigate the impact of the shifting funding landscape.

The interview questions were:

1. What do you think will happen with international development funding in the next few years, and how might that affect your organisation and the work of the broader ecosystem?
2. If the funding mechanisms change a lot over the next 2-5 years, what new plans/strategies are you thinking about to keep your work going?
3. Have these budget cuts (insofar) led to any unexpected opportunities or innovations within your organisation or the ecosystem?

Interviews were done in an open format, allowing interviewees to use the questions as guidance and provide insights beyond the answers to the questions.

The interviews were transcribed and anonymized. Their content was analysed in aggregate form, and a summary of the answers is included in this project report.



'We need to adjust the business model. However, changes in ODA were long overdue. The sector has been deaf for change for some time. Hence, changes are needed, but now it is with the wrong political message.'

Senior person from an international development-focused organisation.

Context Setting

The Hague — peace & justice ecosystem

The Hague is recognised as the International City of Peace and Justice, home to a concentration of international courts, tribunals, human rights organisations, rule of law initiatives, and humanitarian actors. It is estimated that this ecosystem includes more than 900 organisations⁴ and contributes to Dutch soft power and global credibility and serves as a strategic hub for international cooperation and civil society engagement. It puts the Netherlands on the map as a relatively small country with the capacity to be a significant player in the international arena as a defender of international law.

Growing financial pressures on the nonprofit sector

Nonprofit organisations in the Netherlands have historically drawn from a blend of private, philanthropic, and public sources, but the sector has grown increasingly dependent on institutional funding for long-term and large-scale programme delivery. At the same time, operational costs are rising, private donations are plateauing, and philanthropic giving is increasingly declining. Smaller and mid-sized organisations, in particular, struggle with limited income diversification and lack the reserves to withstand shocks.

ODA trends: Dutch & international cuts underway

Official Development Assistance (ODA) has long been a cornerstone of financing for development aid, serving as the main source of funding for international nonprofits and development programs worldwide. These organisations rely heavily on ODA to implement programs that promote economic development and welfare most frequently in developing countries. In recent years, the global landscape of ODA has shifted dramatically. This shift has accelerated dramatically in the last year.

⁴

This number was reached in consultation with The Hague Humanity Hub's community database, which includes approximately 900 organisations, including governments, embassies and other organisations (such as universities, service providers, etc) which were not the target of this research project. The Decisio report estimated a total of 491 organisations across Intergovernmental (treaty) organisations (IGOs), European Organisations, Non-Government Organisations (NGOs), and knowledge and educational institutions, cultural organisations, expat and service organisations, consulates. The survey categorisation mapped the target group across the following categories: NGO, INGO, International Organisation, Research/Education Institute, Think Tank, Social Enterprise, Corporate/Private Sector, Professional Service Provider, Court/Tribunal, Media/News Organisation, Network, Other.

The United States (via USAID mostly), historically one of the largest contributors in ODA, has implemented significant cuts to its foreign aid budget. This has led to the suspension of critical projects and forced nonprofits to make life-threatening choices about which programmes to continue. Similarly, the United Kingdom has said it will drastically reduce its ODA spending, with projections indicating a decline to the lowest level in 17 years. Reductions are happening and are expected to happen in ODA contributions of the major government agencies, including Germany, France, Sweden, Switzerland, Norway and the Netherlands.

The Netherlands

The government of the Netherlands, long regarded as a global leader in international development and human rights, has confirmed deep cuts to its official development assistance (ODA) budget. According to the February 20, 2025 policy letter, the development budget will drop from 0.62% to 0.44% relative to the country's gross national income—which translates to roughly €2.3 billion less appropriated for international development spending—by 2029. According to the updated policy framework, NGOs must now independently generate at least 50% of their income to qualify for government grants, a dramatic increase from the previous requirement of 25%, and an almost unachievable criterion for many NGOs. Additionally, in February 2025, the Ministry for Foreign Trade and Development Cooperation announced that funding for key thematic areas that had been receiving most of the Dutch ODA funding, including women's rights, gender equality, education, sports and culture, climate protection, and international advocacy, will be either discontinued or significantly reduced.

This policy shift is particularly consequential for The Hague's large and medium-sized organisations, as we see in the survey results. Many of these organisations are particularly vulnerable to the changes as they have traditionally depended on Dutch ODA for core and programmatic funding. The changing thematic areas and the increased cost-sharing requirement may pose challenges in securing the necessary matching funds for them. And, last but not least, these cuts have raised concerns among NGOs about the potential loss of essential support for marginalised communities worldwide. As seen in the survey results, these organisations have substantial international operations, with significant amounts of staff working in field operations.

Research Findings⁵

Organisational Profile

A total of 69⁶ surveys were completed between March and April 2025. Overall, almost 80% of the respondents said that their organisation is a nonprofit organisation, including International NGOs, NGOs, Research/Education Institutes, Social Enterprises, and Think Tanks.

77% of respondents indicated they are either based or active in The Hague (Figure 1).

Organisations Based or Active in The Hague

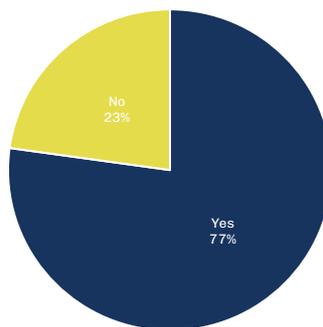


Figure 1 (N = 57)
Source: Survey

The most common Field of Work options selected were International Development; Human Rights, Democracy and Freedom of Press; Justice, Accountability and Rule of Law; Humanitarian Assistance; Conflict Prevention and Peacebuilding (Figure 2). Incidentally, these fields largely coincide with the fields that the new ODA policy of the Dutch government will either discontinue or severely cut funding (see the Research Results section below).

