



MAY 2026

PASSING THE BUCK

The Economics of
Localizing Aid in Sudan

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Acronyms

ABC	-	Area Based Coordination
CBPF	-	Country Based Pooled Fund
CSOs	-	Civil Society Organisations
DAC	-	Development Assistance Committee
ERRs	-	Emergency Response Rooms
FCDO	-	Foreign, Commonwealth and Development Office
FLEX	-	Flexible Localization Envelope
INGO	-	International Non-Governmental Organisation
LNGO	-	Local Non-Governmental Organisation
MAGs	-	Mutual Aids Groups
MEAL	-	Monitoring, Evaluation, Accountability and Learning
MHF	-	Myanmar Humanitarian Fund
NGO	-	Non-Governmental organization
NNGO	-	National Non-Governmental Organization
NFI	-	Non-food items
NICRA	-	Negotiated Indirect Cost Rate Agreement
ODA	-	Official Development Assistance
PSC	-	Project Support Costs
SHF	-	Sudan Humanitarian Fund
SHG	-	Self Help Group
UN	-	United Nations
UN AIDs	-	Joint United Nations Programme on HIV/AIDS
UNICEF	-	United Nations Children's Fund
UNDEF	-	United Nations Democracy Fund
UNDP	-	United Nations Development Programme
UNFPA	-	United Nations Population Fund
UNHCR	-	United Nations High Commissioner for Refugees
UNOPS	-	United Nations Office for Project Services
UN OCHA	-	United Nations Office for the Coordination of Humanitarian Affairs
UNRWA	-	United Nations Relief and Works Agency
WFP	-	World Food Programme
48 Hour	-	The 48 Hour Rapid Response Mechanism

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Data from the Sudan Humanitarian Fund was provided by the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) in Sudan, under an agreement to present aggregate findings by implementing organization, without naming specific organizations in relation to budgetary figures. We are very grateful to Francesco Bonanome and Dominiek Benoot for their support and review of this work. UNOCHA's commitment to budgetary and operational transparency, including through their engagement in this work, is critical for accountability and for supporting their mission-focused efforts to advance locally led action as part of the Humanitarian Reset.

Executive Summary

Context

Over the past three years, one of the world’s most pressing humanitarian emergencies has been unfolding in Sudan. One of the pillars of the global humanitarian response is the Sudan Humanitarian Fund (SHF), the largest of the UN Office for the Coordination of Humanitarian Affairs’ (OCHA) Country-Based Pooled Funds (CBPFs). The SHF also has the lowest percentage of funds going directly to local actors of all CBPFs; however, the trajectory is changing. Over the past five years, the SHF has nearly tripled its share of local funding—from 12% in 2020 to 35% in 2025—and has more than quadrupled its absolute funding to local actors—from \$13.6 million in 2023 to \$57.5 million in both 2024 and 2025. The SHF also employs several innovative funding windows that prioritize getting flexible funding to local actors, mainly via international intermediaries.

This study provides a comparative analysis of project budgets funded through the SHF in 2024 to identify how funding was moving to local actors, where there may be opportunities for cost efficiencies in a shift to a more localized response, and what trade-offs are important to consider. It examines the budgets of **41 projects** accounting for a total of **\$88.3 million** in funding, or **49%** of the SHF’s total 2024 disbursements (US\$180.7 million).

This study builds upon The Share Trust’s other “[Passing the Buck](#)” studies, the first of which, published in 2022, found that, globally, **local intermediaries could potentially deliver programming up to 32% more cost efficiently than international intermediaries**, by stripping out international overhead and salary costs. Subsequent studies of actual budget data in four countries – including evaluations of the UNOCHA Pooled Funds in Ukraine and Nigeria– found cost efficiencies ranging from 14-19%. The scale of these potential savings may be significant: in Ukraine, for example, if 25% of 2023/24 humanitarian assistance had been channeled via local intermediaries, estimated cost efficiencies could have been up to \$256 million, funding that could be redeployed to cover unmet humanitarian need. While Sudan presents a different context and set of opportunities than Ukraine, with the \$4 billion budget for Sudan’s Humanitarian Response Plan less than 40% funded, identifying ways to free any potential additional resources through cost efficiencies is critical.

Summary of Findings

Local intermediaries in Sudan are able to deliver programming that is 12.7% more cost efficient than UN agencies and 9.5% more cost efficient than INGOs, for an average overall cost efficiency of 9.7%. This relative cost efficiency stems from Sudanese organizations’ comparatively lower staff, overhead, and administrative costs. By this measure, channelling more SHF funding directly through local intermediaries could unlock crucial resources for urgent humanitarian and development needs.

Overhead and administrative costs must be considered in the context of the value they add. For example, a project with very low support costs that provides most of its budget to the frontline should not necessarily be judged to be more cost efficient than a project with higher support costs if those higher costs cover more services, like technical assistance, monitoring, evaluation, accountability, and learning (MEAL), capacity support, etc.

Beyond the question of overhead costs, the structure of how SHF funding flows also shapes cost efficiency. SHF funding often passes through multiple layers of UN agencies, INGOs, and LNGOs. In addition, individual partners often receive multiple prime and/or subawards from SHF.

This complexity, however, is, in part, a feature of the SHF's multiple funding windows and may deliver benefits that counteract the costs of multiple layers. The SHF windows for Area-Based Coordination (ABC), 48-hour response, and MAGs each facilitate a specific approach to funding that responds to a particular context or set of needs. Together, this range of approaches has the potential to deliver a more comprehensive and well-targeted response to the multiple, disparate needs within a complex crisis, even though they add operational complexity.

Notably, the SHF's Mutual Aid Groups (MAG) window delivers substantial funding to frontline groups quickly and with low administrative burden. This window delivers small scale grants to frontline groups via INGOs, with minimal reporting that can be done through locally developed reporting mechanisms. Moreover, the data show that these grants have smaller overheads than more traditional programs. Scaling up the MAG window to \$25 million has been an important factor in SHF's increase in local funding.

An analysis of the cost of administering awards suggests that it may be more cost efficient for SHF to administer awards to local actors directly or via local intermediary organizations. Awards to local partners are often more costly to manage, at least at first, since many local organizations are still building experience with the roles and requirements of being a lead partner; the SHF estimates that direct awards to local partners incur award management costs that are, on average, double that of working with international partners. However, when these costs are offset by the programmatic cost efficiencies of working through local actors, estimated above, the analysis shows that funding via UNOCHA's current five LNGO primes is a comparatively cost-efficient decision.

A further consideration is who bears the management cost of awards. Broadly speaking, when the cost of delivering awards to local partners focuses primarily on the cost to UNOCHA, it is more cost efficient for UNOCHA to fund local organizations via subgrants managed by international prime partners than it is for them to manage many small grants directly. However, the costs of subgrant administration still exist—they are just passed on to the prime partners. Taking this shift of grant management costs into account—and looking at overall cost efficiency, not just the costs UNOCHA bears—the most cost efficient scenarios are for the SHF to use local intermediary partners to deliver subgrants or to manage all awards directly (i.e., not as subgrants). Changes in the amount

of funding distributed or number of partners may alter these estimates, however, as would a scenario in which prime partners have lower grant management costs than SHF.

While these findings point toward the importance of more direct and locally-led funding structures, significant expansion of these more cost-efficient scenarios may be complicated in the short term. Not all sub-grantee partners may be able (or want) to partner directly with the SHF. And partnering with local intermediaries to manage this level of subgrants would require a 10x increase in funding for the current set of local intermediaries. The desire and ability to absorb this level of increase would need to be assessed.

That said, while there are legitimate questions about the absorptive capacity of LNGOs to manage tens of millions of dollars right now, assumptions about LNGOs' ability to manage larger scale funding may underestimate their current capacity. Our review of program budgets highlighted multiple local organizations that are already receiving close to or more than a million dollars from SHF through a combination of prime and (sometimes multiple) subawards. A next step should be to understand whether these organizations are already at or near the limit of their absorption capacity, whether they want to expand their capacity, and if they do, what support they would like to grow.

Discussion of Findings

There is a strong imperative to ensure Sudanese actors lead and exercise decision making over the humanitarian response—and that international support is flexible enough to adapt quickly to fluid local needs and priorities. There is also evidence that local partners can be more cost efficient than international partners. However, the question of direct local funding is complex and will need to take into account the following factors:

- **Cost efficiency vs. cost effectiveness:** Assessing cost savings without also focusing on value for money is too narrow of a lens. Cost efficiency is critical, but it must be complemented by a deeper evaluation of how more cost-efficient routes might impact cost effectiveness.
- **Cost efficiency vs. a diversified portfolio:** The SHF has multiple prime awards with the same partners. Consolidating these primes could potentially increase cost efficiency, but it may also require the SHF to bid out larger umbrella awards that would likely further crowd out local actors and could compromise on technical quality based on area or technical expertise.
- **Cost efficiency vs. value added:** International actors have been cited as providing a set of critical functions for local actors. For example, international partners can provide cover from the competing authorities, share technical expertise, enhance security protocols for local actors, and serve as a buffer between implementers and donor bureaucracy, including managing donor compliance. Focusing on funding local actors just to meet a direct local funding target could result in a loss of services that local actors find valuable. The imperative is to understand from local actors what value they want international partners to

add—and to ensure local partners have the opportunity to hold international partners to account for delivering that value.

- **Cost efficiency vs. CBPF staff size and composition:** More direct awards to local organizations would require more, smaller awards, which would likely increase pressure on CBPF staff time. A shift to more direct local awards may also require more and different types of staff that are skilled at building new trusted relationships and accompanying new grantees through the process.

Recommendations

Donors should work together to require that UN agencies provide more transparency on their cost structures. Donors often select INGO partners through a competitive process that takes cost and budget structures into account. UN agencies are more of a black box. A lot of donors' agreements with UN agencies allow them to channel money to these agencies quickly but don't allow a lot of insight or oversight into how that money is spent. With the notable exception of UNOCHA, UN agencies have yet to share full project budgets outside of the pooled fund. Requiring UN agencies to share their budgets creates incentives to control costs that are currently lacking and can provide more context for a donor—or a pooled fund like the SHF—to decide between INGO and UN partners where there may be overlapping capacities.

Donors should request more information from international partners, including pooled funds, about the cost of local and international subaward management, in part to determine whether it may be more cost efficient for them to manage these awards directly (for those donors that can make direct local awards) or through an international partner.

The SHF, UN agencies, and INGOs should—for the overall country strategy and for each program — engage in a rapid and deliberate process to understand what role local actors would like to play in the delivery of assistance, where and when they want direct funding, and where and how they want international partners to engage in equitable partnerships.

