



Response to the Call for Evidence on the Future of UK Aid and Development Assistance: Toward Sustainable, Locally Led Solutions and Strong Local Systems

November 2025

With global aid budgets facing unprecedented cuts, many bilateral donors are looking for ways to deliver more effective development and humanitarian assistance with fewer resources. This goal aligns well with many donors’—including the United Kingdom’s—commitments to advance locally led development and humanitarian assistance. We are encouraged to see that two of the four essential shifts that the Minister for International Development has outlined for UK aid point toward a reinvigorated commitment to more locally led approaches.

The growing imperative for locally led action recognizes that locally led approaches are necessary to elevate local capacities, strengthen local systems to deliver, and foster sustained change. Local and national actors have long expressed a desire to see an aid system that integrates their assets, capacities, and knowledge in collaboration with the resources and experiences of donors and implementers ([Brown et al, 2012](#)). This angle is reinforced by the ethical principle expressed (originally by the disability community) as “nothing about us without us” —the core idea that people should lead decision making about the issues that affect them.

In addition, a growing body of academic literature highlights that incorporating local priorities, local knowledge, and local accountability and feedback structures are critical for successful aid programmes ([Andrews et al, 2015](#); [Honig, 2018](#); [Campbell, 2018](#)). There are many examples of individual projects that also affirm the role of local ownership in successful aid delivery (www.powerofownership.org).

How should UK Official Development Assistance (ODA) best be deployed to empower local delivery of aid and decision making around development?

Channel more funding locally to strengthen local systems—and help ODA spend go further

One of the ways to elevate local leadership is to more directly channel flexible resources to local organizations and institutions to lead the implementation of ODA-funded work. Partnerships with local organizations and institutions are important because these actors are an integral part of local networks and systems. They may share similar incentives as the communities in which they are based, and, existing within a community, they are potentially more accountable to them. Furthermore, they will persist in their communities—and in their work—after donor funding ends. To help strengthen local systems to deliver, working with and through key elements of these systems can be an important part of a funder’s approach.

Working more directly with local partners may also generate cost savings. In 2022, the Share Trust and Warande released a report that modeled potential economic implications of shifting 25 percent of ODA from international to local prime or lead partners. The report estimated that aid channeled directly through local partners vs international partners could potentially generate savings of up to 32 percent due to lower salary and overhead costs, even assuming similar overhead rates in percentage terms ([The Share Trust and Warande, 2022](#)).

Follow on research examining the actual costs of two FCDO funded programmes in the Middle East ([The Share Trust, 2024](#)), and UN OCHA’s Country Based Pooled Funds in Ukraine ([The Share Trust, Center for Disaster Philanthropy and Refugees International, 2024](#)) and Nigeria ([The Share Trust, 2024](#)), found that programmes with local lead partners were 14-19 percent more cost efficient than those with international lead partners (see Annex for more details).

There are important caveats to this work. First, international intermediaries are not a homogenous group. Though they are sometimes bucketed as such—or in categories like INGOs, UN agencies, etc.—there is significant heterogeneity among them in terms of policy, practice, and cost structure. For example, in Ukraine and Nigeria, monthly costs for international staff for UN agencies were 2.5 times as high as similar costs for INGO partners (and up to 28 times higher than local staff costs at INGOs or local NGOs).

Second, potential cost savings assume a donor would shift the same amount of money from international to local intermediaries using the same number of awards or funding mechanisms. The extent to which this assumption would hold varies by context. . In some cases, local and national organizations and institutions can serve as intermediaries for donor funding (sometimes substantial amounts of funding). In other contexts, local and national intermediary organizations exist but are much smaller with less experience managing multimillion dollar awards; channeling the same amount of funding through them—if possible—would require more, smaller awards. Such a shift still carries ethical and practical value, as noted above, but may alter estimates of cost savings due to potentially higher administrative costs for the donor.

Thirdly, the studies look only at cost differentials, not cost *effectiveness*. However, for many programmes led by international partners, local and national subpartners or consortium members are leading the delivery of at least a portion of the program’s goods/services. When most delivery is locally led in this way, it may be possible to make assumptions about increased cost effectiveness that could occur by reducing layers between the funder and the local implementer. In some cases, those layers may add value: economies of scale, coordination, or capacity strengthening. But it is imperative that a donor carefully interrogate, alongside local communities, what value they and local actors need an international intermediary to provide—and then determine which intermediaries do so most effectively with the fewest layers.

Allow flexible funding and employ systems thinking

To maximize locally led development and humanitarian action, the process is part of the product. That is, aid-financed programmes must be structured in ways that encourage collaboration with local actors, local decision making, intentional learning, and adaptation based on local knowledge and feedback.

