

# USG STOP-WORK ORDER IMPACT ON THE SHELTER SECTOR

MEETING NOTES: 13<sup>TH</sup> FEBRUARY 2025

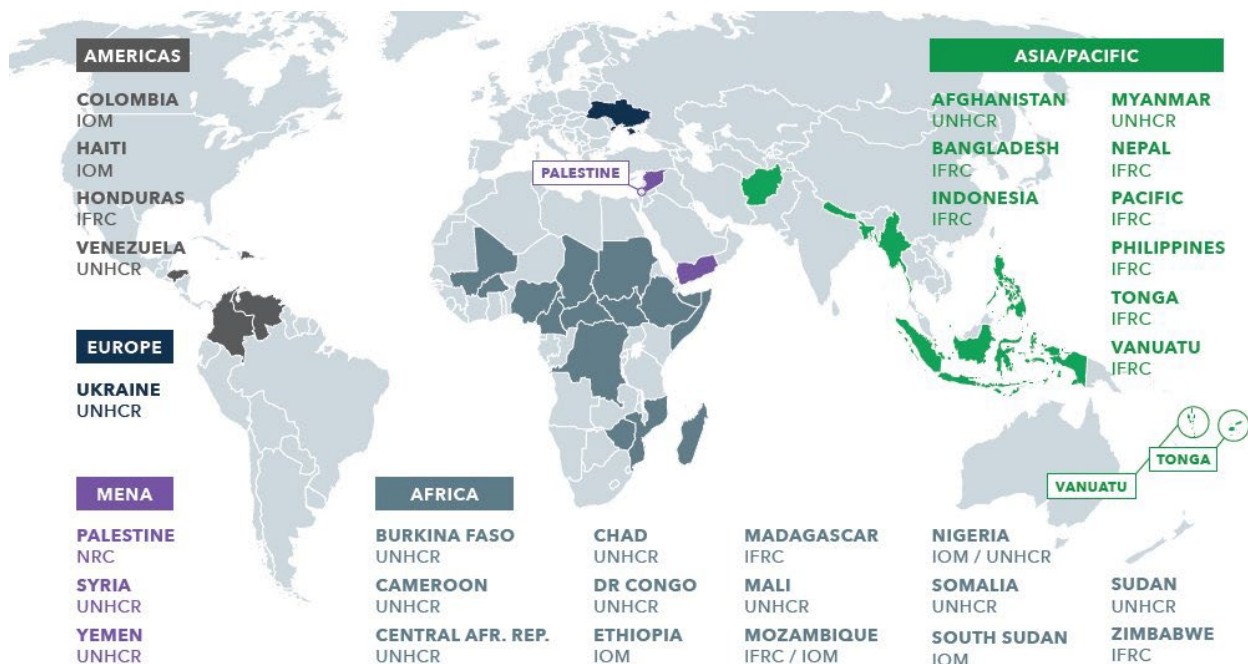
On the 13th of February, the Global Shelter Cluster (GSC) organized an extraordinary all-partners meeting. Considering both editions of the meeting—held to allow participation from partners in different countries worldwide—over 380 participants joined the discussion. Both Shelter Cluster Global Coordinators, framed the situation of severe funding crisis in the shelter sector and open the space for discussing the impact on the shelter sectors and the priority actions to move forward.

## Timeline of events

- On January 24, 2025,** The US President issued an Executive Order (EO) to pause foreign aid for 90 days, followed by a “Stop work order” (SWO) issued by the State Department, immediately affected funding, procurement, and coordination efforts.
- On January 28, 2025,** The Secretary of State issued an [emergency humanitarian waiver](#) to allow life-saving humanitarian assistance programs to continue. Shelter was cited as part of life-saving programs.
- On February 2, 2025,** USAID headquarters office closed.
- On February 5, 2025,** The GSC issued a survey with country cluster coordination teams to understand the impact of the stop-work order. The key information gathered through it presented in the graph with USG contributions to Shelter and NFI programmes in 2024 (below in this report).
- On February 6, 2025,** The GSC hosted a Donor Consultation Group together with the Strategic Advisory Group.