Donors and intermediaries should hold their partners to account for equitable local partnerships and successful local capacity strengthening, not just the amount of money they provide to local actors. Equitable partnerships promote shared decision-making, transparent cost structures, and fair overhead passthrough. Capacity strengthening efforts should be demand driven and focus on technical and operational capacities, not just donor compliance. Donors and pooled funds like the SHF can help focus attention on these critical elements by setting clear expectations for them in calls for proposals, scopes of work or terms of reference, and award documentation, and then structuring accountability processes to track the extent to which partners accomplish them.

UNOCHA should identify opportunities to expand innovations both within the SHF and in other CBPFs. The SHF has ramped up fast, flexible, low burden resources to mutual aid groups. The 48-

Hour and ABC windows have introduced opportunities for local actors to have more decision-making power and visibility. Not only should these efforts be expanded in Sudan, as the context warrants, but also integrated, on a pilot basis, into other CBPFs seeking to fulfil the commitments outlined in the Humanitarian Reset to greater devolution of resources and power to local levels.

1. Introduction

1.1 Context

Sudan remains at the forefront of one of the world's most pressing humanitarian emergencies. The ongoing conflict which commenced in April 2023, has resulted in significant displacement and widespread humanitarian needs affecting over 30 million people representing more than half of the country's population.¹ The conflict has led to extensive infrastructure damage, restricted humanitarian access, and severe disruptions to essential services including health across multiple regions. The situation is particularly acute in areas such as North Darfur, where civilians face escalating food insecurity and strained health services, including the near collapse of critical medical facilities.²

As of December 2025, the cumulative 2025 budget under Sudan's Humanitarian Response Plan was approximately \$4.2 billion, with less than 40% funded, leaving a significant shortfall that hampers effective aid delivery.³

Sudan's crisis reveals both the constraints and opportunities inherent in localization. While ongoing conflict, fragmented governance, and restricted humanitarian access limit local organizations' ability to operate freely and access predictable, flexible funding at scale, local actors including ERRs, community kitchens, and grassroots networks⁴ remain indispensable due to their deep contextual knowledge, trust within communities, and capacity to reach populations inaccessible to international agencies.⁵ Recognizing and investing in these local capacities, alongside strengthening locally led governance and decision making and systems thinking and practice in the mainstream humanitarian funding mechanisms is critical not only for addressing the immediate needs but also for building a more resilient humanitarian response that can adapt to Sudan's complex realities and support durable solutions.⁶

1.2 The Economics of Localizing Aid

Deploying funding via local intermediaries has been shown, in several cases, to have high-cost efficiency – with the potential to allow significantly more funding to reach those most affected by crises. The Share Trust's '[Passing the Buck](#)' study used global data to model the relative cost

¹ Human Rights Watch, [Two Years of Conflict in Sudan Marred by Global Failure to Protect Civilians](#), March 2025

² United Nations Population Fund, [Sudan Situation Report](#), September 2025

³ Humanitarian Action, [Sudan](#)

⁴ Localization Coordination Council, [Emergency Response Rooms in Sudan: Tenets for Localising Aid](#)

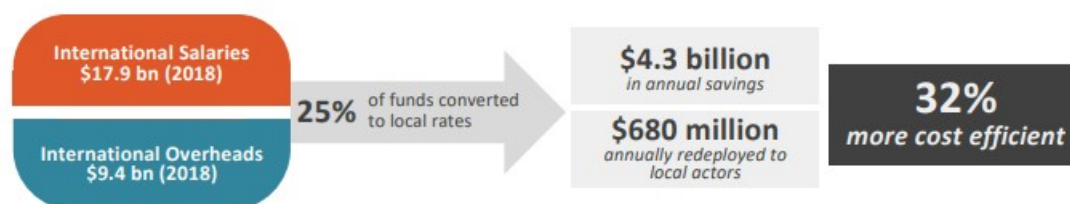
⁵ The Conflict Sensitivity Facility, [Humanitarian Access, Local Action and Conflict Sensitivity in Sudan since April 2023](#), October 2023

⁶ ODI, [The Meeting of Humanitarian and Civic Space in Sudan: Lessons for Localisation](#), August 2024

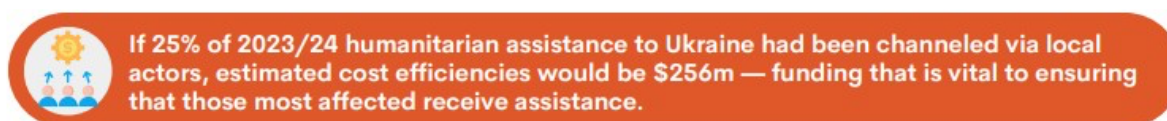
efficiency of shifting from an International Intermediary Model, where ODA funding flows via UN Agencies and larger INGOs based in the Global North, to a Local Intermediary model, where funding is channelled via local intermediary platforms (e.g. larger scale Local or National Organizations or coalitions of local agencies registered in the focal countries or regions where their services are delivered). The analysis used publicly available data on salaries and overheads for global aid flows, to estimate the relative cost of these two models, assuming a shift of 25% of ODA (reflecting Grand Bargain commitments). The model showed that:

- **Local intermediaries could deliver programming that is 32% more cost efficient than international intermediaries**, by reducing layers and stripping out international overhead and salary costs.
- Applied to the \$54 billion of ODA analyzed in this study, shifting 25% of this funding to local intermediaries would equate to a **cost savings of \$4.3 billion annually**.
- Further, the model assumes that we move from current practices to a system where local actors are provided with equitable salaries and overheads, equating to an additional \$680 million invested in salaries and overheads at local organizations. This represents a **total benefit (through cost savings combined with greater funding to local intermediaries) of \$4.9 billion annually**.

Figure 1: Passing the Buck: Summary of findings

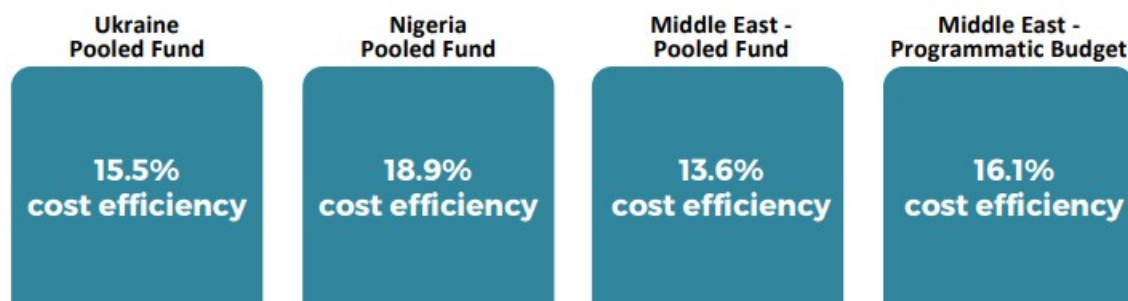


The Share Trust also evaluated the cost efficiencies of delivering aid through local intermediaries in Ukraine and Nigeria using a representative sample of UN, INGOs and LNGO budgets funded through UN pooled funds to comparatively assess cost structures for delivery of humanitarian aid. These two studies were complemented by individual project analyses of two major INGO-led programs in the Middle East.



The findings revealed fairly consistent cost efficiencies ranging from 14-19% across all four countries. These figures are relatively simple, single passthrough budgets. A comparative review of the data suggests that many of the data points show similar cost efficiencies to the global study, with the primary exception being the layers of passthrough, suggesting and anecdotal evidence suggests that cost efficiencies could mirror the global estimate of 32% for large scale response budgets.

Figure 2: Passing the Buck: Comparison of Country Findings



1.3 Aim of this Study

This study applies the methodology from the [Passing the Buck study](#) to the Sudan context, using real-world budget data from the SHF, and expand the analysis in ways that can provide information that can help the SHF to make informed decisions about how best to think about localisation within the Sudan context. The SHF plays a critical role in enabling timely and principled humanitarian responses to crises driven by ongoing conflict and displacement and channels its funds via the Sudan CBPF. The SHF was the largest CBPF globally in 2024, accounting for \$181 million of the \$1.1 billion in total OCHA pooled funds.⁷

This study provides a comparative analysis of project budgets funded through the SHF in 2024. It seeks to generate evidence that informs policy dialogue, equitable partnerships and direct funding to local actors, in line with the Grand Bargain's broader commitments to strengthen locally led humanitarian action.

⁷ UN OCHA, [Country Based Pooled Funds Data Hub](#), Sudan

2. Methodology

2.1 Overview

This analysis reviewed full project budgets and accompanying narratives to evaluate cost structures across the three different types of implementing partners funded via the SHF: UN agencies, INGOs, and LNGOs. The SHF provides direct funding to these three categories of partners, some of whom further sub-grant to other organizations. For the Sudan context, the SHF provides funding through various funding windows within the SHF that address different types of response, including the following three specific funding windows that complement the SHF's specific reserves that provide central support to UN and INGOs:

- **Mutual Aids Groups (MAGs)** - this window provides support to Mutual Aid groups (MAGs), including the Emergency Response Rooms (ERRs), via grants to INGOs. These INGOs channelled funds both directly to MAGs via cash transfers or via local NGOs.
- The **48 Hour Rapid Response Mechanism** – this window supports projects designed to enable humanitarian partners to respond quickly to sudden onset emergencies.
- The **Area Based Consortiums (ABCs)** - this window supports an area-based allocation approach rather than funding individual projects on a sectoral basis. The SHF invites both national and international NGOs to design joint proposals tailored to a specific geographic area or locality and prioritizes consortiums that prioritize local actors.

Box 1 Definition of Local⁸

- **Local and national nonstate actors:** Organizations engaged in relief that are headquartered and operating in their own aid recipient country and which are not affiliated to an international NGO.
- **National and sub-national state actors:** State authorities of the affected aid recipient country engaged in service delivery and relief, whether at local or national level.

The analysis included **41 projects** funded through the SHF, accounting for a total of **\$88.3 million** in funding, representing **49%** of the SHF's total disbursements under the CBPF in 2024 (\$180.7 million).

- **4 UN agency projects**, worth \$5.7 million, 100% of total CBPF funding to the UN in 2024. The UN agency projects sub-granted to **7 LNGOs** and **3 INGOs** (as second tier sub-partners).
- **32 INGO projects**, worth \$80.4 million, 46% of total CBPF funding to INGOs in 2024. These INGO projects sub-granted to **82 LNGOs** and **19 INGOs** (as second tier sub-partners).

⁸ The Grand Bargain and Development Initiatives, [Caucus on funding for localisation – Collective monitoring and accountability framework](#), 2023

- **5 LNGO projects**, worth \$2.2 million, 43% of total CBPF funding to the LNGOs in 2023/2024⁹ (one project sub-granted further to an LNGO but this budget was not included in the sample).