Flexible vs. prescribed funding is necessary to enable adaptation. Forthcoming research from The Share Trust, which is based on interviews of multiple local and international partners, will highlight—and provide examples of—the role flexible funding played in ensuring these organizations could align with local needs, priorities, and preferences as they—and the implementation context—evolved.

Practices that can facilitate collaborating, learning, and adapting include things like radical listening and facilitative leadership; building systems thinking into inception phases; increasing the use of co-creating in project design and implementation; using participatory monitoring, evaluation, and learning processes; and more.

Hold international intermediaries to account for forming equitable partnerships

While the international community must channel more funding to local and national actors, there are some contexts and circumstances in which a donor may not be able to fund local entities directly. Working with local and national actors often entails more, smaller grants, which some donors are not staffed or otherwise equipped to provide. There may also be legal or regulatory barriers to funding some local organizations (e.g., a requirement to work only with formal, registered organizations). There may also be cases in which local organizations do not wish to have a direct partnership with a donor because of the opportunity cost of setting up donor-specific systems or for security reasons. For these reasons, international intermediaries will continue to play an important role in getting resources and shifting power to local and national organizations.

When direct awards to local partners or local intermediaries aren't possible or desirable, UK aid has an important role in creating incentives and establishing expectations that its international partners will work in locally led, equitable ways. The donor also has a role in holding them to account for doing so. Approaches can include:

- Including (and sufficiently weighting) evaluation criteria that assess partners' approaches to systems practice, the strength of their relationships with local actors, and their proposals for ensuring local leadership.
- Consistently using a “[separation of functions](#)” analysis or “[decision mapping tool](#)” that can be used, jointly by donors, international partners, and local and national actors to identify which actors hold which comparative advantages within a project and where there are opportunities to devolve roles and power locally, either in the short run or over time.
- Encouraging international partners to support full and fair indirect cost recovery for local subpartners.
- Including expectations that the partner will co-create project design and implementation plans with local and national actors—and funding the partner to do so.
- Including, alongside key performance indicators, key elements of *process* in the partner accountability framework—for instance, an assessment of the co-creation processes.
- Holding international partners to account for transitioning responsibility for functions to local and national actors and emphasizing those capacity and transition outcomes alongside sectoral key performance indicators.

- Contributing to learning about how best to shift power and strengthen local systems by funding evaluations that ask questions about the quality and contributions of local leadership practices.

Highlight opportunities for locally led action within the UN system

The UN's chief humanitarian coordinator and head of the Office for the Coordination of Humanitarian Affairs (OCHA) has called for a “humanitarian reset” which includes a commitment to devolve funding and power to local levels. Many stakeholders, including coalitions of local actors, have offered constructive recommendations to shape the way forward (e.g., [Network for an Empowered Aid Response, 2025](#)). The Share Trust's research points to some additional, specific elements of a reform process that the UK could encourage with its UN partners:

- Replicating the approach by the Sudan Humanitarian Fund which is scaling an innovative approach to deliver flexible funding to Sudanese Mutual Aid networks through INGOs using microgrants—up to \$20k each—to respond flexibly to life saving needs. Funding is transferred within days and comes with minimal reporting requirements. The Share Trust found that these programmes also have comparatively low operational costs ([The Share Trust, 2025](#)).
- Allowing full coverage of local and national actors' indirect costs. OCHA's Country Based Pooled Funds (CBPFs) allow up to 7 percent “Programme Support” (i.e., indirect/overhead) costs' for both local and international recipients. However, the Passing the Buck studies on the CBPFs in Ukraine ([The Share Trust, Center for Disaster Philanthropy and Refugees International, 2024](#)), Nigeria ([The Share Trust, 2024](#)) found that UN agencies inconsistently shared overhead coverage with local partners. This inattention to overhead costs for local and national actors can kneecap organizations from being able to invest in the systems and processes that are so necessary for organizational health and sustainability—not to mention many donor compliance requirements.

Support Community Led Development Via Self-Help Groups

Self Help Groups (SHGs) are voluntary groups, typically comprised of 10-25 people who meet regularly to save, start small business activities, and create change both for themselves and their communities. SHGs are created with the underlying assumption that when individuals take joint action toward overcoming obstacles and attaining social change, the result can be individual and collective empowerment. SHG processes can yield highly targeted approaches that communities themselves choose to respond to their specific needs—needs that they know best and that can vary widely from one community to another. Empowerment, in turn, fosters individual and collective resilience and creates

the bedrock for a wide range of positive outcomes. For example, evidence shows that SHGs can, among other things:

