

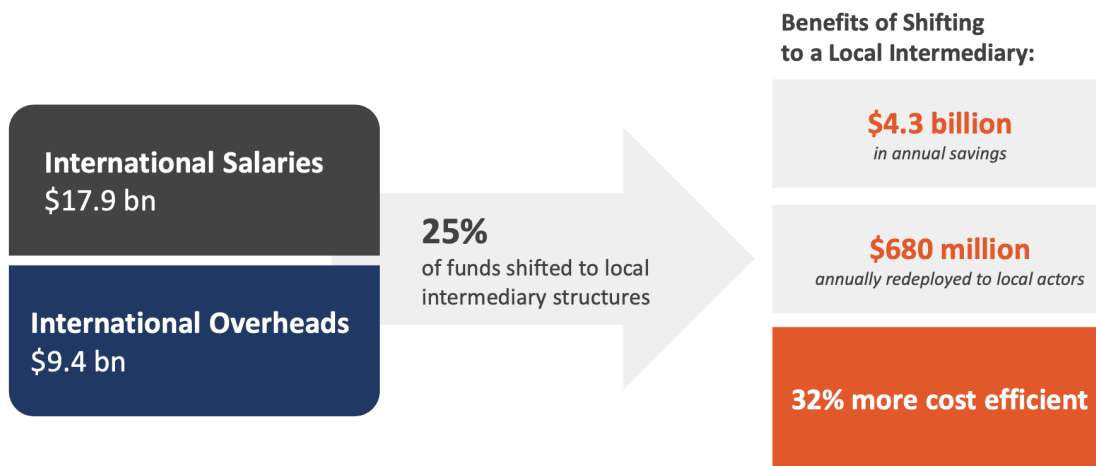


# Passing the Buck

## The Economics of Localizing International Assistance

A study by the Share Trust and the Warande Advisory Centre estimates the economic implications of shifting 25% of Official Development Assistance (ODA) - aligned with Grand Bargain and USAID commitments - from international to local intermediary structures.

**Key Findings.** The analysis estimates that **local intermediaries could deliver programming that is 32% more cost efficient than international intermediaries**, by stripping out inflated international overhead and salary costs. Applied to the ODA funding flows allocated to UN/INGOs in 2018 (\$54bn), this would equate to US\$4.3bn in annual savings, **funding that would cover the entire UN humanitarian appeal for Ukraine in 2022**. The analysis also assumes that funds are shifted to local intermediaries using equitable salary and overhead rates (rather than the status quo), resulting in an additional redeployment of \$680m in salary and overhead costs to local actors.



**Proposed Transition Fund.** A transition of 25% of funding will not happen overnight, because current systems, processes, infrastructure, and capacities must be updated to make this shift. The analysis therefore models an investment of \$21.6bn over 8 years in a “Transition Fund” and finds that this essential upfront cost would yield **a net gain of \$6.1bn+, more than offsetting the cost of investment, to leverage funding that is critically required** for unmet humanitarian and development needs.