This budget data was used to assess the relative cost-efficiency of shifting funding flows from international intermediaries to local intermediaries.

2.2 Structure of this Report

The analysis can be divided into three main components, followed by findings and recommendations:

- **Section 3: Cost Efficiency Analysis – All Projects**
 - **Section 3.1: Analysis of Budgetary Data.** Using data from the 41 project budgets, we evaluate and compare the cost structure for each type of Implementing Partner, including overall allocation of costs within project budgets, as compared with sub-grantees, average budget size, and a comparison of staff costs.
 - **Section 3.2: Cost Efficiency Analysis of Shifting Funding to LNGOs.** We then use this data to estimate the cost efficiencies that have already been realized through the pooled fund by funding local vs. international actors, through staff costs and overhead savings, as well as estimate the additional efficiencies that could be realized by transferring another 25% of funding to local actors.
- **Section 4: Cost Efficiency Analysis – Comparison of Funding Windows**
 - **Section 4.1: Comparative Cost Structure of Funding Windows** looks at the data for projects channelled via INGOs across the three funding windows highlighted above, as well as specific reserve funding to INGOs, to compare overall cost structures and efficiencies.
 - **Section 4.2: Cost Efficiency Analysis – MAGs** examines cost data and efficiencies associated with the MAG window more deeply.
- **Section 5: Passthrough Analysis** looks at funding flows from UNOCHA to its prime partners, and their subgrantee partners, and compares the estimated costs of different models. It also looks at the amount of funding passed through to LNGOs to understand better the size of this ecosystem.
- **Section 6: Findings and Recommendations** summarizes the findings from the analysis, discusses some of the implications and makes recommendations based on this.

This analysis provides critical data on various cost structures and efficiencies for funding humanitarian assistance in Sudan. We note, however, and discuss throughout, that examining cost

⁹ Note that several of the LNGO projects analysed were issued in 2023, but implemented in 2024, and therefore the percentage of total budget is compared to the total funding for both of those years.

differentials alone are an incomplete way to assess value for money. Section 6 outlines a range of consideration for how to weigh lower costs against other goals.

3. Cost Efficiency Analysis - All Projects

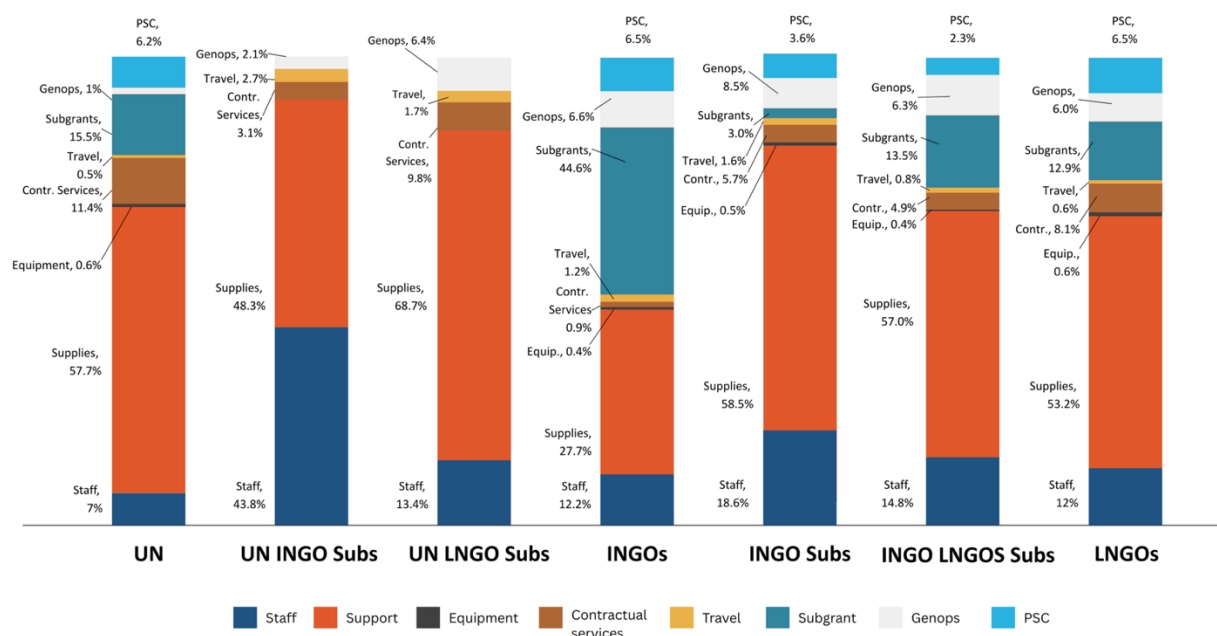
3.1 Current Funding Flows - Analysis of Budgetary Data

3.1.1 Analysis of Overall Budgets

Figure 3 shows the average budget breakdown for UN agencies and their sub-grantees, INGOs and their sub-grantees, and LNGOs and their sub-grantees. Budgetary data is reported systematically through the CBPF budget pro forma for the following cost categories: staff and other personnel costs; supplies, commodities and materials; equipment; contractual services; travel; general operating and other direct costs; and project support costs (PSC, or indirect/overhead costs). Of note:

- None of the UN agencies indicate that they will provide passthrough of overhead costs to their sub grantees. (Of note, passthrough of overheads has become standardized since this analysis was undertaken but was optional for the years of analysis.)
- The majority of INGOs do not indicate that they will provide passthrough funding of overheads to their subgrantees, except for those implementing the 48-hour Rapid Response Mechanism, who indicated they intended to provide passthrough of overheads to all their subgrantees. Out of the five INGOs implementing the MAG programming, only one indicated that it was providing passthrough of overheads.
- The average UN budget is dominated by procurement of supplies (representing 58% of total budget on average). UN INGO sub-grantees have a relatively high proportion of staff costs compared to UN LNGO sub-grantees who have a majority of budget allocated to procurement and relatively less on staff costs (which may be a function of lower staff costs rather than less numbers of staff). By contrast, INGOs focus much less on procurement of supplies (28% of total budget) and more heavily on sub-granting to LNGOs (45% of an average budget).

Figure 3: Average Budget Breakdown by Implementing Partner

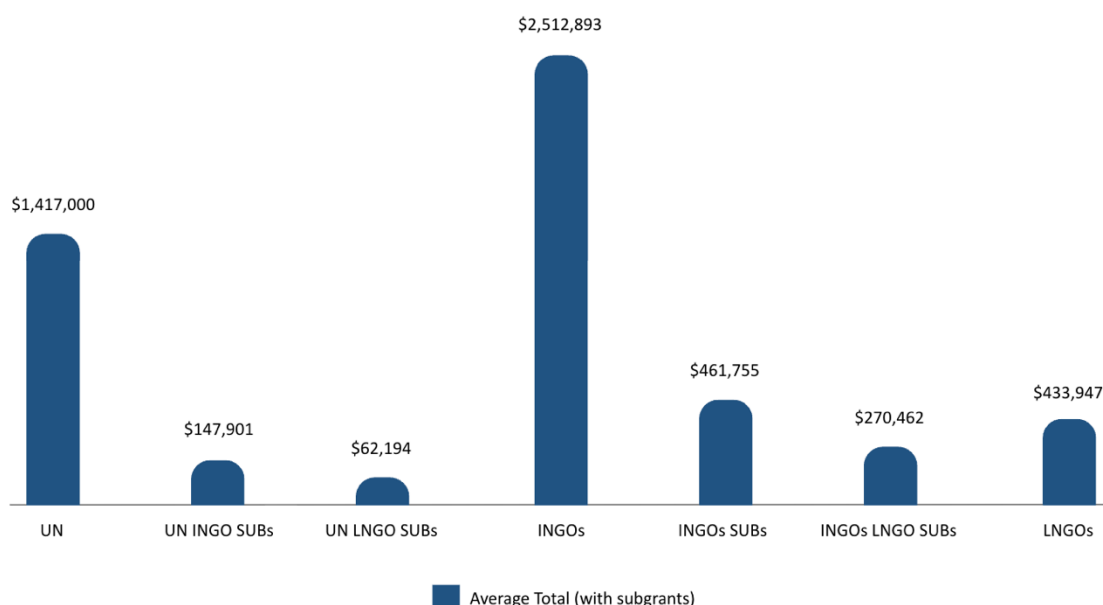


3.1.2 Analysis of Average Grant Size

Figure 4 compares the average project budget size for each category of implementing partner. The graph shows the total average budget of the prime recipients of funding (UN, INGOs, and LNGOs, representing the full budget including the budget allocated to sub-grantees) as well as the total average budget of their respective sub-grantees. The UN and INGOs serving as primes sub-granted to both INGOs and LNGOs.

LNGO primes have the lowest average grant size, while INGOs have the highest. INGO primes receive on average 6 times more funding than the LNGO primes.

Figure 4: Average Grant Size, by Implementing Partner



3.1.3 Comparison of Average Monthly Staff Costs

The budget analysis also investigated staff costs¹⁰ at the different types of implementing partners. In each of the international partner budgets, international and national staff costs were tagged accordingly. In order to make a fair comparison with LNGO staff costs, the LNGO budgets were

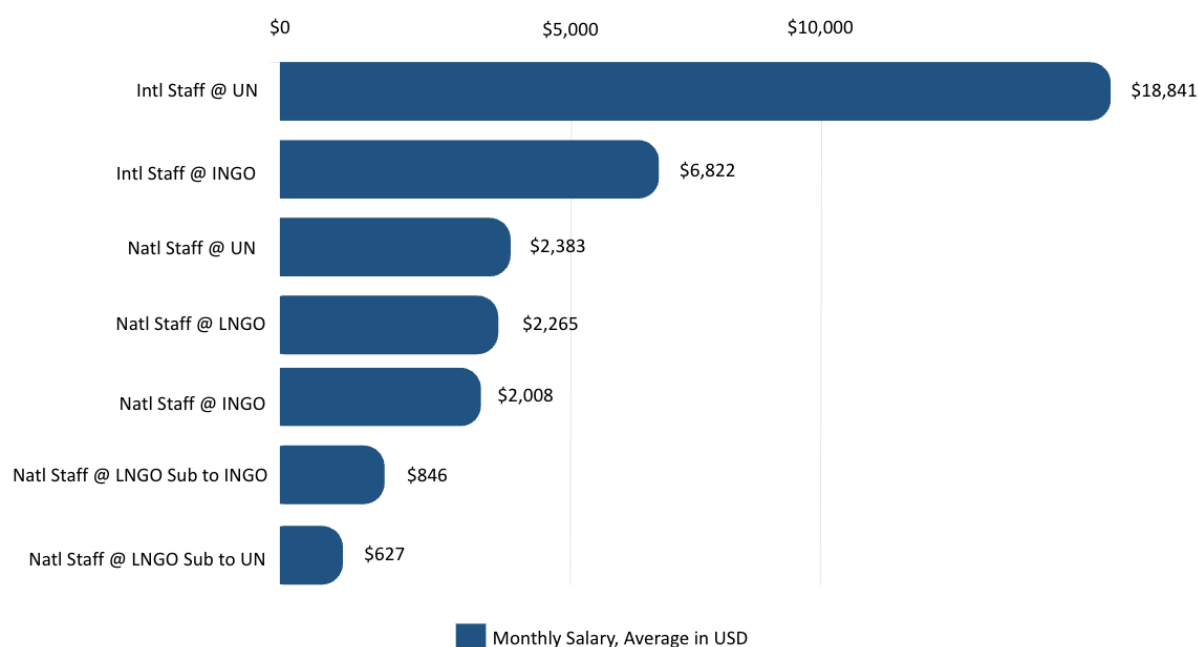
¹⁰ Whilst not specified in project budgets, staff costs are assumed to account for all costs – salaries, fringe, relocation allowances, etc.

reviewed in detail and only staff descriptions that had the same keywords¹¹ in job titles as international partners were tagged for inclusion in the analysis. LNGO budgets include many more junior staff: security guards, drivers, assistants, etc., and it was important to exclude these from the staff analysis to ensure that they were not lowering the average scale.