Field of Work as Indicated by the Respondents

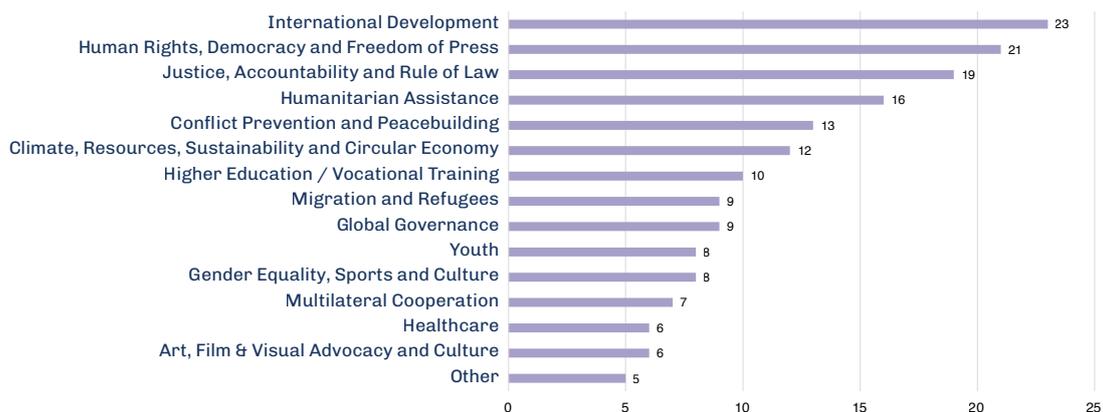


Figure 2 (N = 57)
Source: Survey

⁵ There may be a potential bias in the survey respondents because they were invited to fill out the survey related to the effects of 'ODA cuts in The Netherlands'. There is a likelihood that those who filled out the survey decided to do so because they already feel that the ODA cuts are going to affect their organisation. There might be organisations in the ecosystem that are not affected by the ODA cuts and chose to not participate in the survey. Therefore, the survey might have a bias. On a related note, the survey was not fully completed by all respondents. We therefore provide the N number for each figure that we present in this report.

⁶ Corresponding to 17% of the outreached contacts.

According to Decisio 2023 report, there are 177 international organisations based in The Hague⁷. While this research is not limited to the international organisations based or active in The City, it is helpful to illustrate the diversity of organisations in the community and their potential reliance on ODA.

The total number of employees reported by the respondents was significant: 6% of the respondents reported having more than 2,000 employees, 3% said they have 500-2,000, and 11% said they have 100-500 employees overall (Figure 3).

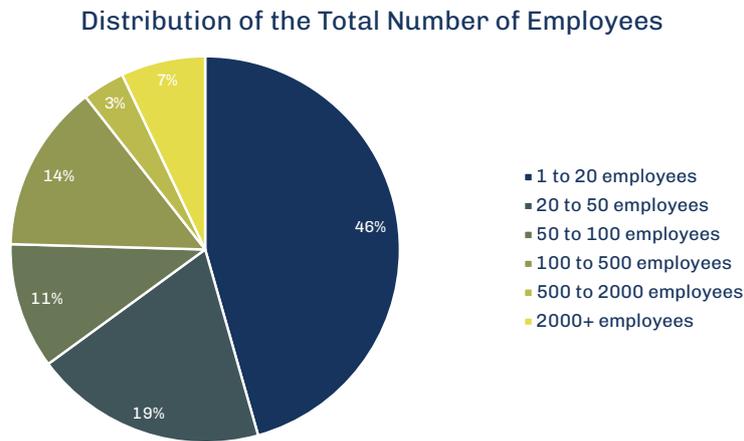


Figure 3 (N = 57)
Source: Survey

The numbers of employees residing in the Netherlands were lower, most likely due to the fact that most of these organisations have significant international operations (Figure 4). Only one organisation had 100-500 employees in the Netherlands, whereas the others had less than 100.

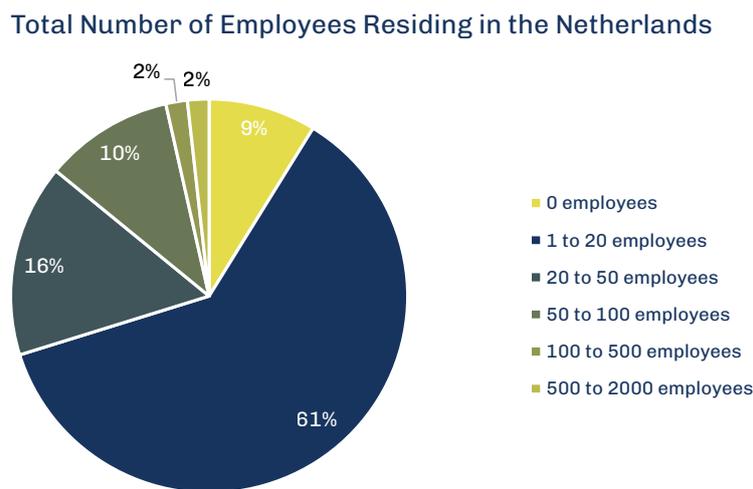


Figure 4 (N = 57)
Source: Survey

⁷ The report distinguishes types of organisations across Intergovernmental (treaty) organisations (IGOs), European Organisations and Non-governmental Organisations (NGOs), however the classification differs from the Type of Organisations categories from the survey. The Decisio report information is added here to support in illustrating the wealth and diversity of the ecosystem of The Hague.

More than 60% of the respondents have an annual budget exceeding 1 million, qualifying as medium or large organisations (Figure 5).

