

The impacts of sudden decreased funding on Ukrainian Civil Society Organisations

March 2025 | Ukraine

KEY MESSAGES

- The suspension of BHA/USAID funding has severely impacted humanitarian services provided by Civil Society Organisations (CSOs) in Ukraine, with WASH, food, health, and education programs reduced by one-third on average. Key oblasts such as Khersonska, Kharkivska, and Odeska are most affected, putting vulnerable populations at increased risk.
- Nearly one-third of CSOs have reduced their workforce, with 85% of affected organizations cutting paid staff and expecting to lay off 34% of employees on average. Operational disruptions, including fuel shortages and facility closures, are further limiting service delivery.
- Despite financial challenges, 40% of CSOs plan to continue operating on a volunteer basis, while 42% will rely partly on volunteers. Meanwhile, 61% of CSOs are actively seeking alternative funding, but many risk closure without urgent support.

CONTEXT & METHODOLOGY OVERVIEW

The reduction of humanitarian funding for Ukraine could have significant negative consequences¹. In 2024, Ukraine received \$6.05 billion through USAID programs, including \$3.9 billion in direct budgetary assistance, economic development programs (\$1.05 billion), humanitarian assistance (\$580 million), and funding for democracy and human rights programs (\$340 million)². International assistance plays a significant role in supporting the functioning of Ukrainian civil society organisations working in various fields, such as humanitarian aid, education, healthcare, energy, or economic development. Therefore, an unexpected drastic decrease in levels of support can pose significant risk to civil society organisations and their operations.

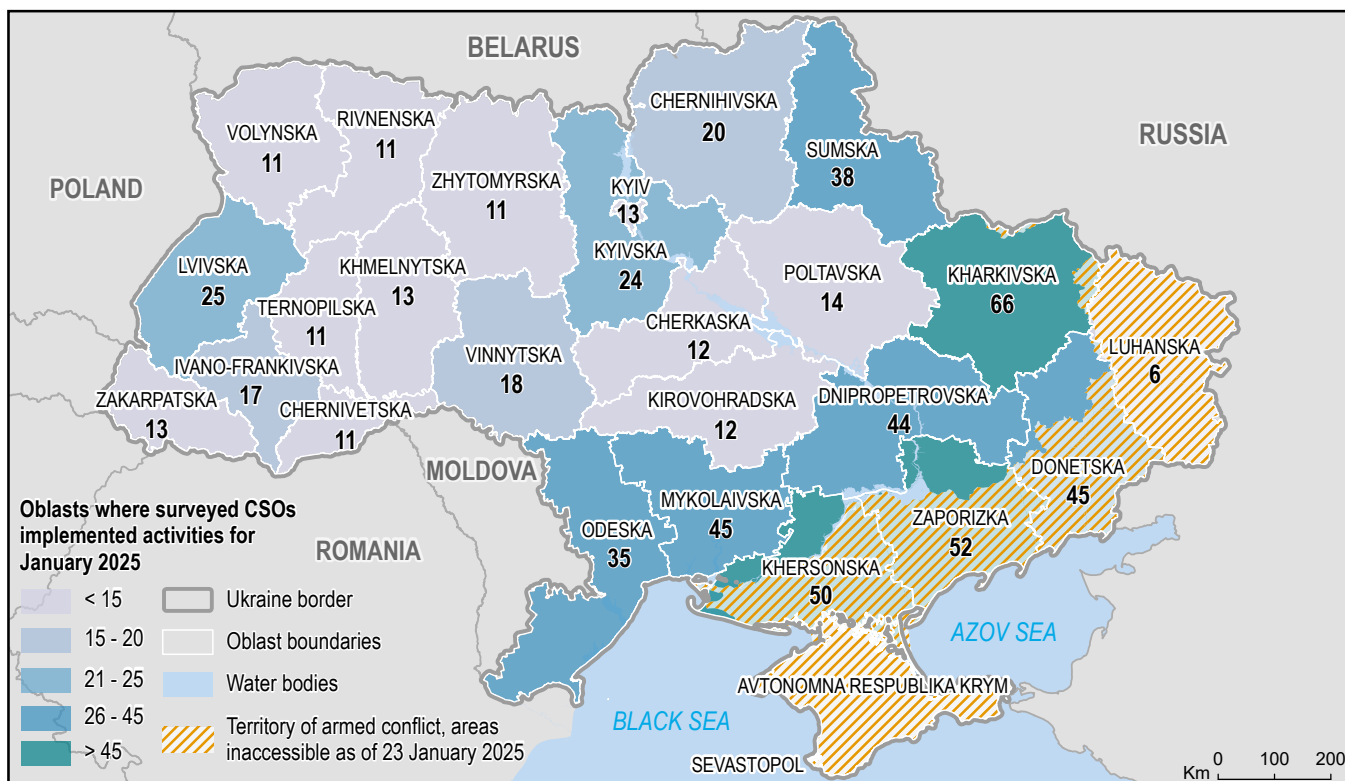
To better understand the challenges Ukrainian CSOs are facing after the shift in support levels (see Figure 1 with the CSO activities), REACH initially invited approximately 300 local CSOs to participate in the survey. Of these, 175 responded and took part in the quantitative survey conducted between February 19 and 25. Additionally, it is important to note that all respondents had previously participated in REACH assessments. Of the organisations surveyed, 114 had fewer than 25 employees and were considered small, 41 had between 26 and 100 staff and were classified as medium, and 20 had more than 100 employees and were categorised as large. Almost half of the surveyed CSOs (48%) have been operating for more than five years, while a significant proportion (45%) were established after Russia's full-scale invasion in February 2022. Additionally, 48% of CSOs operated in more than one oblast, while 80% of small CSOs were active in only one oblast. To complement the quantitative findings, four Key Informant Interviews (KIIs) were conducted with representatives from CSOs of varying sizes (small to large) that were affected by the US suspension of funding.