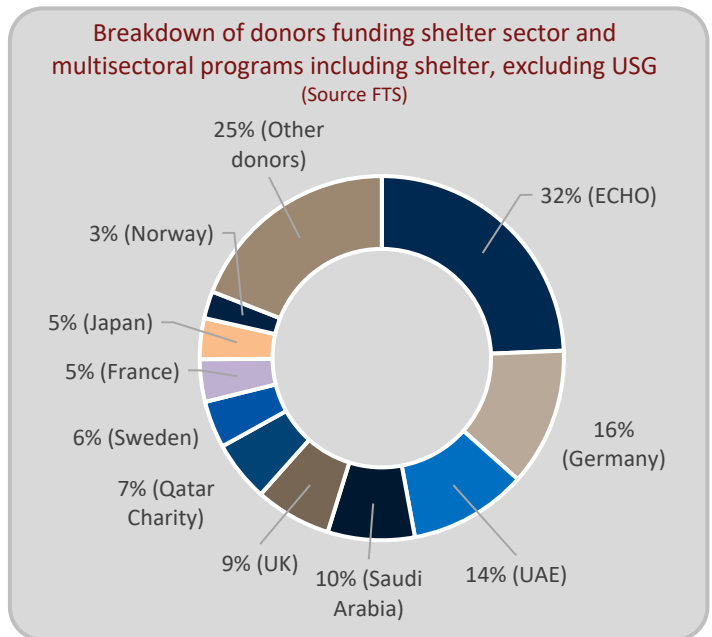
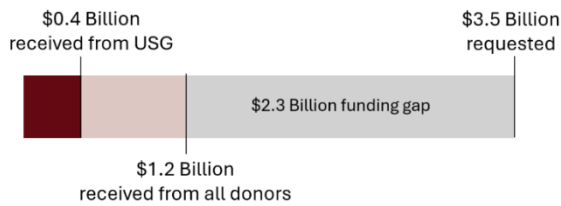
## Where Shelter Cluster and partners operate

The Shelter Cluster is a coordination mechanism that brings together humanitarian organizations to address shelter needs in conflict and disaster contexts, ensuring a coherent and effective response. The shelter cluster and cluster-like mechanism currently coordinate shelter response in 42 countries across five regions (31 clusters, as shown on the map below, and 11 cluster-like mechanisms). The information in this document reflects only these contexts, however in non-cluster contexts the qualitative impacts may be comparable.