Of note:

- International staff costs at the UN range between 7.9x national staff at the UN, and 30.1x national staff at LNGO subs.¹²
- International staff costs at INGOs range between 3.2x national at INGOs, and 6.1x national staff at an LNGO sub.

Figure 5: Monthly Staff Costs by Implementing Partner, Average US\$



3.2 Cost Efficiency of Shifting Funding to LNGOs

3.2.1 Overview

The analysis first assesses the cost savings that would accrue through shifting staff costs and overheads from international to local intermediaries, using the actual budgetary data provided across the 41 projects. The percentage cost efficiency is then used to estimate the total savings

¹¹ A review of international IP budgets revealed that international job titles most often contain the following key words: director, officer, manager, coordinator, head, advisor, and specialist.

¹² The data for international UN staff is derived from one UN agency as the other UN agencies used national staff.

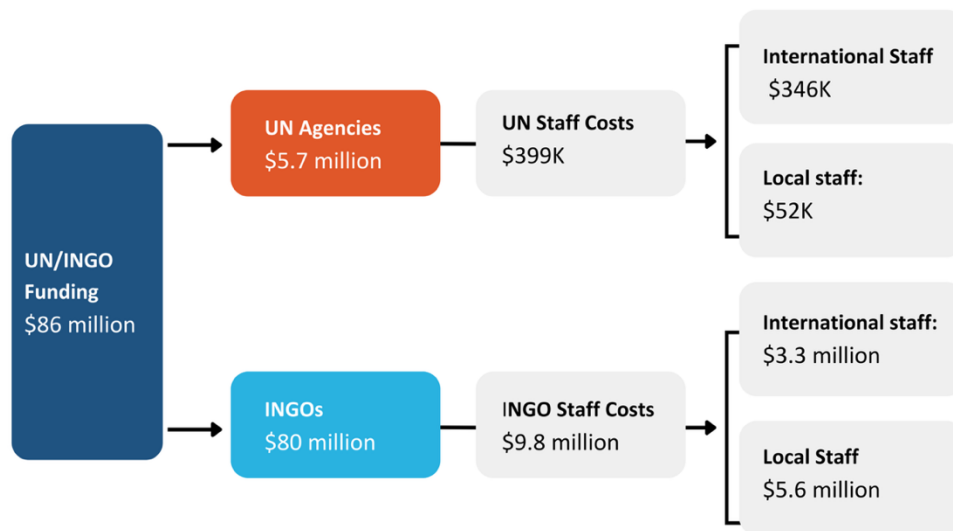
that: (1) have already been realized through the SHF shifting its funds to local actors; (2) could be realized through increased funding to local actors; and (3) could be realized across the whole humanitarian response.

3.2.2 Increasing Direct Funding to Local Intermediaries - Staff Costs

The analysis compiled data from 4 UN projects, 23 INGO projects, 9 MAG projects, and 5 LNGO projects totalling to \$88.3 million in funding (see Figure 6 for a visual breakdown of staff costs):

- UN budgets totalled \$5.7 million, with staff costs representing 7% of this total, or \$399,385. Of this, 87% of total staff costs go to international staff.
- INGO budgets totalled \$80.4 million, with staff costs representing 12% of the total or \$9,774,268. Of this, 37% of total staff costs go to international staff.
- In order to estimate the cost efficiencies that would arise by shifting funding from international to national partners, we needed to estimate an equitable staff cost for national staff across the range of national staff costs provided. We used the average national staff cost at an LNGO prime as our benchmark, equivalent to \$2,265/month. The weightings are used to estimate the cost efficiencies that would be realized from shifting staff from international to local actors, using equitable salaries (rather than paying local staff very low rates).
 - On this basis, international staff costs at the UN are 8.3 times the national staff at an LNGO prime, and national staff costs at the UN are 1.1 times national staff at an LNGO.
 - International staff costs at INGOs are 3 times the staff costs of national staff at an LNGO prime.
- As described previously, staff cost data only includes a selection of job titles that are comparable across the sample. While there are legitimate questions as to whether some UN or INGO salaries are higher because of global market rates for staff that manage large scale awards, this potential dynamic does not fully explain the salary discrepancy. Some project budgets had the exact same job given to both an international and national staff member and showed equivalent differences to the ones cited above. This suggests that these data do represent, at least in some cases, actual differences in staff costs for the same jobs.

Figure 6: Breakdown of Staff Costs for UN/INGO Project Budgets



The analysis assesses the percentage cost efficiency that could be realized for every \$1 shifted from international staff to LNGO staff for international staff costs, as well as for every \$1 shifted from national staff at the UN/INGOs, to national staff at LNGO prime staff costs.

Table 1: Data Analysis: Staff Costs

	UN	INGO	Total
International staff costs			
International staff costs	\$346,804	\$3,311,052	\$3,657,857
Staff weighting: International staff to national staff @LNGO	8.3	3.0	
Staff costs adjusted	\$41,699	\$1,208,429	\$1,250,128
National Staff Costs			
National Staff Costs	\$52,581	\$5,581,837	\$5,634,418
Staff weighting: National staff at international to national staff @LNGO	1.1	0.9	
Staff costs adjusted	\$49,995	\$6,656,835	\$6,706,830
Total adjusted staff costs	\$91,694	\$7,865,264	\$7,956,958
Total savings	\$307,692	\$1,909,004	\$2,216,695

3.2.3 Increasing Direct Funding to Local Intermediaries - Overheads

Overheads (PSC) are charged at 7% on total costs for both UN agencies and INGOs. None of the UN agencies passed on PSC to their subgrantees while some INGOs did.

For this analysis, we assume that the UN shifts to full passthrough of its PSC to downstream partners. This does not affect the cost efficiency analysis, as the cost of this PSC is the same whether it's held by the UN, or passed through to partners in proportion to their budget. However, it is a critical step towards greater equity and to ensure that LNGO sub-grantees have overhead costs to be able to build systems and strengthen capacities as they take on more direct project funding. **A key finding from the analysis is the recommendation that all organisations serving as primes be required to pass through PSC in full to sub-grantees;** of note, since August 2025, the SHF has made this a requirement - every sub-grant and lead now get 7% PSC.

In order to calculate the efficiencies that could be realized by shifting PSC from international to local intermediaries, we first calculate the PSC that would be realized on UN/INGO budgets, excluding the PSC that should/is passed through to local partners. We then weight this PSC using World Bank data on Purchase Power Parity for Sudan (2024 is the latest data available) to estimate PSC if it were attributed to LNGOs.¹³

Table 2: Data Analysis: PSC (Overheads)

	UN	INGO	Total
PSC adjusted to remove passthrough	\$350,761	\$5,262,283	\$5,613,044
PPP	0.47	0.47	
PSC adjusted to Local Costs	\$164,858	\$2,473,273	\$2,638,131
Total Savings	\$185,903	\$2,789,010	\$2,974,913

3.2.4 HQ Overheads

Global data indicates that overheads and staff costs as a percentage of total budget are much higher when international headquarters are taken into account. These headquarters are often funded through separate sources of core funding; they are part of the overall cost of running large organizations that support direct programming but are not reflected in the 7% overhead costs that are allocated to program specific budgets. We therefore use global data on overhead and staff costs including head offices to calculate the total cost savings that would be realized from a shift in funding to local actors.

¹³ World Bank, [PPP Conversion Factor, GDP](#) (LCU per International \$)

- We know that overhead costs for the UN are estimated to be as high as 57%¹⁴, and that the difference between low and high overheads is statistically correlated with the number of grants that an organization provides.¹⁵ A sample of true overhead rates at five UN agencies indicates an average of 11.35% (ranging between 6.5% and 18%); this figure is used in this study in order to remain conservative in all calculations.¹⁶
- An analysis of PEPFAR funding flows found that INGOs charge on average 18% overheads based on US NICRA (Negotiated Indirect Cost Rate Agreement) rates, and that 26% of budgets are excludable amounts from NICRA, resulting in an effective overhead rate of 13% on total budget.¹⁷

The additional overheads are assumed to cover a mixture of staff and head office costs. The Passing the Buck global study used global research to estimate the percentage of total budgets dedicated to staff costs, and these figures are used here to estimate the portion of budgets dedicated to staff and overheads respectively. The study found that salaries comprise 67% of total budgets at the UN¹⁸, and 30% of total budgets at INGOs¹⁹. We assume that the remaining percentage of overhead

¹⁴ Palagashvili, Liya and Claudia R. Williamson (2021). "[Grading foreign aid agencies: Best practices across traditional and emerging donors](#)." *Review of Development Economics* 25.2. A global analysis of funding flows collects primary and published data on 29 DAC bilateral agencies, 18 non-DAC agencies, 23 multilateral donors, and 16 UN agencies, and analyzes and compares data across five areas: transparency, overhead costs, specialization, selectivity, and ineffective aid channels (tying of aid). The study finds that the UN average ratio of administrative budget to ODA is 66%. When outliers are excluded, the trimmed mean is 57%, far exceeding the estimates above.

¹⁵ *Ibid.*

¹⁶ WFP Management Plan 2024-2026; UNHCR Global Report 2022; Administration and Management Cost Study, World Health Organization; 31st Session of the Standing Committee on Programmes and Finance, Programme and Budget for 2023".