LIMITATIONS

Taking into account the importance of the research topic and the need for rapid analysis, REACH used a sample consisting of Ukrainian CSOs that had previously participated in REACH research. Additionally, due to the sensitivity of the topic, the uncertain situation, and difficulties in planning, some CSOs may have declined to participate in the survey or may not have been able to fully assess immediate consequences, as some impacts may only become apparent over time.

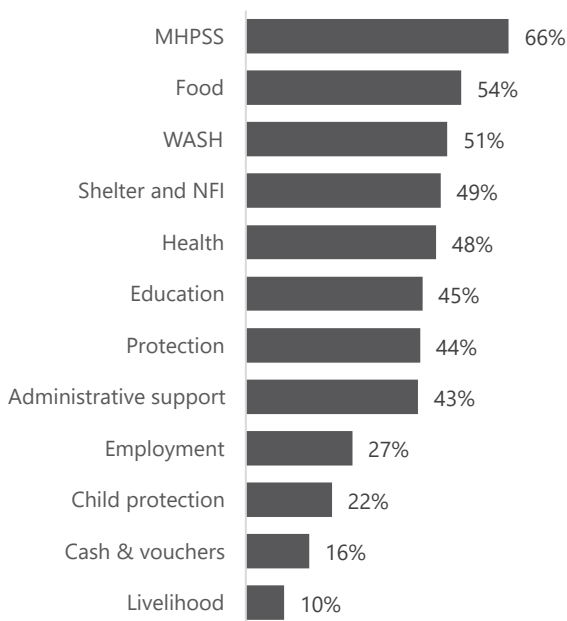
Therefore, all findings should be considered indicative.

Map 1. Distribution of assessed CSOs by oblasts



IMPACT ON SECTORAL ACTIVITIES

Figure 1. Self-reported types of support provided by CSOs in January 2025



Key informants reported the activities **most affected by the decrease in funding involved WASH, Food, Health, Education and Mental Health and Psychosocial Support (MHPSS)** (see Figure 2).

Table 1 highlights the most affected oblasts, with Khersonska, Kharkivska, and Odeska having the highest percentage of CSOs that reported the funding suspension affected their activities across humanitarian sectors.

Detailed information is available in Annex 1.

