

NGO Resilience in a Changing Funding Landscape

From global ODA contraction to regional realignment and Cambodia's development trajectory

Overview

01

Global ODA Collapse

Steepest decline on record — from peak to 2015 levels in two years

02

Donor Landscape Shifts

Who is cutting, who is stepping up, and the rise of Asian donors

03

Funding Modalities & Sectors

From project grants to blended finance, localization, and climate priorities

04

Southeast Asia Regional View

Localization push, disaster risk finance, NGO contraction pressures

05

Cambodia Country Trend

30 years of aid dependency meets an inflection point

06

Resilience Pathways

Adaptation strategies for NGOs navigating the new landscape

01 Global ODA Collapse

Largest annual contraction on record — two consecutive years of decline

-23.1%

ODA drop in 2025
vs 2024

\$174B

Total DAC ODA in 2025
(back to 2015 levels)

-35.8%

Humanitarian ODA
drop in 2025

0.26%

ODA as % of DAC
combined GNI (2025)

Timeline of Decline

2019–2023

5 consecutive years of ODA growth, driven by COVID-19 response and Ukraine war support

2024 -6.1%

First drop in 5 years; US and Germany lead cuts; humanitarian ODA -9.6%; CSO funding -2.3%

2025 -23.1%

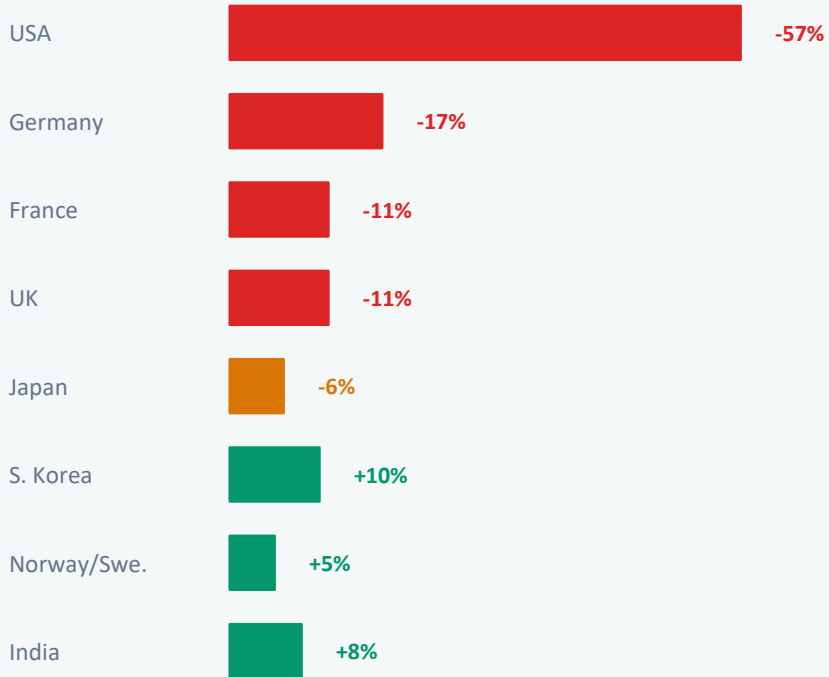
USAID dismantled; US ODA -57%; 26 of 32 DAC donors reduced. Largest contraction ever recorded

2026 Outlook

OECD projects further -5.8% drop. LDCs and sub-Saharan Africa face 25–26% bilateral declines

02 Donor Landscape Shifts

2025 ODA change vs 2024



Largest withdrawal ever

The US drove 3/4 of the 2025 decline. Its ODA fell 56.9% — the biggest single-donor cut in recorded history. Germany became the #1 DAC donor for the first time.

Asian donors stepping up

Japan, South Korea, and India all increased development aid in 2025. China directly replaced USAID funding in several countries, including Cambodia's demining program (\$4.4M).

European retreat

Germany (-17%), France (-11%), UK (-11%) all cut — partly driven by in-donor refugee costs and defense spending pressures. Only 4 DAC countries met the 0.7% GNI target.

03 Funding Modalities & Priority Sector Shifts

Modality Shifts

↓ Earmarked project grants

↓ Bilateral tied funding

→ Budget support / PFM

↑ Blended & results-based finance

↑ Localization (local org leads)

↑ Cash & anticipatory finance

↑ Climate/green bonds

Priority Sector Shifts

Rising ↑

Climate & green growth

Digital skills / TVET

Health systems strengthening

Disaster risk finance

Food security & agriculture

Social protection

Declining ↓

Gender equality programs

Democracy & governance

Civil society strengthening

Humanitarian relief

Family planning & SRHR

Bilateral ODA with gender equality objectives declined 13% in 2024. ODA to/through CSOs fell 2.3%. Humanitarian ODA fell 35.8% in 2025.