¹⁷ Honermann, Brian et al. (2018). "[Calculating indirect costs from international PEPFAR implementing partners](#)." *PLoS ONE* 13.10. "Of the \$37.01 billion in total COP funding between 2007 and 2016, \$22.24 billion (60.08%) was identifiably allocated to IOs (\$17.95B) and universities (\$4.29B). After excluding funding for sub-awards (\$1.92B) and other expenses (\$3.89B) to which indirect rates cannot be applied [representing 26% of total spend], \$16.44B remained in combined direct and indirect costs. From this, we estimate that between \$1.85B [8.30% of total international partner funding, or 11.3% after exclusions] and \$4.34B [19.51%, or 26.4% after exclusions], has been spent on indirect costs from 2007–2016, including \$157–\$369 million in 2016." The Passing the Buck study calculates an average applied NICRA of 18% with exclusions of 26%.

¹⁸ Author's estimate. This data came from Palagashvili and Williamson (2021) where the authors estimated that 74% of UN budgets are salaries. However, there were several significant outliers in the raw data, and hence the data was used to calculate a trimmed mean to recalculate the figure. The dataset includes data points for IFAD, UNAIDS, UNDEF, UNDP, UNFPA, UNHCR, UNICEF, UNOPS, UNRWA.

¹⁹ The same study calculates salaries as a percentage of ODA for the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) donors¹⁹, non-DAC donors, multilateral organizations, and UN organizations. The estimates are very different, ranging from 7% to 74%, with an average of 30%. In the absence of any data, this analysis uses the average 30% as a proxy for INGOs. This is likely to be a

costs are used for PSC at the head office, and we apply the same cost efficiencies based on actual project data above in terms of salary differentials and purchase power parity.

Table 3: Data Analysis: Head Office Costs

	UN	INGO	Total
Head Office PSC	11.4%	13%	
Additional PSC (beyond the 7% calculated above)	\$295,391	\$5,191,349	\$5,486,741
Additional savings	\$225,780	\$2,966,247	\$3,192,027

3.2.5 Cost Efficiency Analysis

When the staff and overhead costs are evaluated for a shift from international to local cost structures, the analysis shows that \$8.4 million in savings could be realized on a total budget of \$88.3 million. **Local intermediaries are able to deliver programming that is 12.7% more cost efficient than UN agencies, 9.5% more cost efficient than INGOs, for an average overall cost efficiency of 9.7%.**

- When this data is evaluated for individual UN budgets, cost efficiencies range between 7.3% and 36%.
- When this data is evaluated for individual INGO budget, cost efficiencies range between 5.7% and 18.1%.

Table 4: Summary of Cost Savings

	UN	INGO	Total
Staff Cost Savings	\$307,692	\$1,909,004	\$2,216,695
PSC Cost Savings	\$185,903	\$2,789,010	\$2,974,913
Head Office Cost Savings	\$225,780	\$2,966,247	\$3,192,027
Total Savings	\$719,374	\$7,664,261	\$8,383,635

The Passing the Buck Global Study found a cost efficiency of 32%. An analysis of the differences between the two studies provides the following insights that drive these differences:

- The Global study assumes that UN funding passes through the UN to INGOs and then to local organizations – incurring indirect costs and multiple stages. Because CBPF grants are much smaller than centralized funding, they typically do not involve the same numbers of layers of pass through. An analysis of UN and INGO large humanitarian and development grants outside of the CBPF would be necessary to evaluate this data point further.
- The Global Study uses data points that suggest that the UN has a much higher international staff salary cost as compared with the profile of the Sudan funding. This is likely because the

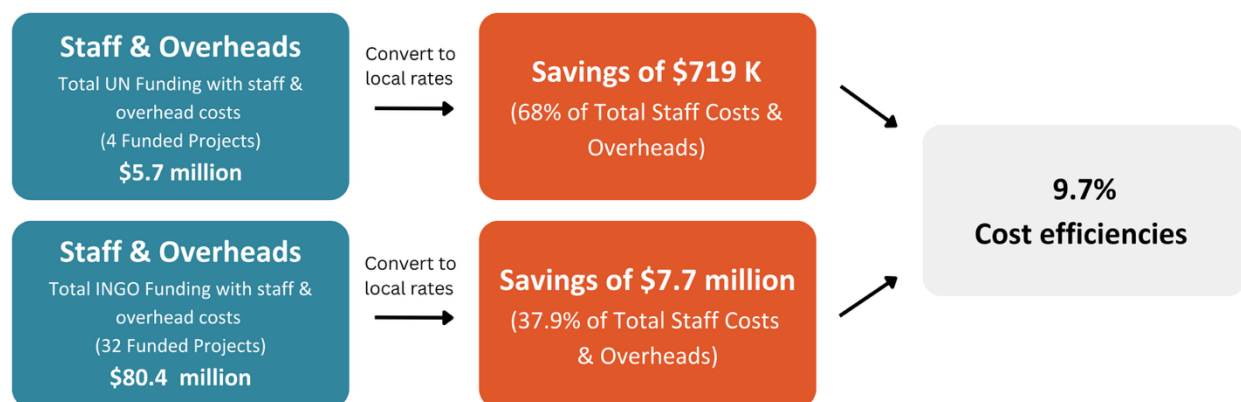
conservative estimate given that the operational nature of INGOs is more closely aligned with the UN/multilaterals at the top end of the range.

Global Study is based on all UN funding across development and humanitarian spend where staff costs will vary.

Table 5: Total Cost Efficiency

	UN	INGO	Total
Total Funding	\$5,668,000	\$80,412,561	\$86,080,561
Total Staff Costs + Overheads	\$847,625	\$18,670,496	\$19,518,122
Total Savings	\$719,374	\$7,664,261	\$8,383,635
Savings as % of total Staff Costs + Overheads	68.8%	37.9%	39.4%
Savings as % of Total Funding			9.7%

Figure 7: Cost Efficiency Analysis



In order to understand the potential implications of this cost efficiency, we apply these findings to: (1) gains made to date through localization of the CBPF in 2024; and (2) potential additional gains that could be realized through increased transfer of funds through the CBPF.

In 2024, the CBPF directly allocated 1% of its funds to local actors, equivalent to \$1.4 million. Based on the 9.7% cost efficiency calculated above, the CBPF has already realised estimated cost savings of approximately \$134,901 compared to if they had funded exclusively through international partners. If the CBPF were to channel 25% of its funding (\$5.7 million allocated to the UN and 173.6

million allocated to INGOs) to local partners (all else equal), additional cost efficiencies could reach \$44.8 million.

Figure 8: CBPF Funding Distribution of Direct Funding by Implementing Partners in 2024



4. Cost Efficiency Analysis – Comparison of Funding Windows

Tracking direct local awards and examining differences in local vs. international cost structures are not the only ways to look at how money is efficiently and effectively flowing to Sudanese communities, grassroots groups, and local responders.

While the SHF has the lowest percentage of funds channelled directly to local actors out of the CBPFs globally, it has also developed some innovative practices to channel fast, flexible support to local groups. This section uses additional analysis to better understand some of the opportunities that may be available in Sudan for more efficient funding.

As described previously, the SHF has multiple funding channels, including:

- **MAGs** – the SHF has been scaling microgrants to these frontline groups as a key component of the response, via INGO partners – more detail is provided below.
- **Area Based Coordination** – the SHF invites partners to jointly submit concept notes for standard allocations. The group of partners included in the concept decide the best modality of implementation (direct grant(s), consortium(s) or a combination). This approach (1) enhances substantially the coordination within an area-based allocation, as the concept notes are tailored to a specific geographic area or locality and (2) has resulted in a substantial increase in the amounts allocated to local and national actors by using scoring criteria that increased the chances of winning the grant based on this allocation.
- **The 48 hour response window** – The SHF allocated \$15 million to its “48-hour” Rapid Response Mechanism in 2024, which enables partners to submit a concept note and receive approval within 48 hours.²⁰ These grants support short-term, targeted interventions that address emerging humanitarian needs or sudden operational opportunities. Funding is pre-positioned with consortium leads. In case of a new emergency, new access or substantial increase of new needs, any of the pre-vetted sub-partners (by the consortium lead), or the consortium lead, can submit a request for funding. Once the request is approved, partners can begin implementing immediately while developing the full proposal afterward.²¹
- **INGO Specific Reserve** - Finally, the SHF also processes reserve allocations directly to INGOs; often, these concern specific and specialized interventions for priority needs, and as such, have a low percentage of sub-grants.

The following sections are structured as follows:

1. Section 4.1 compares the cost structures of the funding windows.
2. Section 4.2 looks at their relative cost efficiency, using the same methodology used earlier in the report.

²⁰ UN OCHA, [Sudan Humanitarian Update](#), September 2024

²¹ UN OCHA, [SHF Humanitarian Fund, Reserve Allocation Strategy](#)

3. Section 4.3 looks more specifically at the microgrants to Mutual Aid Groups.

4.1 Comparative Cost Structure of Funding Windows

A comparison of the relative cost structures of each of these windows highlights some important differences.

Figure 9 compares the full budget cost structure for the INGO primes in each of the four funding windows.

- INGO Specific Reserve budgets have a very low percentage of subgrants at 9% respectively compared with MAGs, ABCs, and 48 Hour windows (48%, 36% and 69% respectively). In the case of the INGO Special Reserves, subgrants are low because this window intentionally supports budgets focused on very specific responses, for example procurement for pipelines, or managing secondary health care centres, that require limited inclusion of subgrants.
- Of note, the MAG budgets include microgrants to the MAGs in both the subgrant and the supplies budget categories. Here, we report the data as it is reported to the CBPF; however, in the section that follows we provide a more nuanced breakdown.

Figure 9: Budget Comparison of the MAG, ABC, 48 Hour and INGO Specific Reserve windows

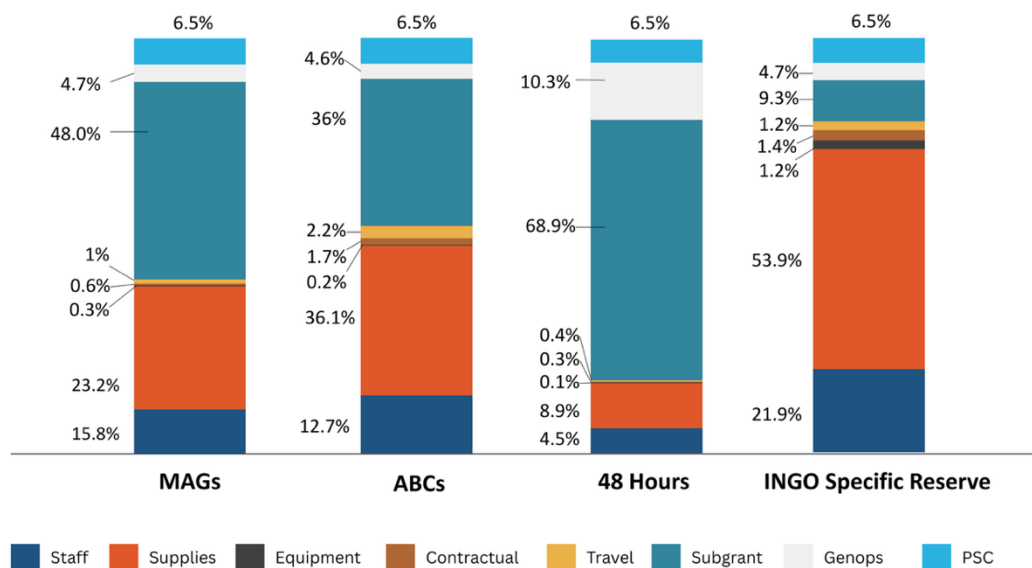


Figure 10 compares the same budgets, but with subgrants excluded, to see the actual percentage of the remaining operational costs.