Figure 2. Average Reported Impact (%) of Funding Suspension on activities as reported by CSOs that had respective activities

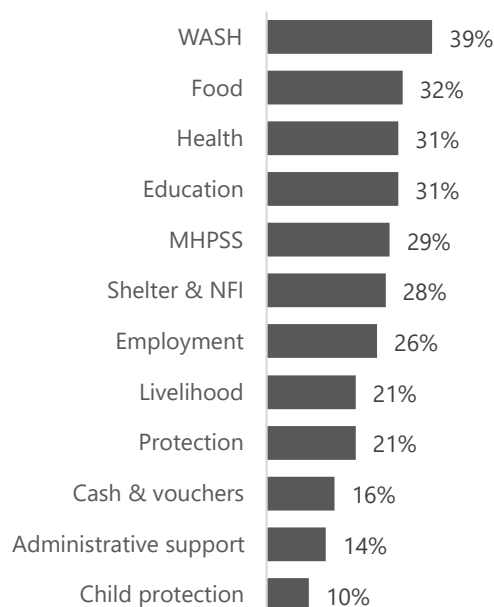


Table 1. Average Reported Impact (%) of Funding Suspension on most affected activities, by most affected oblasts

	WASH	Food	Health	Education
Khersonska	35%	30%	33%	38%
Kharkivska	30%	30%	33%	38%
Odeska	22%	17%	27%	31%

By the time of the survey, KIs could not estimate the number of beneficiaries who would potentially lose support. According to one representative of a CSO with various activity sectors, about 7,000 unique beneficiaries could potentially lose support in the Protection sector alone.

KIs reported that there has been limited funding for humanitarian projects in western and central Ukraine, not directly linked to the US funding suspension. In their view, since mid-last year, donors have begun shifting their focus from the protection phase to the development phase in line with the humanitarian planning cycle. This transition means that humanitarian assistance will be significantly reduced in host communities where there is no immediate threat to life, with resources instead being concentrated in conflict zones and evacuation areas. This approach remains controversial according to KIs, as the availability of humanitarian aid could potentially incentivize people to remain or return to in dangerous areas.

“If the project does not work for 10 months, about 7,000 unique beneficiaries will not receive assistance, including legal support, psychological assistance, and social support. These are the people who are included in the project’s target”. - KI from large CSO

IMPACT ON ORGANISATIONAL CAPACITY

Almost half (42%) of CSO representatives noted that some or all of the **international organisations** they had worked with **had suspended funding them**.

Additionally, **48%** stated that they were **unable to cover this funding gap** from other sources, with the others reporting they could cover the gap partially. Only one larger CSO reportedly managed to cover the gap entirely through other funding streams.

One KI of a large CSO share a positive experience in covering funding gap.

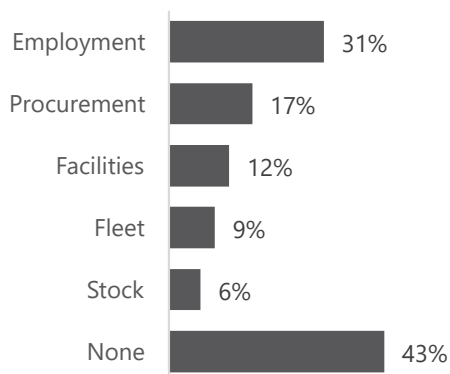
“To our great joy, we have a partner [hidden donor name] with whom we have signed a topline to support where there are gaps that are not covered by other donors. For example, rent of premises, salaries of valuable employees, repairs of cars or premises, etc. We informed them about the critical situation with this project and they supported us, and now the project is funded with the support of [hidden donor name].” - KI from a large CSO

According to another KI, if funding was to resume, they would be able to restart projects but not necessarily continue old ones that were interrupted, as they lacked the capacity to sustain operations while waiting three months for funding to be restored. According to KI, for example, if the beneficiaries’ roofs were not repaired urgently, their homes would become uninhabitable, especially in the cold season.

“Just as in the case of heart surgery, which cannot be paused to allow the surgeon to go on leave, so humanitarian projects cannot be paused. Because stopping funding either kills them or they are transferred to another donor”. - KI from medium CSO

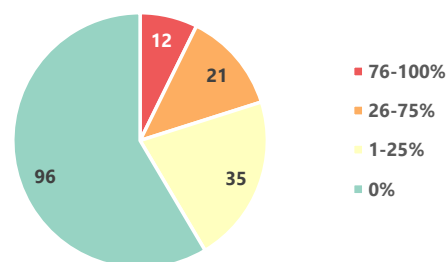
One KI reported their CSO had a reserve, administrative fund that enabled them to cover expenses for one month. However, the funding freeze meant they had fully exhausted it to meet obligations for services already received. Even if funding was restored, the KI explained, their organisation would be hesitant to engage as it could no longer afford to take on financial risk.