The 2025 Annual Budget of Organisations

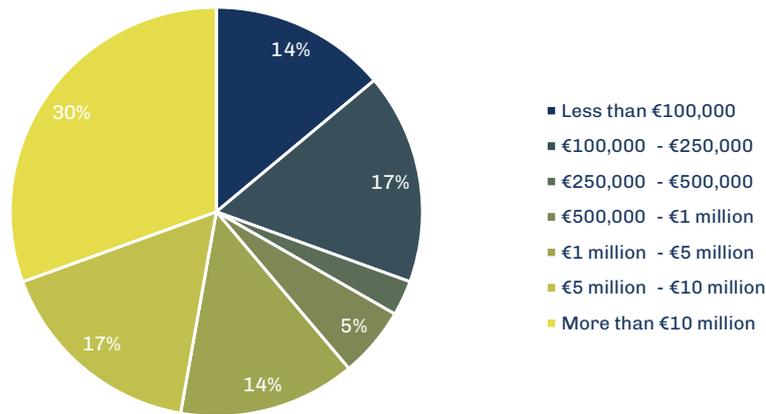


Figure 5 (N = 57)
Source: Survey

Snapshot of the Ecosystem

A review of the most recent reports from Central Bureau Fondsenwerving (CBF) and the Goede Doelen Index helps understand the degree of reliance of the Dutch organisations on (inter)national ODA. This information, supported by the survey findings, provides a comprehensive overview of the current and anticipated impacts of ODA budget cuts in The Hague ecosystem.

Centraal Bureau Fondsenwerving

Prior to the recent reductions in ODA, the nonprofit sector in the Netherlands showed signs of overall financial stability. According to the CBF's *State of the Sector 2024*⁸, the sector maintained stable income levels, fluctuating between €3.8-4.2 billion annually from 2016 to 2022 (Figure 6).

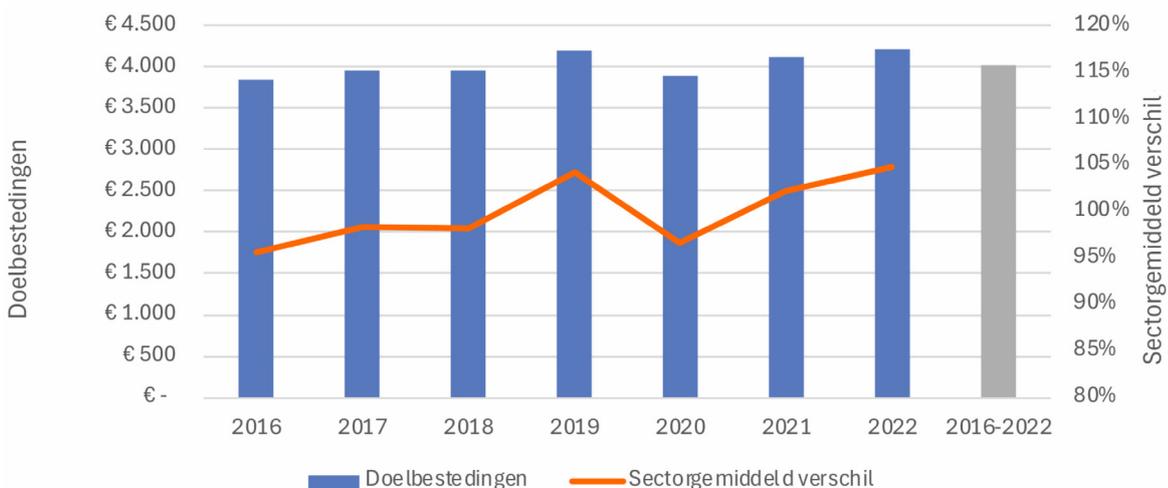


Figure 6 (N = 703)
Source: p.6 from *State of the Sector 2024*

⁸ *State of the Sector 2024* contains analysis on the nonprofit sector for 703 CBF certified organisations in the Netherlands. For the purpose of our research, *State of the Sector 2024* is a useful tool that helps us understand the context of the nonprofit sector in the Netherlands, which includes the Peace & Justice ecosystem in The Hague

According to the *Goede Doelen Index 2024* cited in *State of the Sector 2024*, 43.2% of the organisations received a subsidy from the government for at least one year during the period 2018-2022. International cooperation organisations consistently received the largest share of their income from government subsidies. Over the period 2018-2022, these organisations received an average of €1.27 billion in subsidies from governments each year. This amount can move slightly up or down each year, but it is stable (Figure 7). These government subsidies account for around 35-36% of the total annual revenues of these organisations. That percentage was stable over the period 2018-2022. Around 50% of these government subsidies came from the Dutch national government, whereas the rest came from other government and multilateral donors, and Dutch local governments (municipalities and provinces).

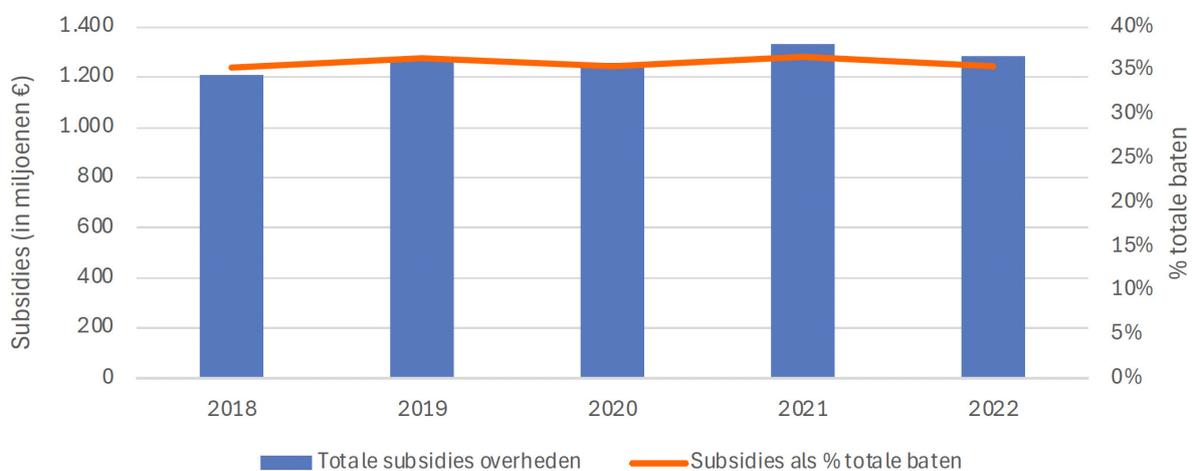


Figure 7 (N = 150)
Source: p. 64 from *State of the Sector 2024*

Employment data also reflected the sector's concentration around larger institutions. According to CBF's *State of the Sector 2024*, among the organisations in its network, 80% of the jobs were with large nonprofits. Thematic areas such as international cooperation, nature conservation, and welfare were some of the most funded and well-staffed domains. These sectors coincide with the main sectors reported by respondents of the survey and largely overlap with the sectors whose funding the Ministry of Foreign Affairs and International Cooperation intends to decrease or significantly reduce: women's rights, gender equality, education, sports and culture, climate protection, and international advocacy.