- Across the MAG, 48 hour and ABC windows, consortium leads manage the entire project, including setting up costs, reporting, audits, finance, transfer amounts to sub-partners, training sub-grants, oversight to sub-grants, advocacy, writing proposals, coordination with

other MAG grant leads, representation to the donor, etc, allowing the subgrantees to focus on implementation.

- However, the budgets suggest some important differences in how the cost of doing this is distributed – in particular, once subgrants are removed, the proportion of 7% PSC as a percentage of the remaining budget can change significantly. In the case of the 48 hour window, the effective PSC rates becomes 54% of the total operational budget, a significantly higher percentage than the other windows.

Figure 10: Budget Comparison of the MAG, ABC, 48 Hour and INGO Specific Reserve – without subgrants

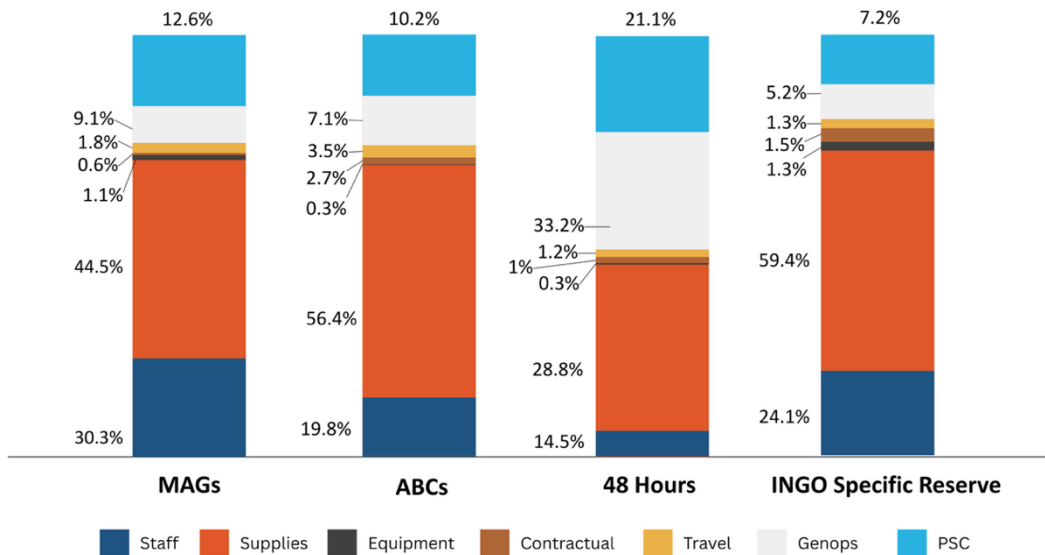
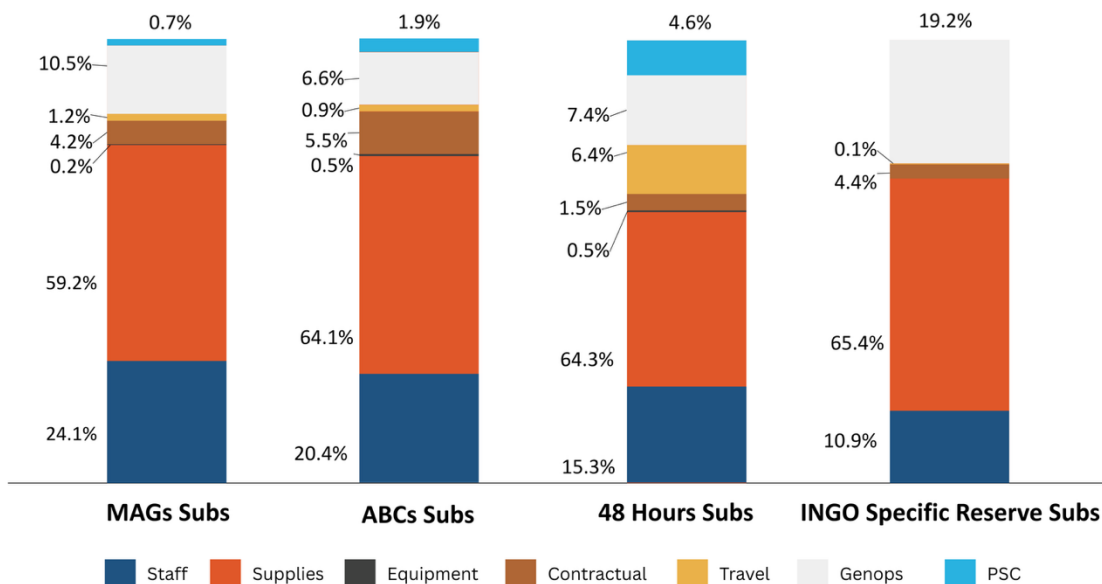


Figure 11 compares the LNGO subgrantees for each of these windows.

- LNGO sub-grantees across all four windows have broadly similar budget structures, with the majority of cost going to staff and supplies, and the notable lack of PSC passthrough.

Figure 11: Comparisons of the MAGs, ABCs, 48 Hours and INGO Specific Reserve (subgrants only)



4.2 Comparative Cost Efficiency of Funding Windows

Examining the potential cost efficiency of local vs. international partners by individual funding windows shows some interesting differences when compared against the average:

- For MAGs, local intermediaries in Sudan could deliver programming that is 13.6% more cost efficient than international intermediaries.
- For ABCs and 48 Hour windows, local intermediaries in Sudan could deliver programming that is 7.8/7.7% more cost efficient than international intermediaries (respectively).
- For the INGO Specific Reserves, local intermediaries could deliver programming that is 10.4% more cost efficient than international intermediaries.

The potential cost efficiency gains from shifting to local intermediaries for the MAGs (13.6%) is higher than that of ABCs and 48 Hours because INGO primes involved in receiving and distributing direct funding under the MAG window have significantly more international staff involved in project implementation compared to the 48 Hours and ABCs windows. This is intentional; for security reasons, most of the organizations have opted to handle this type of intervention through international staff rather than national, particularly in relation to the Emergency Response Rooms.

4.3 Cost Efficiency Analysis – MAG Window

4.3.1 Overview of MAGs in Sudan

When the Sudan conflict began, most international and national organisations evacuated staff to countries like Egypt and Kenya, leaving a major gap in humanitarian assistance as public infrastructure collapsed. In response, Sudanese communities mobilised through the cultural concept of “nafeer” - a call to collective action - and created a network of MAGs, including Emergency Response Rooms (ERRs).²² ERRs provide a wide range of support: medical care, communal kitchens, daycare, maternal health services, and more. Many were organised by activists from Sudan’s pro-democracy movement, who tapped into existing social networks to meet urgent needs. While mutual aid exists globally, Sudan’s ERRs are distinctive for forming a coordinated national network that links hyper-local responses to international donors, even as formal aid remains blocked by insecurity and access constraints.²³

Today, more than 700 ERRs operate across the country, connected through local, regional, and national councils that guide and oversee their work. They are not just filling gaps left by the international and national humanitarian community; they are demonstrating the agency,

²² Baker Institute for Public Policy, [Aid Amid Conflict: Learning from Sudan’s Mutual Aid Networks](#), March 2025

²³ Ibid

organisational capacity, and resilience of Sudanese civilians in the face of war.²⁴ Sudan's ERRs offer a compelling complementary model of humanitarian response: community-driven, locally governed, and capable of reaching people and places that formal systems cannot. They provide a critical complement to more complex operations such as borehole drilling, water trucking, primary and secondary health care, treatment of complicated nutrition cases, GBV medical treatment, large food imports and distributions, shelter and NFI distributions that are covered by more traditional actors.

The SHF has been scaling an innovative approach to deliver flexible funding to Sudanese MAG networks through INGOs (and as of November 2025, through NNGOs) using microgrants up to \$20,000 each to respond flexibly to life saving needs. Funding is transferred within days and comes with minimal reporting requirements, which, in the case of ERRs, are fulfilled through the F-System, a set of documents developed by the ERRs themselves. The SHF allocated \$25 million on these microgrants in 2025 up from \$3 million in 2023, and \$15 million in 2024.

4.3.2 Cost Structure of MAG Window

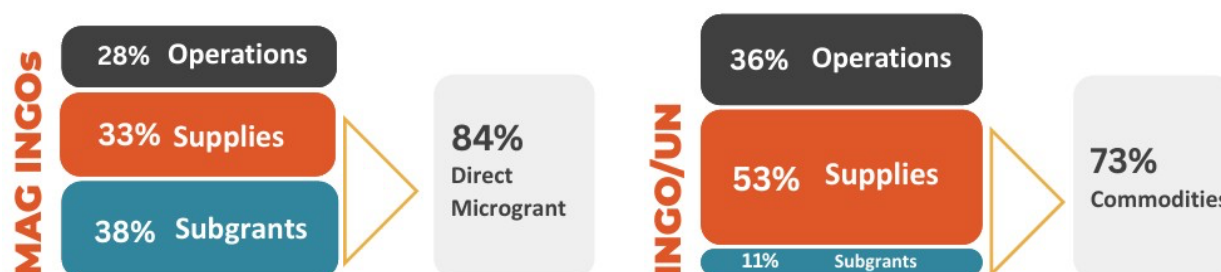
MAG budgets via the SHF are structured differently to the other windows, making a like for like comparison more challenging, specifically because sub-grants to MAGs are captured in both the sub-grant and the supplies budget lines (because some of these grants are treated as cash transfers they are captured under 'supplies'). A more detailed analysis evaluated a December 2024 allocation of \$7.7 million through five INGO partners to fund humanitarian services in hard-to-reach areas through MAGs across Sudan. This was compared against other SHF funded projects going through INGOs and UN organisations.