- Facilitate an increase in health system participation, including the uptake and demand for health interventions and follow-up care ([The Share Trust, 2020](#); [Ruducha et al., 2018](#));
- Play a role in improved child nutrition ([The Share Trust, 2019](#));
- Improve participants' psychosocial factors and psychological wellbeing, which are important sources of resilience ([Resilience Evaluation Analysis and Learning, 2021](#); [Fagan, et al., 2020](#));
- Create opportunities for women excluded from public life and mobility (e.g., in Afghanistan) ([The Share Trust \(2025\)](#));
- Improve access to and quality of public goods ([Desai and Olofsgard, 2019](#))

These results make SHGs highly cost effective ([Cabot Venton, 2019](#)). A cost benefit analysis of SHGs in Ethiopia found that the intervention yielded benefits between \$58 and \$173 for every dollar spent ([Cabot Venton, et al., 2013](#)). The Copenhagen Consensus Center ranked SHGs as the second most cost effective intervention in Africa ([The Economist, 2019](#)).

Conclusion

By highlighting the importance of focusing on local system strengthening and of working through local partners to deliver sustainable, locally led solutions, the UK Government is establishing itself as a leader committed to delivering high value assistance, forming improved partnerships, and advancing overdue changes to the development and humanitarian aid systems. We hope it will take into account the need to shift funding to local actors, create incentives for international partners (including the UN) to work in locally led ways, and expand support for self-organised, community collective action where applicable.

Annex: PASSING THE BUCK

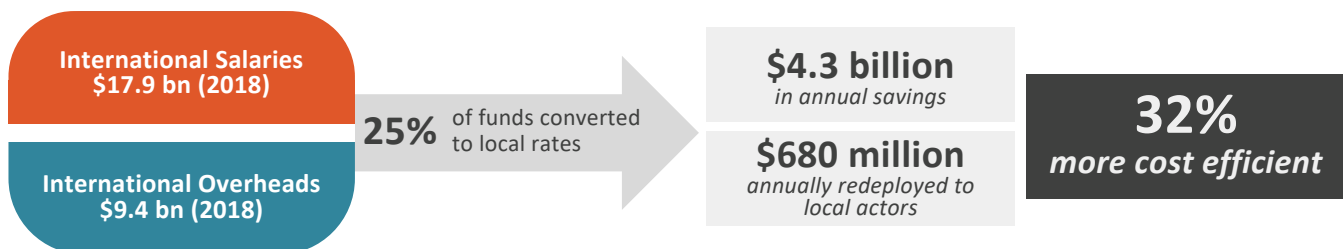


Economics of Localizing Aid



Globally, local organizations could deliver programming that is 32% more cost efficient than international organizations.

A 2022 study by The Share Trust and Warande Advisory Centre — “[Passing the Buck: The Economics of Localizing Aid](#)” — found that these global cost efficiencies could be realized by stripping out inflated international overhead and salary costs. The study assumes *equitable* salary and overhead costs throughout.

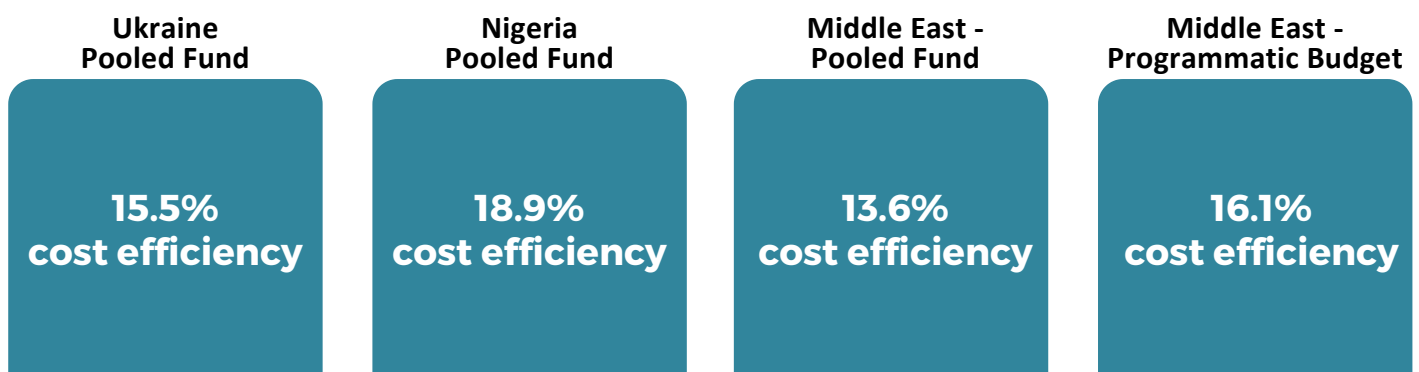


The Share Trust also evaluated the cost efficiencies of delivering aid through local intermediaries in Ukraine and Nigeria using a representative sample of UN, International Non-Governmental Organization (INGO) and Local Non-Governmental Organization (LNGO) budgets funded through UN pooled funds to comparatively 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.