04 Southeast Asia — Regional Trends

Aid regionalization, localization push, and climate risk finance



Localization mandate

OCHA's 2025–2027 Asia-Pacific roadmap calls for a decisive shift: communities as primary implementers, systems designed to support local leadership — nationally led, locally implemented, regionally supported.



Climate risk finance

SEADRIF demonstrates fast-disbursing disaster payouts. A \$2M payment reached Laos within 6 days in 2025 after 300,000+ people were affected. Anticipatory finance is replacing slow humanitarian response.



Aid regionalization

East and South Asian donors are increasingly prominent. An 'Asian development imaginary' is replacing the US-led model — Japan, South Korea, India, and China now shape regional development narratives.



NGO contraction

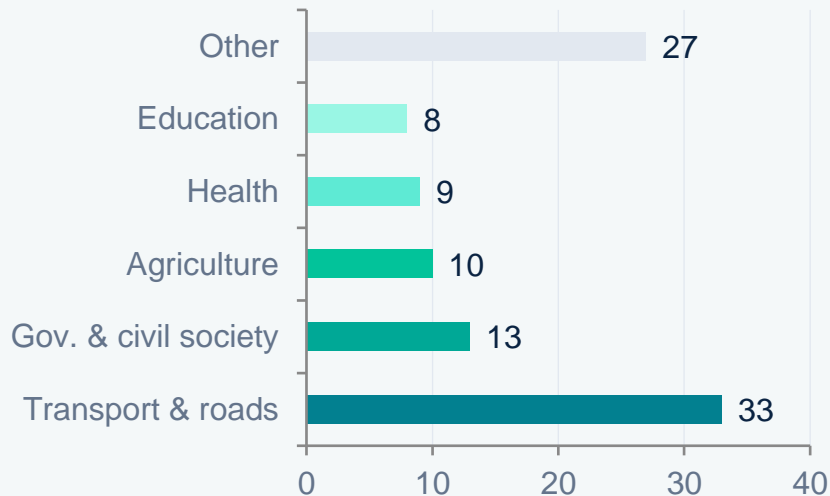
Smaller CSOs are losing sub-grants as larger INGOs contract. Governance, rights, and gender funding is hardest hit. Organizations dependent on single donors face existential risk.

05 Cambodia — Country Donor Landscape

Key Donors & Status

Japan (JICA)	Active / Increasing	Infrastructure, health, agriculture, connectivity
EU	Active / Committed	Green growth, TVET, PFM, civil society
Australia (DFAT)	Active / Steady	Governance, health, education, scholarships
World Bank / ADB	Active / Expanding	Infrastructure, social protection, PFM
South Korea	Growing	Infrastructure loans, economic cooperation
China	Active / Gap-filling	Infrastructure loans, demining (replaced USAID)
USA / USAID	Closed (2025)	Health, governance, education — all halted
Sweden (SIDA)	Exited 2024	Gender, rights — major gap left
Germany (BMZ)	Cutting	GIZ/KfW, NGOs, foundations all impacted

ODF Sector Allocation (since 2015)



Transport/roads sector receives 33% of all ODF — above regional average of 21%.
Civil society funding (13%) remains below regional peers.

05 Cambodia — NGO Pressures & Transition

Key Funding Pressures

SIDA Phase-out

Full exit by end 2024 — major gap in gender equality, rights, and environmental protection programs across Cambodian NGOs.

USAID Closure

USAID dismantled July 2025. Health, education, governance, and media programs halted or terminated. \$3B+ in historical investment now discontinued.

BMZ / Germany

Significant global budget cuts impacting GIZ/KfW bilateral programs, political foundations, church-based organizations, and their Cambodian NGO partners.

Dependency cycle

National NGOs that developed dependency mindsets pass this down to grassroots CSOs and CBOs, making the whole sector fragile. Cycle of reliance is systemic.

Resilience Pathways

Asian donor engagement

Japan (JICA), South Korea, China increasing presence. NGOs building networks with Asian business and diplomatic communities. A more regional development order is forming.

Social enterprise pivot

NGO leaders diversifying via private sector co-ventures. Social enterprise funding replaces shrinking grant pools. Cambodia's infrastructure growth creates opportunities.