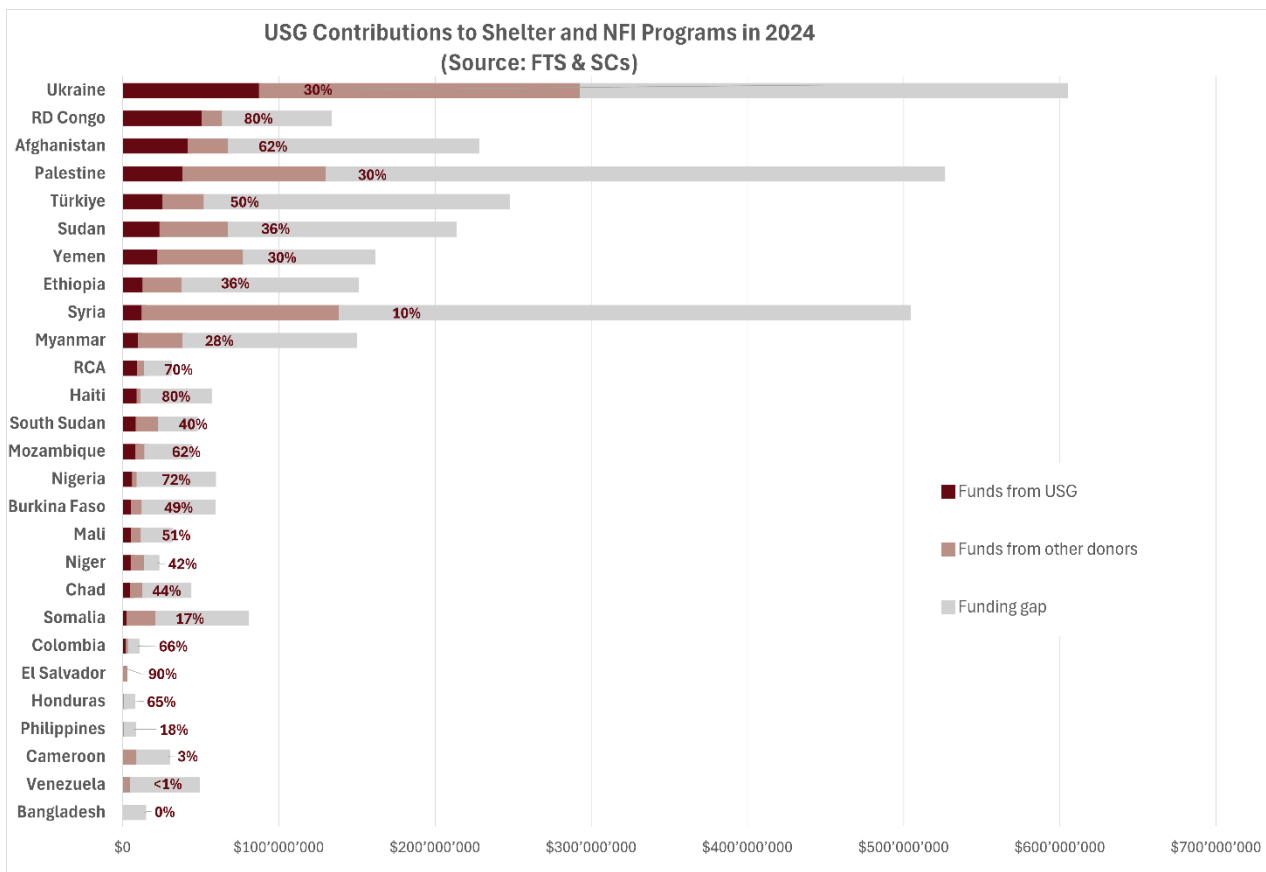


## The funding impact of USG SWO on the Shelter Sector

As a historical reference, funding figures [reported to OCHA's Financial Tracking Service](#) from 2024 can be used to seek to understand the potential impact in 2025.<sup>1</sup> In 2024 the shelter sector requested 3.5 billion USD out of which 1.2 billion was funded and USG had contributed 0.4 billion USD. The figure below shows the level of funding for the shelter sector in 2024 (source Shelter Cluster and FTS).



The vast majority of Shelter Clusters reported that their partners relied significantly on USG funding in 2024, with a median reliance of 42%.<sup>2</sup> In a few cases, some indicated over 80% of their shelter assistance budget was sourced from this funding stream.



<sup>1</sup> According to FTS data, in countries with an activated Shelter Cluster or a Cluster-like structure, half of the funding for the Emergency Shelter and NFI sector was provided by the USG. This percentage includes funding for the entire SNFI sector, which may also cover refugee response and multisectoral projects in some countries. The data was extracted from the "Global Summary Donor Grouped" section in FTS.

<sup>2</sup> These figures are preliminary for 2024 and may be subject to change as reporting progresses. Additionally, percentages only reflect standalone Shelter and NFI projects and do not account for integrated projects that include Shelter and NFI components alongside other sectors. As a result, the actual reliance on USG funding may be higher than indicated here.

## Feedback from the Participants

- Majority of partners have reported suspending procurements and emergency and durable shelter activities. Some organizations had to close offices and/or stop all activities in some countries.
- The current lack of liquidity directly affects the supply chain in many countries, leading to the suspension of life-saving activities despite the waivers.
- Participants in the meetings shared concerns about impact of the freeze in absolute and relative terms on some particular contexts, for example DRC, Afghanistan, Sudan, Syria, Mozambique, Colombia, Palestine, South Sudan and the Philippines.
- The funding freeze disrupts the integrated approach of the humanitarian response because complementary sectors like WASH and protection do not appear in the waiver.