9

Solvency is understood by the *State of The Sector 2024* report as 'the extent to which an organisation can meet long-term debts.' p.42

The sector's solvency⁹ in 2022 was generally strong, with an average of 66% across the organisations participating in *State of the Sector 2024*. This average held steady for the period 2016-2022 (Figure 8). Interestingly, smaller organisations (which are less reliant on ODA funding) appeared more solvent on paper: micro-organisations had an average solvency rate of 96%, small organisations 86%, and medium-small organisations 79%. Larger organisations (those with more complex operations and overhead, as well as more government funding) had lower numbers, with an average solvency rate of 66%. But solvency alone did not guarantee resilience. On average, Dutch nonprofits were able to continue operations for about 9 months without income in 2022. The smallest organisations had the longest buffer¹⁰ at 25 months, while international cooperation organisations had the shortest at only 5 months.

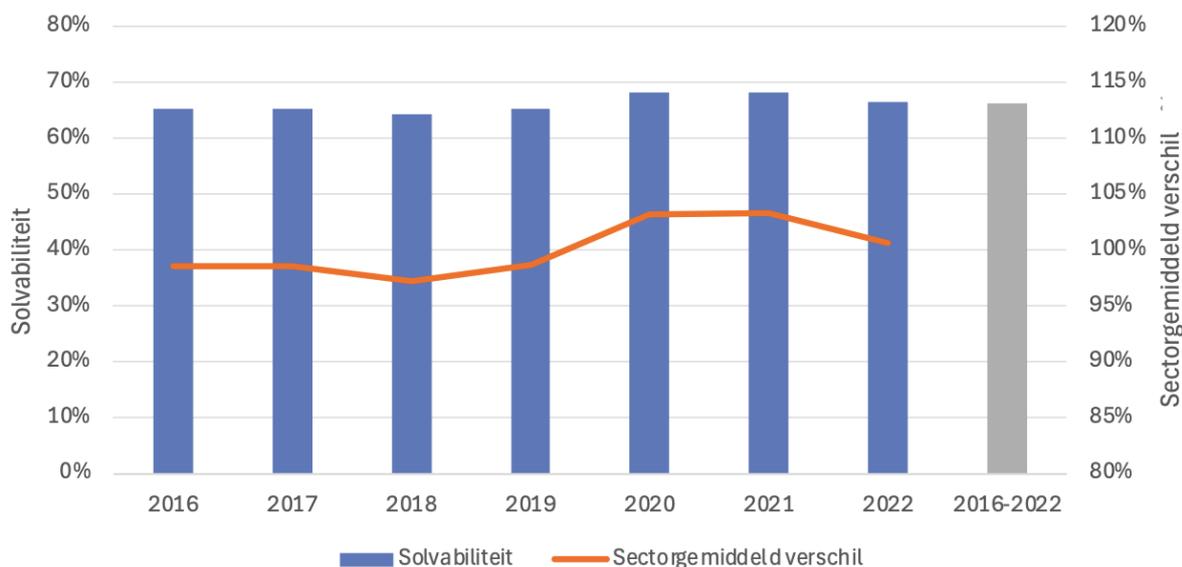


Figure 8 (N = 703)
Source: p. 64 from *State of the Sector 2024*

The Hague Ecosystem

According to the Decisio Report (2023), the City of The Hague hosted 491 international organisations in 2022, including 177 international NGOs. These organisations made a significant contribution to the economy of the city: in 2022, they spent €2.7 billion, adding €1.6 billion in direct and indirect value. Approximately 19,955 full-time equivalent (FTE) jobs were provided directly by these organisations, of which about 12% were in NGOs (Decisio 2023 report, p. 33). An additional 15,819 indirect jobs were generated through procurement, staff expenditure, and the local visitor economy. In total, around 36,000 jobs were tied to this ecosystem, representing roughly 8% of total employment in The Hague. Notably, 60% of these jobs were held by international staff, and 70% required a bachelor's or master's degree, which means that the sector has attracted highly skilled, international talent.

In short, prior to the cuts, the Dutch nonprofit sector, and in particular the peace & justice ecosystem in The Hague, was a financially significant, highly educated, and internationally respected field. Many organisations were structurally dependent on public funding, and the most internationally focused organisations showed the lowest levels of financial resilience. This made them particularly vulnerable to the ODA funding cuts seen in 2023–2025 in the Netherlands, the United States and other major European government donor agencies.

¹⁰

Buffer refers to % of your organisation's funds put aside for emergencies. A buffer will help your organisation avoid financial problems and means you will be able to pay unexpected expenses. Source: <https://www.kvk.nl/en/starting/why-do-you-need-a-financial-buffer/>

Official Development Assistance (ODA) Cuts



'I feel like NGOs and INGOs in other countries have become less reliant on their home governments [in past years]. I see the over-reliance [in the Netherlands] because the funding is sort of flexible as well.'

Senior person from an international development-focused organisation.

Survey respondents were asked about their sense of confidence in their organisation's ability to address the challenges related to the ODA cuts (Figure 9). About 55% of the respondents seemed to have a positive attitude (with a response of 5>), indicating that their organisation will be able to find alternative funding sources to make up for the income loss. However, a staggering 45% had low to mild expectations (<4) that their organisation will be able to substitute its income from other sources.