LMIC graduation alignment

Cambodia targets upper-middle-income status by 2030. Pentagonal Strategy aligns with remaining EU, Japan, and Australia donor priorities around TVET, PFM, and green growth.

Localization & community-led

Grassroots CBOs and local organizations transitioning to direct funding relationships. National NGOs repositioning as capacity-builders rather than service-deliverers.

05 Cambodia — Development Financing

Development at a Turning Point

- **ODA stable** at USD 2.1B annually (2021–2025)
- **LDC graduation 2029** reshaping financing architecture
- **Grants declining** (40%) → **Loans rising** (60%)
- **Aid dependency** 5% → 4% of GDP
- **Strong alignment** with Pentagonal Strategy Phase I

Key Financing Metrics

USD 2.1B

Annual ODA Flows

40% → 60%

Grants → Loans Shift (2024)

USD 130

ODA per Capita (Avg.)

4%

Aid / GDP Ratio (2025)

LDC Graduation Timeline

- **2016**
Cambodia attains lower-middle-income status
- **2021–2025**
ODA stable at USD 2.1B amid global volatility
- **2024**
Loans reach 60% of total ODA flows
- **2029**
Planned graduation from LDC status

NGOs — A Hidden Pillar

- **USD 277M annually** from NGO own resources (~13% of ODA)
- **Core sectors:** Education, health, community development
- **Strengths:** Flexibility, local reach, higher risk tolerance
- **Challenges:** Funding volatility, compliance burden, weak coordination

Sectoral Allocation Highlights (2024)

- **Infrastructure dominant:** USD 714M (transport, energy, water)
- **Social sector steady:** Health USD 251M | Education USD 235M
- **Agriculture & rural development:** USD 438M combined
- **Governance & community:** USD 202M combined

05 Cambodia — Civic Space and Enabling Environment

01

Legal & Regulator Environment

Highly restrictive legal framework (LANGO, Tax, AAL, Digital, etc.), use of vague criminal laws, new legal development (2025 nationality law)

02

Political & Governance Context

Cambodia remains de facto a single-party dominant system, government uses a mix of control and co-optation.

03

Civic Freedoms

Civic space widely classified as “repressed” or closed by international monitors, freedom of assembly restricted, self-censorship, surveillance and judicial harassment.

04

CSO Operational Space

Dual environment (shrinking but reshaping): high risk and restrictions for sensitive sectors & more tolerated/cooperative for service delivery sectors.

05

Funding & Sustainability

Major decline in international funding & Need a shifting from donor-driven model to survival/adaptation mode.

06

State – CSO Relations

Mixed model: tension + engagement & growing emphasis on government-led policies, it is structure but controlled consultation spaces.

Cambodia’s civic space is structurally restrictive but functionally adaptive, and toward the 2027–2028 elections, CSOs will need to navigate tighter political controls, shrinking funding, and shifting toward collaborative, locally rooted engagement models.

06 Resilience Pathways for NGOs

Strategic imperatives for navigating the new funding landscape

01

Diversify beyond Western project grants

Engage Asian donors (Japan, South Korea, India) actively. Align programs with infrastructure, TVET, and health-systems sectors that match these donor priorities.

02

Pursue blended & social enterprise models

Supplement grant income with earned revenues, corporate partnerships, and social enterprise ventures. Build financial reserves during transition periods.

03

Champion localization genuinely

Transition from implementer to facilitator. Support CBOs and grassroots groups to access funding directly. Position national NGOs as capacity-builders, not pass-throughs.

04

Align with climate & digital priorities

Integrate climate resilience, green growth, and digital skills into existing programs. These are the sectors where funding is expanding, not contracting.

05

Build coalitions for advocacy

Collectively advocate to retain civil society, gender, and governance funding. Individual NGOs are too small; coalitions like CCC can sustain policy dialogue with remaining donors.

06

Invest in institutional independence

Break the dependency mindset. Organizations that can operate and adapt without external support are the ones that will survive this era of contraction.

Key Takeaway

The global aid system has structurally contracted — not temporarily paused.

- ODA fell a record 23.1% in 2025 and is back to 2015 levels — \$50B wiped in one year
- USAID's closure and European retreats are structural, not cyclical shifts
- Asian donors (Japan, Korea, India, China) are the new growth axis for regional development
- Cambodia faces its most challenging funding environment in 30 years of civil society history
- NGOs that survive will diversify, localize, align with climate/digital, and build independence