## Impact on Affected Populations

Given the USG contribution to the shelter sector, it is estimated that approximately 7.8 million people will be without basic emergency shelter and non-food items (NFI) support in conflict and disaster-affected countries worldwide. The estimated impact varies by country, ranging from tens of thousands to 1.6 million people. The primary anticipated effects include:

- Increased vulnerability due to inadequate or lack of shelter, particularly in conflict zones or areas with extreme weather conditions.
- Degradation of health conditions and heightened safety risks, including exposure to harsh environmental conditions and potential increases in disease transmission.
- Deterioration in living conditions and overcrowding, leading to secondary humanitarian challenges.
- Several clusters mention specific impacts on prepositioned shelter items, which would affect the ability of humanitarian organizations to respond to future disasters such as floods, cyclones, or earthquakes.
- Delayed recovery, extended displacement periods, and increased difficulty in finding durable shelter solutions.
- The cuts will indirectly impact health, education, food security, and livelihoods.

## Impact on Cluster Coordination Teams

The survey indicates that the stop-work order will directly impact the structure of shelter cluster coordination teams at national and sub-national levels. The primary concerns revolve around:

- Staffing reductions due to funding constraints. Shelter partners stopped co-chairing Shelter Clusters
- Loss of key personnel supporting coordination efforts.
- Challenges in maintaining effective oversight and response mechanisms.

## Financial Implications of Stopping and Restarting Operations

The financial impact of halting and subsequently restarting operations is expected to be substantial. Estimated costs vary widely, with some responses indicating additional expenses in the millions of dollars. Key cost factors include:

- The need to renegotiate contracts.
- Increased logistical and administrative expenses.
- Potential loss of already allocated funding.
- Long-term funding instability: The crisis exposes systemic vulnerabilities in humanitarian financing.

## Recommended Actions for Shelter Partnership

Through an anonymous consultation, participants in both meetings shared their insight on what should shelter partnership do and what could be the next steps at country and global level. The total of 163 inputs can be grouped around the following topics:

1. **Advocacy**
  - Intensify advocacy efforts with a focus on funding priorities
  - Acknowledge local NGOs and communities are the most affected
  - Show of unity and promote joint efforts
2. **Strategic aspects**
  - Strengthen localization
  - Prioritize target
  - Explore more and better partnerships between organizations and public-private partnerships
  - Maximize impact through a more intersectoral way of working
3. **Additional funding**
  - Diversify funding sources
  - Identify non-traditional funding opportunities
  - Explore alternative funding options, including climate finance and resilience mechanisms
4. **Support to countries and operations**
  - Support the definition of life-saving activities to help partners obtain waivers and continue their operations
  - Assist in negotiating waivers
  - Support countries in developing a comprehensive advocacy plan
5. **Information and communication**
  - Gain further evidence on the impact of the financial cuts
  - Provide updated insights on ongoing developments

### Strategy

The [Global Shelter Cluster strategy 2030](#) focuses us on extending impact and gaining optimal reach, which is more vital than ever. The GSC invites all partners to contribute towards our joint vision as we move forward. Discussions will continue through the GSC Donor Consultation Group, GSC Strategic Advisory Group and upcoming GSC meetings.

## Useful resources

[Coordinated life-saving shelter and settlement interventions](#)

[Funding Sources for Mainstreaming Environment and DRR in Humanitarian Shelter and Settlements Programming](#)

[Proposal for proposal for a simplified and more efficient humanitarian system, Jan England and Joyce Msuya](#)

[Building a humanitarian system for the future](#)

[Global Shelter Cluster strategy](#)

[The wider impact of Shelter and Settlements assistance](#)

[90 Day Suspension Resources - ICVA](#)