Confidence in Ability to Find Alternative Funds

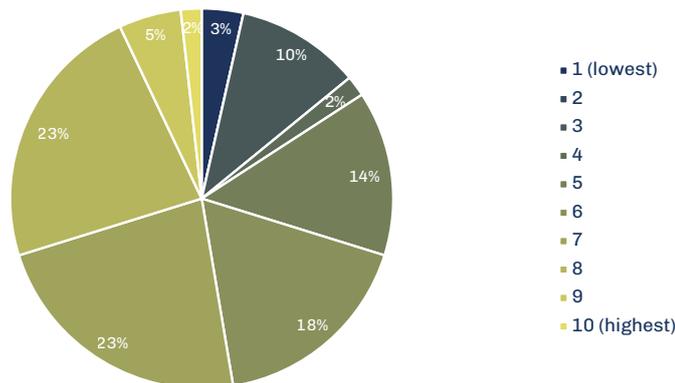


Figure 9 (N = 57)
Source: Survey



'It's not only about the budget cuts per se, but that these cuts are implemented as a tool to constrain and restrict the work of CSOs. Organisations are now faced with deeply challenging questions - do we want to receive funding from donors that are now operating on the basis of values and principles that are so fundamentally opposed to our own? Do we have a choice?'

Senior person from an international development-focused organisation.

Unsurprisingly, 81% of the survey respondents said that their organisation will be affected by ODA cuts. 89% of the respondents stated that their organisation gets funding from international development funding (Figure 10). About 47% of them said they have more than half of their funding coming from that source.

Percentage of 2025 Budget Coming from International Development Funding

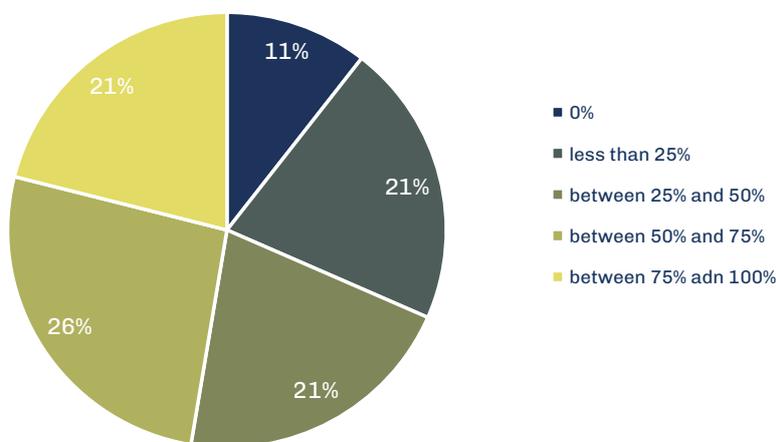


Figure 10 (N = 57)
Source: Survey



'I think we have allowed ourselves to become too complacent, perhaps with regards to US funding.'

Senior person from an international development-focused organisation.

Total Organisations

The survey asked more specific questions to inquire how much the respondents would be affected. Respondents said they anticipate significant budget cuts, with 23% of respondents expecting more than half of their funding to go away, and about 37% expecting a substantial loss of 25-50% (Figure 11). Consequently, 16% of respondents expected to let go of more than half of their staff, and 21% said a quarter to half of their staff will lose their jobs. 32% of respondents indicated that they don't expect any changes to staffing in the next 2 years (Figure 12).

Anticipated Effects on Organisational Funding between Now and 2027

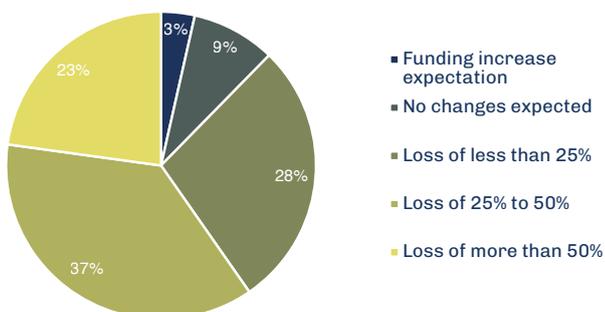


Figure 11 (N = 57)
Source: Survey

Anticipated Effects on Organisational Staffing between Now and 2027

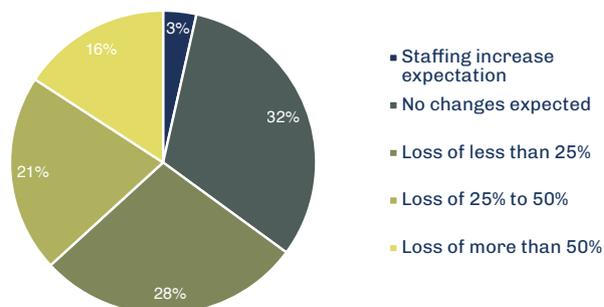


Figure 12 (N = 57)
Source: Survey

To better understand the impact of reduced funding and staffing across the surveyed organisations, we further segmented the organisations across their budget size and established Small (< 500,000 EUR), Medium (500,000 - 5 million EUR) and Large organisation (> 5 million EUR).

Large Organisations

Zooming in on large organisations that participated in the survey, we see that 94% expect a reduction in funding, with over half (53%) of them expecting moderate losses of 25-50% of their budget (Figure 13). A quarter of them expect to lose less than 25% of their annual budget and 18% expect to lose more than half of their budget. When it comes to staff changes, 29% expect to reduce 25-50% of their staff, with 35% saying they will reduce less than 25%. 24% of respondents said they will not reduce their staff (Figure 14).