- A comparison of the average cost structure showed that MAG projects spent on average 28% of total costs on operations, and 72% on supplies/subgrants, whereas INGO/UN projects dedicated 36% of costs to operations, and 64% to supplies/subgrants.
- Further, a closer look at the supplies and subgrants portion of the budget, revealed that 84% of this is spent directly on MAG microgrants. By comparison for the UN/INGO budgets, 73% of their support/subgrants are spent on commodities procurement. These projects are doing very different things, and the increased spend on operations/staff and supplies often relates to the type of programming. For example, more specialized staff may be required to deliver a nutrition or GBV program compared with frontline grants.

This analysis indicates that MAG funding is directing a much higher proportion of its budget to frontline groups, but this is somewhat masked in high level data due to (a) the different reporting of transfers across both supplies and subgrants and (b) the greater focus in UN/INGO budgets to spend funds on commodities procurement, compared with a MAGs focus on transferring those funds to communities.

²⁴ UN Dispatch, [Sudan's Emergency Response Rooms" Show the Future of Humanitarian Aid](#), October 2024

Figure 12: Cost Structures of MAG Budgets compared to UN/INGO Budgets



4.3.3 MAG Cost Efficiency Analysis

A cost efficiency analysis of the full sample considered nine MAG projects, with INGO primes that sub granted to 49 LNGOs. The analysis used the same methodology as presented in the earlier section of this report – staff and overhead costs are evaluated to determine the cost efficiencies from shifting from international to national, using equitable rates and adjusting for cost of living based on World Bank data.

When the staff and overhead costs of the MAGs are evaluated for a shift from international to local cost structures, the response could realise a **13.6% cost efficiency**. However, as discussed in the sections that follow, shifting this funding to a national intermediary has both pros and cons that need to be considered.

Table 6: MAGs Summary of Cost Savings

	MAGs
Staff Cost Savings	\$973,314
PSC Cost Savings	\$526,903
Head Office Cost Savings	\$569,102
Total Savings	\$2,069,319

Table 7: MAGs Cost Efficiency

	MAGs
Total Funding	\$15,196,390
Total Staff Costs + Overheads	\$4,076,807
Total Savings	\$2,069,319
Savings as % of total Staff Costs + Overheads	47.3%
Savings as % of Total Funding	13.6%

5. Passthrough Analysis

The following section looks at the cost structure of funding flows passing through UNOCHA, to its prime partners, and in turn their sub-grantee partners.

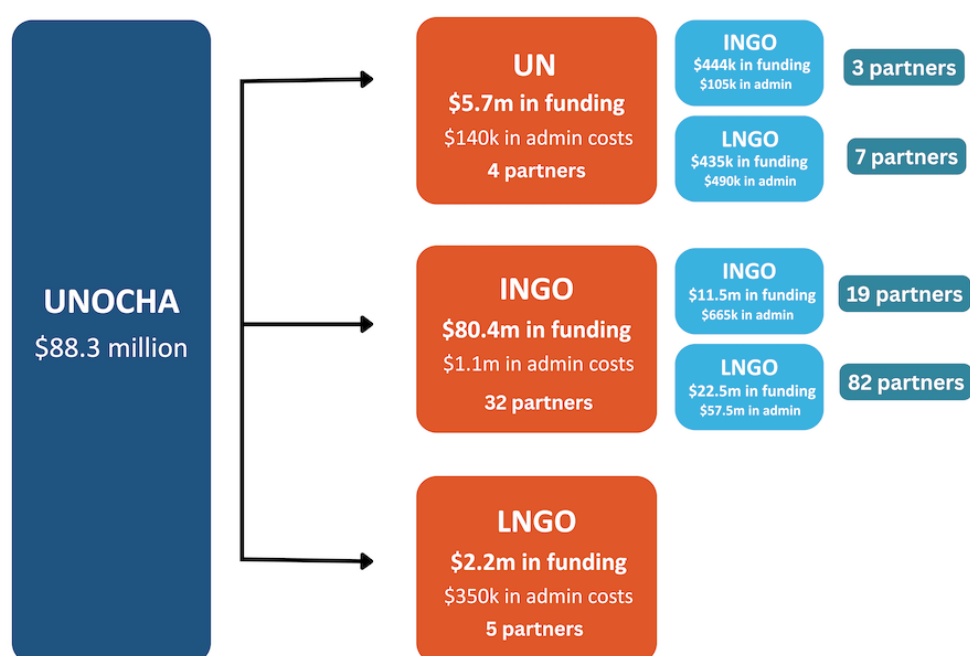
- The first section looks at how funding flows through UNOCHA to its downstream partners
- The second section looks at the potential costs of layers of passthrough, and the cost implications for direct funding, using four layers of analysis.
- The third section looks at what the layers of passthrough tell us about the amount of funding being metabolized by local actors.

5.1 Assessment of Passthrough of Funding Flows

The analysis assessed 41 project budgets (out of the 100 total), representing 49% of total funding through the SHF in 2024. Based on this sample, we were able to construct the following funding flow chart (see Figure 13).

- UNOCHA channelled \$5.7 million in funding to 4 **UN partners**, who in turn channelled \$444k in funding to 3 INGO sub-partners, and \$435,000 to 7 LNGO sub-partners (all of whom are first tier subs).
- UNOCHA channelled \$80.4 million to 32 **INGO partners**, who in turn channelled \$11.5 million to 25 INGO sub partners, and \$22.2 million to 82 LNGO sub-partners.
- UNOCHA channelled \$2.2 million to 5 **LNGO partners** through direct grants.

Figure 13: Passthrough of Funding through the SHF



The 41 project budgets assessed actually represent 158 budgets in total (including primes and sub-grantees). Further analysis revealed the following:

1. 60 grants were awarded to INGOs either as prime or sub-grantee.
2. Within these grants, there were 25 distinct INGOs receiving funding, with each INGO receiving on average 2.4 grants, and one INGO receiving 8 separate grants.

The SHF implements its programming through multiple layers, which, on the one hand, leads to multiple levels of overhead and repeated grant administration costs for the same partners. However, there are also many reasons why a tiered structure of awards with individual partners holding multiple separate awards may deliver better value overall. These issues are unpacked further below.

5.2 Cost Efficiency of Funding Flows

We used this flowchart to undertake a more detailed assessment of the **cost efficiency** of funding flows direct to national actors. Cost is only one part of the equation, and the conclusions discuss in greater detail some of the pros and cons to direct funding outside of cost.

In 2024, the SHF had an operating budget of \$3.5 million and managed 100 grants, with an average cost of \$35,000 per grant—that works out to an operational budget that is worth 2% of the total funds distributed (\$186 million). The SHF further estimates that administering a grant to a local partner costs, on average, double what it costs to administer a grant to an international partner because of the additional support required for organizations still building experience with the roles and requirements of being a lead partner. The cost of administering a local grant is therefore estimated to be \$7,000. This cost implication is further linked to the structure of delivery; when funding is channelled through consortia or intermediaries, risk management, transaction and oversight costs are reduced.

The following analysis combines the cost efficiency of channelling funds via local intermediaries – estimated in the preceding section, with the cost of administering grants. This is important because many local partners cannot receive large scale grants, and there is a cost to administering many small grants. The analysis is broken down as follows:

1. The first analysis looks at the cost implications of existing direct funding to the 5 LINGOs partners, comparing the cost if those funds had been channelled via international partners.
2. The second analysis looks at what the cost structure would be if **UNOCHA** had directly administered its 89 sub-grants to local partners.
3. The third analysis looks at the cost implications to **international funding flows** of converting local sub-grants to direct funding.
4. And finally, the fourth analysis looks at the potential cost implications of administering many small grants via **national intermediaries**.

Analysis 1: Cost implications of existing direct funding to 5 LNGO partners.

The first analysis looks at what the cost structure would be if direct grants to the 5 LNGO partners had been administered via international partners (see Table 8).

- The cost of grant administration to five national partners at a cost of \$70,000 each, results in a total cost of \$350,000 as compared to \$175,000 if those same grants were administered via international partners.
- However, national partners are able to deliver similar programming at a 9.7% cost efficiency compared to international partners. If these same grants had been administered internationally, they would have cost an additional \$241k, in addition to the cost of grant administration.
- As a result, the cost of funding compared to grant value is higher overall for international primes, at 19%, compared with 16% via national primes. Even though the national grants are more expensive to administer, the overall additional cost would be slightly higher if these grants had gone to international partners.
- **This analysis shows that funding via the 5 LNGO primes is a comparatively cost efficient decision.**

Table 8: Cost implications of existing direct funding to 5 LNGO partners

	# prime partners	Total project cost (equivalent)	Cost of Grant administration – to UNOCHA	Total cost	Additional Cost/as % of Grant Funding
National Prime	5	\$2.2m	\$350k	\$2.52m	\$350k/ 16%
International Prime	5	\$2.4m	\$175k	\$2.58m	\$408k/ 19%

Analysis 2: Cost implications to UNOCHA of converting local sub-grants to direct funding.

The second analysis looks at what the cost structure would be if UNOCHA had directly administered its 89 sub-grants to local partners.

The SHF administered grants worth \$86.1 million to 36 international primes who, in turn, sub-granted \$22.6 million to 89 local partners. We estimate what it would cost UNOCHA to subgrant \$22.6 million to 36 international partners as compared with direct funding to 89 local partners.

- The cost of grant administration to 36 international partners at \$35,000 per grant is \$1.3 million. This is compared to a grant administration cost of \$6.2 million if 89 grants had been administered direct to local partners.
- However, national partners are able to deliver programming at a 9.7% cost efficiency compared to international partners. If the \$22.6 million administered nationally had been administered internationally, it would have cost an additional \$2.4 million, in addition to the cost of grant administration.

- Taken together, the cost to UNOCHA of administering \$22.6 million to national partners via international primes costs 16% of total grant value, as compared with a total administration cost of 28% if they had gone to the national actors directly, and hence **distribution via international primes is far more cost efficient for UNOCHA than many small direct grants in this case.**
- This differs from analysis 1 because the number of sub-grants to local partners is so large, with relatively small amounts of funding, compared to the funding flows to the five LNGO primes. As a result, the overall administration cost is a much higher percentage of total funding.

Table 9: Cost implications to UNOCHA of converting local sub-grants to direct funding

	# prime partners	Total project cost (equivalent)	Cost of Grant administration – to UNOCHA	Total cost	Additional Cost/as % of Total Budget
National Prime	89	\$22.6m	\$6.2m	\$28.8m	\$6.2m/ 28%
International Prime	36	\$25.0m	\$1.3m	\$26.3m	\$3.7m/ 16%

Analysis 3: Cost implications to international funding flows of converting local sub-grants to direct funding.