Figure 3. Current or anticipated CSO organisational aspects affected by funding suspension (multiple choice)



However, maintaining material capacity proved to be more challenging. For example, one KI reported that their only remaining vehicles were volunteer buses for civilian evacuations and personal vehicles. Another KI noted that their organisation was forced to vacate a comfortable, spacious building with a bomb shelter in Kherson and was now searching for more affordable alternatives. This is an incredibly painful loss, as having an acceptable bomb shelter is important for maintaining the safety of the staff and beneficiaries, especially in frontline areas, where up to 77% of all civilian casualties occur³.

Figure 3. Number of CSOs by percentage of their suspended funding



Among CSOs that reported or anticipated an impact on employment (n=54), **85% had to reduce the number of paid employees**. On average, organisations planned to lay off 34% of their staff. Every tenth CSO (9%) reported having an impact on their fleet (n=16), including an inability to pay for fuel (94%), lease vehicles (44%), or pay drivers (31%).

KIs indicated that some staff were retained by transferring them to other projects funded by different donors.

“The freeze affected 50 employees, which is 25% of the staff. But we were able to keep most of the people at the expense of other projects that were just starting in February, but unfortunately with changes in wages [downward], retraining [less skilled work]. In total, we lost about 10-15 qualified employees.” - KI from medium CSO

MITIGATION ACTIONS

To mitigate the impact of the funding suspension on their activities, the majority of CSOs (61%) planned to conduct fundraising, while 22% had no plans in place. One small-sized CSO that lost up to 100% of its funding, reported planning for a complete shutdown.

“Focusing on Europe, switching to other possible donors, and this did not start in January. Apart from BHA, we have all other European donors with whom we have ongoing cooperation. Our activities will be re-signed sometime in April or May, and we plan to include the activities that were covered by BHA.” - KI from large CSO

One KI emphasized the role of US donors in strengthening local capacities, noting that USAID had traditionally been a supportive donor to local partners. They highlighted USAID’s commitment to capacity building and localisation through their global localisation strategy. The concern expressed by some interviewees is that there may be a reduction in the focus on localisation.

According to a KI, the number of organisations within civil society is expected to decrease. Those that have built capacity, diversified their donor base, developed multiple activities or projects, and expanded their facilities are more likely to sustain themselves. In contrast, organisations that are still in the early stages of development or have only recently emerged will struggle, particularly in retaining staff, as they may not have the ability to reallocate staff to other projects.

However, one KI believed that the funding suspension and the shake-up of civil society could also foster opportunities for smaller, more adaptable organisations, finding ways to combine or secure alternative resources. It is also possible that new consortia may emerge as a response to these challenges.

CONCLUSION

CSOs with activities under **WASH, Food, Health and Education** have been particularly **affected** by the funding freeze. According to CSOs’ self-assessments, **funding** in these sectors **decreased** by an **average of one-third**. The highest number of reported **funding gaps came from** organisations operating in **frontline areas** – including Khersonska, Kharkivska, Odeska, Mykolaivska, Donetsk, Sumska, Dnipropetrovska, and Zaporizka – where the most vulnerable populations are concentrated.

Local **CSOs** experienced **significant organisational capacity losses**, particularly in their ability to maintain **paid staff**. This not only led to a reduction in staff and the level of assistance provided but also **weakened a comprehensive approach** to addressing the needs of vulnerable people. Additionally, the **quality of service provision** in sectors such as **MHPSS and Protection suffered**, as these areas require highly qualified specialists. The loss of experienced staff also resulted in diminished local expertise. For example, in one area, five mobile groups were previously needed to provide comprehensive social protection, but due to funding cuts, the CSO could only operate with three groups, which were unable to meet all service requests or maintain quality standards.