Anticipated Effects on Organisational Funding between Now and 2027 (Large Organisations)

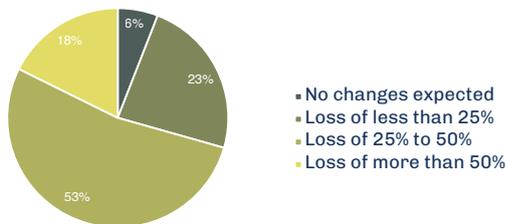


Figure 13 (N = 17)
Source: Survey

Anticipated Effects on Organisational Staffing between Now and 2027 (Large Organisations)

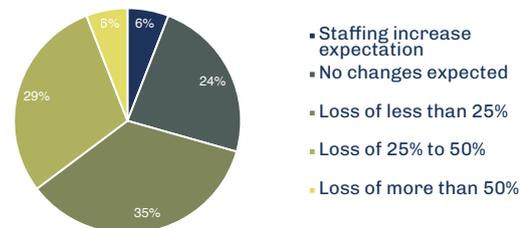


Figure 14 (N = 17)
Source: Survey

Medium Organisations

38% of medium organisations expect to lose 25-50% of their annual budget, while a similar number (37%) reported a loss of less than 25% (Figure 15). A quarter of the respondents do not expect any change. In terms of staffing, half of the respondents expect to lose less than 25% of their staff, and 25% expect to lose more than half of their staff (Figure 16).

Anticipated Effects on Organisational Funding between Now and 2027 (Medium Organisations)

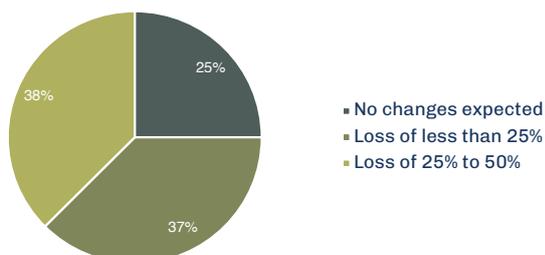


Figure 15 (N = 8)
Source: Survey

Anticipated Effects on Organisational Staffing between Now and 2027 (Medium Organisations)

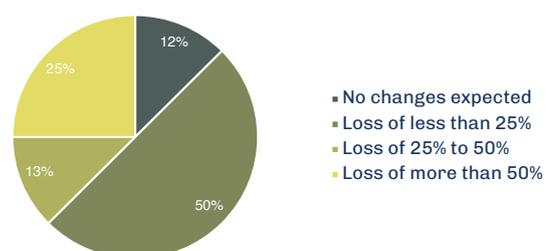


Figure 16 (N = 8)
Source: Survey

Small Organisations

A striking 41% of small organisations indicated that they expect to lose more than 50% of their annual budget, while the share of those predicting to lose less than 25% and those predicting to lose 25-50% of their budget is equally 17% (Figure 17). Reflecting these trends, 34% of respondents expect to reduce staff by more than half. Most interestingly, half of the respondents (50%) do not expect a change in staffing (Figure 18), confirming the findings from CBF’s *State of the Sector 2024* report about the higher resilience among smaller organisations (See Snapshot of the Ecosystem Section).

Anticipated Effects on Organisational Funding between Now and 2027 (Small Organisations)

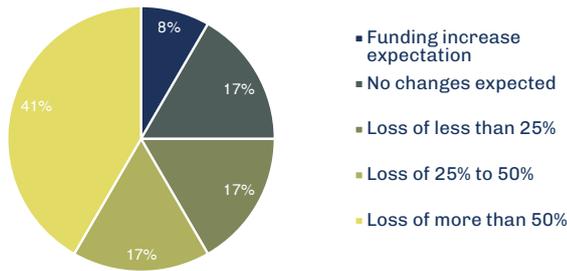


Figure 17 (N = 12)
Source: Survey

Anticipated Effects on Organisational Staffing between Now and 2027 (Small Organisations)

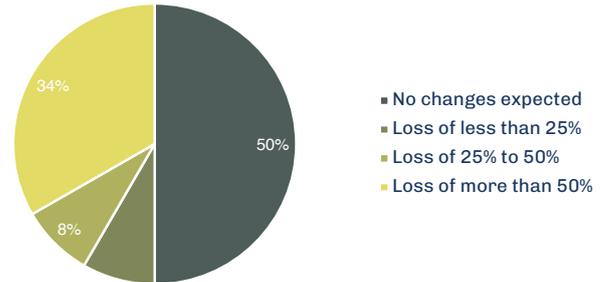


Figure 18 (N = 12)
Source: Survey

Field of Work and Size of Organisations

We segmented organisations across their size and selected fields of work (Figure 19), to understand if there is any correlation between the field(s) of work of responding organisations and the perceived impact of ODA on their financial and operational capabilities.