Analysis 2 purely considers the cost implications for UNOCHA of trying to do more direct grants to local organizations. However, grant administration costs, if not borne directly by UNOCHA, must be incurred by the prime partner. So, if UNOCHA is delivering 36 grants to international partners, who in turn sub-grant to 89 local partners, UNOCHA is simply passing the cost of grant administration to the international prime partner.

For this analysis, we assume, in the absence of specific data, that the cost of grant administration at UNOCHA is similar to the cost of grant administration at another UN agency or INGO, though we recognize that this is an imperfect assumption.²⁵ If the analysis is redone, taking this into consideration, the cost efficiency flips, and **it becomes more cost efficient to deliver many small grants directly, rather than through international partners.**

²⁵ The assumption of equivalent grant administration costs between UNOCHA and an INGO may not bear out, considering (a) higher international salary costs for UN agencies and (b) many INGOs' expertise in managing subawards.

Table 10: Cost implications to international funding flows of converting local sub-grants to direct funding

	# partners	Total project cost (equivalent)	Cost of Grant administration – to administering partners	Total cost	Additional Cost/as % of Total Budget
National Prime	89	\$22.6m	\$6.2m	\$28.8m	\$6.2m/ 28%
International Prime	36	\$25.0m	\$7.5m	\$32.5m	\$9.9m/ 44%

Analysis 4: Potential cost implications of administering grants via national intermediaries.

In an ideal scenario, national **intermediaries** take on the role of administering and distributing grants. National intermediaries can distribute funding at a 9.7% cost efficiency compared to international intermediaries, which would reduce the cost of grant administration from \$70,000 to \$67,000 per local grant. In our sample of project data, UNOCHA is currently channelling direct funding to 5 national partners totalling \$2.2 million. If the 89 grants considered above, worth \$22.6 million, were channelled via 5 national prime partners, the cost as a percentage of funding delivered decreases to 28%, compared to 44% operating through an international prime. This is equivalent to a \$3.6 million cost saving on a total spend of \$22.6 million, or a 16% overall cost efficiency. **The cost of distributing 89 grants directly from the UN, or 89 sub-grants via local intermediary partners, is comparable, for the specific project parameters estimated here. Changes in the amount of funding distributed, and number of partners, may change this weighting.**

There are questions as to whether national partners are prepared to manage 10x the amount of funding that they are currently receiving and—if they were—if they would retain the same cost structures as they would undoubtedly evolve as institutions to take on more funding. There are also questions as to whether 89 national sub-grantee partners would want to receive funding directly from the UN.

Table 11: Potential cost implications of administering grants via national intermediaries

	# partners	Total project cost (equivalent)	Cost of Grant administration – to administering partners	Total cost	Additional Cost/as % of Total Budget
National Prime	5/89	\$22.6m	\$6.0m	\$28.9m	\$6.3m/ 28%
International Prime	36	\$25.0m	\$7.5m	\$32.5m	\$9.9m/ 44%

5.3 Funding Absorption by Local Actors

Though there are legitimate questions about the absorptive capacity of LNGOs to manage tens of millions of dollars right now, assumptions about LNGOs' ability to manage larger scale funding may underestimate their current capacity. LNGOs were implementing 94 UNOCHA-funded grants, 89 of which were subgrants channelled through INGOs and UN. The average grant size for the 5 LNGO primes is \$434,000 per partner. To further understand the existing absorptive capacity of LNGOs, we pulled data on LNGO subgrantees with individual subgrants greater than \$250,000 and then added together all of the subgrants received by these organizations. The analysis found that 19 LNGOs received an average of \$758,000 in SHF funding, with 5 organizations receiving between \$1.3 million and \$1.8 million, and a further 8 organizations receiving funding of \$700,000 or higher.

Considering that this sample represents only half of the SHF funding in 2024, and considering that local partners are also receiving funding from many other sources outside of the SHF (which only represents 10%²⁶ of the total humanitarian response budget), this data suggests that there is a very rich ecosystem of national actors who are operating at a relatively large scale. Further consultation and analysis is required to better understand (a) which of these organizations want to receive more funds directly from UNOCHA (b) specific constraints as to why these organizations are not being funded directly, (c) ways to lift those constraints, and (d) for those that don't want to receive more direct funding, do they want to receive more indirect funding and how can partnerships with international primes help to shift power.

²⁶ Humanitarian Action, [Sudan](#)

6. Discussion of Findings and Recommendations

6.1 Discussion of Findings

There is a strong imperative to ensure Sudanese actors exercise decision making over the humanitarian response—and that international support is flexible enough to adapt quickly to fluid local needs and priorities. Local actors should lead decision making about issues that affect them, and in Sudan the ERRs, MAGs and other frontline responders have demonstrated an ability to meet highly localized and diverse needs of communities affected by the conflict. Part of shifting power to Sudanese frontline groups and the local NGOs that support them should include resourcing these organizations. But the question of direct local funding is complex and will need to take into account the following factors.

Cost efficiency vs. cost effectiveness: The data presented focus on a cost analysis of funding channels. The analysis identifies which current approaches have lower costs. But overleveraging on cost savings rather than value for money is not the right lens. Especially with constrained budgets, it is critical to seek cost efficiencies, but such an exercise must be complemented by a deeper evaluation of how more cost-efficient routes might impact cost effectiveness. That said, a broader view of cost effectiveness is also warranted. Too often, the focus on results captures people reached, commodities distributed, etc., overlooking key elements of local system performance, including the elevation of trusted, capable local actors and strengthened local networks.

Cost efficiency vs. a diversified portfolio: The SHF has multiple prime awards with the same partners. Consolidating these primes could potentially reduce administrative costs, on the part of the SHF and the partner, by allowing cost sharing across core functions. But it may also require the SHF to bid out larger umbrella awards that would likely further crowd out local actors and could compromise on technical quality based on area or technical expertise. At the same time, diversification to include more local actors is complex. The SHF has limitations on the degree to which it can bring on new local partners – it has a cap on the amount of funding that it can provide to its partners depending on their risk rating, and many national organizations are unable to clear SHF due diligence requirements. Furthermore, there are some local actors that do not want to engage the SHF directly, preferring to focus their organization capacity on service delivery rather than donor compliance.

Cost efficiency vs. value added: International actors have been cited as providing a set of critical functions for local actors, and, in many cases, local actors have expressed appreciation for working in consortiums with international actors. For example, international partners can provide cover from the competing authorities and provide a degree of protection for local actors, especially in Darfur and Kordofan. They can serve as a buffer and between those delivering services and the donor bureaucracy. They may also have specific areas of technical expertise and can provide critical complementary functions and/or capacity strengthening. They can serve as a buffer and between

those delivering services and the donor bureaucracy. And they can help advocate for increased funding and attention in the Global North. Focusing on funding local actors just to meet a direct local funding target could result in a loss of services that local actors find valuable. The imperative is to understand from local actors what value they want international partners to add—and to ensure local partners have the opportunity to hold international partners to account for delivering that value. Ensuring investments are locally relevant and locally led on an adaptive and iterative basis is, in and of itself, a critical element of cost effectiveness. There can be an expanded role for the CBPF in requiring local accountability and feedback mechanisms and ensuring content from those processes informs their oversight of partners—and feeds into decisions about future partnerships with them.

Cost efficiency vs. CBPF staff size and composition: More direct awards to local organizations would require more, smaller awards, which would likely increase pressure on CBPF staff time, noting that it is already administratively more costly for the CBPF to manage local awards, cutting into some of the potential cost savings. A shift to more direct local awards may also require more and different types of staff that are skilled at building new trusted relationships and accompanying new grantees through the process.

6.2 Recommendations

Donors should work together to require that UN agencies provide more transparency on their cost structures. Donors often select INGO partners through a competitive process that takes cost and budget structures into account. UN agencies are more of a black box. A lot of donors' agreements with UN agencies allow them to channel money to these agencies quickly but don't allow a lot of insight or oversight into how that money is spent. With the notable exception of UNOCHA, UN agencies have yet to share full project budgets outside of the pooled fund. Requiring UN agencies to share their budgets creates incentives to control costs that are currently lacking and can provide more context for a donor—or pooled fund like the SHF—to decide between INGO and UN partners where there may be overlapping capacities.

Donors should request more information from international partners, including pooled funds, about the cost of local and international subaward management, in part to determine whether it may be more cost efficient for them to manage these awards directly (for those donors that can make direct local awards) or through an international partner.

The SHF, UN agencies, and INGOs should—for the overall country strategy and for each program — engage in a rapid and deliberate process to understand what role local actors would like to play in the delivery of assistance, where and when they want direct funding, and where and how they want international partners to engage in equitable partnerships. The pathway to shifting greater funding to local actors needs to be thought out carefully, with consideration around a

whole range of factors, and ensuring that each actor in the system plays to its key strengths. Shifting to a more localised response will require a careful analysis of:

- What are the roles of UN, INGO, and LNGOs in delivering assistance, what are their comparative advantages, and how can they complement each other's key strengths. This will vary depending on geography, type of programming, etc.
- How much can local actors currently absorb, and what resources do they require in order to absorb larger quantities of funding? Where can they play a larger role in delivering assistance, and for what functions do they prefer to work with international actors?
- In addition to greater direct funding, where are the opportunities to shift more power and funding to local actors through indirect grants, where international actors can play a complementary role and fulfil key functions? How are consortium approaches – such as that used in the SHG – supporting local actors, and what are the advantages and disadvantages of such an approach?

Donors and intermediaries should hold their partners to account for equitable local partnerships and successful local capacity strengthening, not just the amount of money they provide to local actors. Localisation is not merely about increasing direct funding to local organizations but about transforming relationships to ensure local actors are trusted, resourced, and involved as genuine partners and decision-makers. Donors, UN agencies, and INGOs must prioritize equitable partnerships that promote shared decision-making, transparent cost structures, and fair overhead passthroughs. These partnerships should move beyond transactional subcontracting models and support local organizations as co-leaders enabling them to build institutional capacity, retain skilled staff, and manage risks effectively within Sudan's complex political landscape. Such a shift is essential to building a resilient humanitarian architecture rooted in local leadership, accountability, and sustainability. Donors and pooled funds like the SHF can help focus attention on these critical elements by setting clear expectations for them in calls for proposals, scopes of work or terms of reference, and award documentation, and then structuring accountability processes to track the extent to which partners accomplish them.

UNOCHA should identify opportunities to expand innovations both within the SHF and in other CBPFs. The SHF has significantly ramped up fast, flexible, low burden resources to mutual aid groups. The 48 Hour and ABC windows have introduced opportunities for local actors to have more decision-making power and visibility. Not only should these efforts be expanded in Sudan, as the context warrants, but also piloted by other CBPFs that are looking for ways to fulfil the commitments outlined in the Humanitarian Reset to greater devolution of resources and power to local levels.