If 25% of 2023/24 humanitarian assistance to Ukraine had been channeled via local actors, estimated cost efficiencies would be \$256m — funding that is vital to ensuring that those most affected receive assistance.

The findings revealed consistent cost efficiencies ranging from 14-19% across all four countries. These figures are based on relatively simple, single passthrough budgets, and anecdotal evidence suggests that cost efficiencies would mirror the global estimate of 32% for large scale response budgets.



PASSING THE BUCK

Economics of Localizing Aid



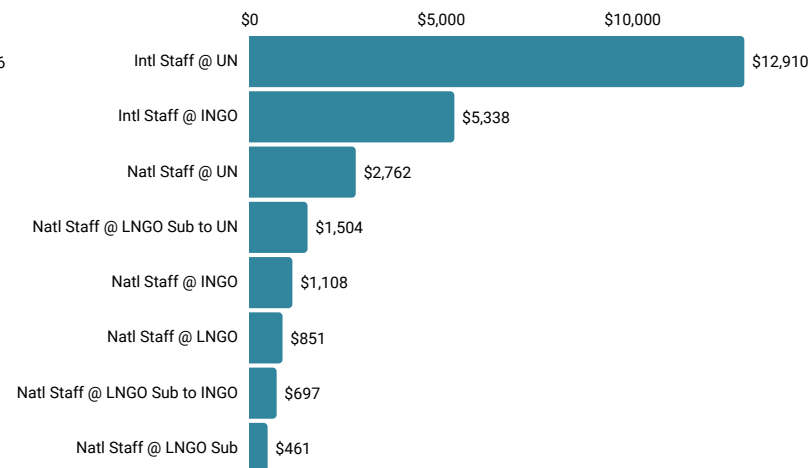
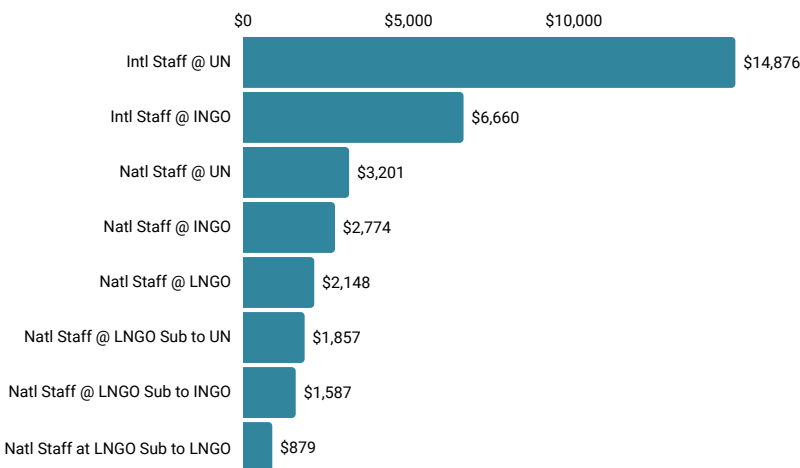
Despite promises to redirect international assistance to local actors, progress on the localization agenda has been slow worldwide, with only 1.2% of humanitarian funding going directly to local and national actors in 2022. This massive imbalance is evident in the Ukraine crisis, where just 0.07% of funding has reached local actors directly. While both INGOs and LNGOs are consistently passing through overhead costs to local sub-contracted partners – **unrestricted funding that is a lifeline for any organization to build systems and capacities** – the UN is routinely retaining all overhead costs.



The comparative analysis of Ukraine and Nigeria found that UN agencies are charging 2.5 times more for international staff costs compared to the same staff at INGOs, and up to 28 times more for comparable staff at national organizations (see below).

Ukraine

Nigeria



Call to Action for Donors and International Organizations:



Demand Transparency: Donors and international organizations, including the UN, must provide full transparency on cost structures. This is essential for understanding how funds are allocated and for ensuring that aid is used efficiently.



Pass Through Overheads: Donors should mandate that all UN agencies and INGOs pass through overheads in full to their local partners. This would provide local organizations with the necessary resources to build robust systems and capacities, ensuring a more equitable playing field.



Invest in Innovation: Numerous organizations are testing and innovating on alternative models to get more funding and power to local actors. The international system has been stuck in outdated modalities for delivering aid, and there is a significant opportunity to introduce balance in the system, investing in new models for aid delivery that play to the key strengths of all actors.