The Division of Fields of Work Among Respondents Based on Organisational Size

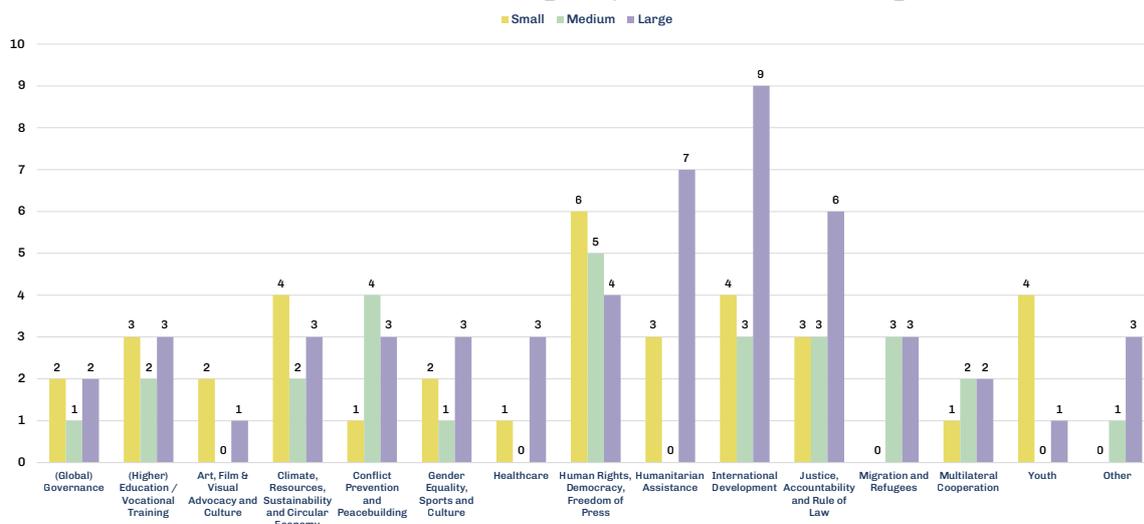


Figure 19¹¹ (N = 57)
Source: Survey

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It is important to note that for this question, respondents from the 57 organisations that chose to answer were permitted to select up to 3 fields of work that applied to their work. Therefore, the figures represent the number of selections for each profile and not necessarily distinct organisations for each bar.

The distribution of organisational profiles, as illustrated in Figure 19, reveals distinct areas of focus based on organisational size. Large organisations predominantly work with international development, humanitarian assistance and justice and rule of law. Medium-sized organisations demonstrate a more evenly distributed engagement across various fields of work, which indicates a broader operational scope compared to other size categories. Notably, no medium-sized organisations reported a focus on youth. Small organisations most frequently cited human rights, democracy and freedom of press, climate, resources, sustainability and circular economy and youth as their primary areas of work. It is also observed that no small organisations indicated migration and refugees as a primary field of work.

Stakeholder Interviews

Twelve interviews were conducted between March-April 2025. The interview questions were designed to gauge their expectations regarding present trends, the future of international development funding, and to understand the strategies they will or plan to employ across their organisations to mitigate the impact of the shifting funding landscape.

Interviewees were senior executives and leaders of five different fields of work within the peace & justice ecosystem, namely humanitarian assistance, international development, education, international law, justice and human rights.

The conversations presented a picture of an ecosystem under significant strain, but also one that is actively rethinking its role, operating models, and partnerships. On the one hand, organisations are confronted with serious structural risks as a result of the ongoing budgetary reductions. On the other hand, this situation is also perceived as an opportunity to initiate necessary changes. Several interviewees underlined that the current shock has 'forced' organisations to reflect more fundamentally on the efficacy of their existing operational models, funding structures, and approaches to stakeholder engagement. In this context, organisations are beginning to explore innovative solutions, particularly through new partnerships with private sector and commercial organisations, to ensure their continued relevance and viability within the international development context.



'The sector will just be smaller, perhaps better organised, but less capable of addressing global needs.'

Senior person from an international development-focused organisation.

Sector Impact and Calls for Reform



'It's a wake up call for all the NGOs and for partners and maybe also for the Hub to look at. It's a different situation now. Who are we and how can we provide the best service?'

Senior person from an international development-focused organisation.

Interviewees agreed that the current crisis is uncovering long-standing structural weaknesses. They pointed in particular to the over-dependence on institutional donors, especially governments from the Global North, as a core vulnerability. With Dutch ODA cuts still unfolding, organisations have already begun internal reorganisation and strategic adaptation.

Across the board, the people who sat down with us identified several major risks:

- **Rising unemployment:** An increase in unemployment is expected as a result of the budget cuts, with most of it in countries and regions where humanitarian and development projects are being implemented.



'We already see that there are fewer young people interested in or thinking that these studies are an interesting proposition.'

Senior professional at an international academic institution

- **Declining investment in training future professionals:** It is estimated that the impact will also affect capacity building and the formal training of future professionals. This can further impact the knowledge production and data collection in the sector negatively.



'We are afraid that practically this [the budget cuts] might lead to community engagement and truly involving local communities becoming more of a luxury.'

Leader of a social enterprise

- **Exclusion of affected communities from programme design:** Some interviewees shared their concern that end beneficiaries and affected communities will be further excluded from or kept from participating in the decision-making process of programmes as a result of the reduced funds and reduced sector capacity.

Organisational Impact

The degree of disruption varied according to the size of the organisation and its dependency on (inter)national ODA. However, certain broader patterns can be observed.

Many organisations are:

- **Re-evaluating their mission and focus:** Interviewees generally agreed on the need to make some choices and prioritising some activities and projects over others.



'What the budget cuts made us do internally is to reconsider. I think we have it quite clear now, we know what our strength is as part of our activities and now we have to find the possible solution to make sure that we have enough funding to continue.'

Senior person from an international development-focused organisation

- **Reorganising and restructuring operations:** Beyond anticipating lay-offs and general reduction in teams, interviewees affirmed the need to structure functions and roles.



'It has affected us in a big way in that we're currently in the process of restructuring the organisation to become leaner and meaner. We are also redefining roles within the organisation and determining what things that need to be done.'

Senior person from an international development-focused organisation

- **Aligning their communications strategy with funding criteria:** Some respondents indicated that they are likely to reframe the language that describes some of their activities to align with the terminology and priorities of the most significant funders.



'We're trying as much as possible, trying to apply long-term development approaches, market systems development approaches, trying to encourage economic opportunities. I see our organisation moving more towards humanitarian programming.'

Senior person from an international development-focused organisation

- **Diversifying their funding sources:** All respondents agreed on the need to develop long-term funding diversification strategies. The majority of organisations signalled their regret at having been too reliant on institutional funding and not starting this process sooner.



'In 2020, we decided we should also focus more and more on our 'home base' and to see what we can change here. In communicating with the Dutch public, we've been more successful in some cases, and we also see the financial impact.'

Senior adviser from an international development-focused organisation

- **Reaching out to the 'home market':** Some respondents confirmed their aim to increase communication with the Dutch public as a strategy to remain relevant, garner public support and even diversify their funding by expanding their individual donor base.

Funding Landscape and Emerging Trends

There is growing interest in diverse philanthropic sources, including private sector and grassroots fundraising methods. There is also widespread agreement that institutional funding remains essential for sustaining their work.