Given the time required to assess the full impact of funding decreases, potential responses from other donors, and the allocation of funding for similar humanitarian projects, it is possible that the **consequences will intensify gradually, lasting until the end of 2025**. CSO representatives noted that, with donor approval, **gaps were temporarily filled through urgent measures**, but these were unsustainable and required subsequent adjustments – such as scaling down programs, reducing service coverage for vulnerable people, and limiting geographic reach. In this challenging context, CSOs are expected to demonstrate flexibility, creativity, and **rapid decision-making**, as well as **to strengthen partnerships with local and international actors**. CSO representatives emphasised the need to expand existing consortia, integrate new members, and establish new alliances. They also noted expectations that **humanitarian partners should adapt their response strategies** – becoming more flexible, reacting promptly to urgent requests from local actors, and **adjusting pre-approved response plans** in close consultation with affected organisations to ensure the most impacted activities receive priority support.

ACKNOWLEDGEMENTS

THIS ASSESSMENT WAS SUPPORTED BY:



ABOUT REACH

REACH Initiative facilitates the development of information tools and products that enhance the capacity of aid actors to make evidence-based decisions in emergency, recovery and development contexts. The methodologies used by REACH include primary data collection and in-depth analysis, and all activities are conducted through inter-agency aid coordination mechanisms. REACH is a joint initiative of IMPACT Initiatives, ACTED and the United Nations Institute for Training and Research - Operational Satellite Applications Programme (UNITAR-UNOSAT).

ANNEX 1

Table 2. Average Reported Impact (%) of Funding Suspension on humanitarian activities, by oblasts

	Cash	Food	WASH	Shelter-NFI	Health	MHPSS	Education	Child protection	Protection	Employment	Administrative support	Livelihood
Vinnitska	0%	0%	4%	10%	7%	4%	15%	0%	8%	11%	11%	20%
Volynska	0%	0%	4%	10%	7%	4%	15%	0%	8%	11%	11%	20%
Dnipropetrovska	40%	4%	17%	15%	13%	20%	31%	40%	31%	22%	33%	40%
Donetska	40%	22%	22%	25%	27%	20%	31%	20%	15%	11%	22%	20%
Zhytomyrska	0%	0%	4%	10%	7%	4%	15%	0%	15%	11%	11%	20%
Zakarpatska	0%	0%	4%	10%	7%	4%	15%	0%	8%	11%	11%	20%
Zaporizka	40%	13%	22%	25%	7%	24%	31%	20%	31%	22%	22%	40%
Ivano-Frankivska	0%	0%	4%	10%	7%	4%	15%	0%	8%	11%	11%	20%
Kyivska	0%	0%	4%	10%	13%	8%	23%	20%	23%	44%	22%	20%
Kyiv city	0%	4%	0%	10%	13%	4%	8%	0%	8%	22%	0%	0%
Kirovohradska	0%	0%	4%	10%	7%	4%	15%	0%	8%	11%	11%	20%
Luhanska	0%	9%	9%	5%	7%	4%	8%	0%	0%	0%	0%	0%
Lvivska	0%	0%	4%	10%	13%	8%	15%	20%	23%	33%	22%	20%
Mykolaivska	60%	17%	22%	10%	13%	28%	15%	20%	23%	33%	33%	40%
Odeska	60%	17%	22%	25%	33%	32%	38%	20%	38%	33%	22%	60%
Poltavska	0%	0%	4%	10%	7%	8%	15%	0%	8%	11%	11%	20%
Rivnenska	0%	0%	4%	10%	7%	4%	15%	0%	8%	11%	11%	20%
Sumska	40%	17%	22%	35%	27%	24%	23%	20%	31%	44%	22%	40%
Ternopils'ka	0%	0%	4%	10%	7%	4%	15%	0%	8%	11%	11%	20%
Kharkivska	60%	30%	30%	50%	33%	28%	38%	60%	38%	33%	22%	60%
Khersonska	40%	30%	35%	30%	27%	36%	31%	20%	38%	44%	44%	40%
Khmelnytska	0%	0%	4%	10%	7%	4%	15%	0%	8%	11%	11%	20%
Cherkaska	0%	0%	4%	10%	7%	4%	15%	0%	8%	11%	11%	20%
Chernivetska	0%	0%	4%	10%	7%	4%	15%	0%	8%	11%	11%	20%
Chernihivska	20%	0%	4%	15%	13%	8%	23%	0%	15%	22%	11%	40%