'There will be more competition, both in the Netherlands and internationally, because a lot of organisations see their funding drastically reduced, so there's going to be more focus on private sector funding, funding from philanthropic foundations.'

Senior adviser from an international development-focused organisation

Some of the trends perceived by interviewees include:

- **Heightened risk aversion:** With fewer resources available, respondents estimate that their organisations are likely to become more conservative in regard to new projects and initiatives. This logic is likely to extend to funders too, limiting the scope of new projects and organisations they choose to fund.



'It's gonna have to do with risk tolerance to have the private sector involved. The sector is trying to puzzle out how we connect the private sector with humanitarians and International Development actors, if the private sector can get a better understanding of risk or if the humanitarian organisations can somehow mitigate some of that risk.'

Senior professional from an international development-focused organisation

- **Reduced funding for intangible themes:** Respondents noted a decline in available funding for intangible thematic areas, such as justice and human rights, which are often 'difficult to measure' or politically sensitive. While this is not solely caused by the budget cuts, organisations have perceived growing difficulties at acquiring funding for these themes.
- **Growing reliance on other Institutional Funders:**
 - The European Commission (EC) was often referred to as a current funder with potential to grow its significance in funding the sector. However, interviewees do not expect EC funding to compensate for shrinking bilateral budgets.
 - Organizations previously benefiting from ODA are increasingly looking to private foundations for support. However, these foundations themselves may be significantly impacted by the politicisation of philanthropy, where prevailing political agendas attempt to dictate priority sectors and control the definition of what qualifies as charitable, thereby influencing funding flows and the autonomy of philanthropic work.

Interviewees shared that they are exploring alternative funding strategies and agreed that they are unlikely to be able to fully replace the scope, volume and flexibility of institutional aid.

Mitigation Strategies

Despite the pressures, many organisations are beginning to treat the current disruption as an opportunity for innovation. The crisis is serving as a catalyst for new conversations around partnership models, financial efficiency, and public engagement.

Respondents shared examples of strategic adaptations, including:

- **Increasing organisational efficiency:** Consolidation of services and shared operational models to reduce costs; focusing on impact generating activities.

"We have contacted these specific businesses and services and negotiated reasonable prices, because of course, they will gain a lot more clients. But what we saw is that they were not looking to support NGOs. We're now going commercial, and we tell them the interesting opportunity in front of them. The NGO sector is willing to learn from a maybe more 'business minded' organisation. And we ask them if they can help."

Senior manager in international development-related organisation

- **Seeking cross-sector collaboration:** Developing equal partnership with private sector actors to create leaner, more sustainable business models.

"But we have been a long-term believer in bringing the private sector into this as we see that they are a hammering factor for the development, but they can also be a huge engine, if you work alongside them, especially this new policy. It asks us to show that we can work together with small and medium-sized enterprises and even the larger ones if needed."

Senior manager in international development-related organisation

- **Enhancing the outreach with local 'home base':** Identifying public engagement opportunities as a strategy to influence and shape public opinion and to remain relevant to domestic audiences.

'So people really are standing behind us and supporting us. [...] As long as we're able to get people interested in what we're doing we should continue to try harder.'

Senior manager in international development-related organisation

- **Learning from Global South organisations,** which are often more experienced in navigating funding constraints

Smaller organisations, particularly those highly reliant on Dutch government support, may be pushed to explore mergers or strategic alliances to maintain viability. Meanwhile, others are rethinking their internal models, reducing inefficiencies, focusing on what they do best, and seeking out more balanced partnerships.

'It's going to be interesting to see where the innovations come from. I think that for some of them, social entrepreneurship is probably something to look at, to see where people find efficiencies and solutions.'

Senior manager in international development-related organisation

Conclusions

The Hague's peace and justice ecosystem is under substantial pressure due to ongoing reductions in ODA from both domestic and international donors. The financial impact is expected to be severe, especially for medium and large organisations with international portfolios that have been structurally dependent on this type of funding.

Approximately 80% of surveyed entities anticipate negative consequences, with 37% expecting income losses between 25% and over 50% in the next two years. These budgetary contractions are projected to result in staff reductions across the board, with medium organisations at heightened risk due to limited diversification and weak financial buffers. While 41% of small organisations indicated that they expect to lose more than 50% of their annual budget, 50% of the respondents do not expect a change in staffing, confirming the findings from CBF's *State of the Sector 2024* report about the higher resilience among smaller organisations.

At the same time, the sector is making the necessary internal adjustments, including reassessing strategic focus, optimising internal operations, and accelerating efforts to mobilize alternative funding streams, including but not limited to private sector partnerships, shared services models and increased outreach to individual donors. While some view the shift as overdue, concerns persist about the political signalling and the abrupt nature of implementation.

Interview feedback suggests that the current disruption is exposing long-standing structural vulnerabilities and forcing overdue change. It is, however, widely acknowledged that new financing approaches will not fully replace the scale, predictability, or flexibility of institutional funding. Due to the recent developments, the ecosystem risks becoming more fragmented, less resilient, and constrained in its capacity to address global challenges and achieve positive impact.

About the partners



The Humanity Hub is a vibrant platform for changemakers to collaborate towards a peaceful and just world. Building bridges across sectors, themes and disciplines, we connect a global community to share insights, form alliances, and innovate for greater impact. Our community collaboration space in The Hague embodies our vision of an open, peaceful society, serving as a physical hub for meaningful collaboration.

At The Hague Humanity Hub, we believe in the power of connection and collaboration to create a more peaceful and just world. Peace and justice are not merely outcomes to aspire to, but they are achievable realities when diverse changemakers from all disciplines, sectors and generations come together to address the complex challenges of our time.



HVFC International is a Dutch and US-based consultancy that works with impact-driven organisations in the Netherlands and around the world, to help them diversify funding, increase impact, and build capacity. Its services can range from strategic planning, advisory and thought leadership, to hands-on implementation and interim management.