



October 2024

Indirect costs for local and national partners

A mapping of current policies and practices:
donors, UN agencies, INGOs and RCRC organisations

Data tool

Overview

This is the 2024 update to our indirect costs mapping. Development Initiatives (DI) has been monitoring changes in donors' provision of overheads since [our first update in 2022](#).

About overhead costs

To fully recover the costs of delivering humanitarian programmes, organisations must have access to funding to support their overhead costs. Overheads – also referred to here as 'indirect costs' or 'indirect cost recovery' (ICR)¹ – support a range of functions (including overall management, administration, infrastructure and ICT services). You can read more research in our report '[Overhead cost allocation in the humanitarian sector](#)'.

There is widespread agreement that donors and intermediary organisations should provide local and national humanitarian actors with funding indirect costs. Members of the [Grand Bargain caucus on the role of intermediaries have committed to allocating overheads](#) to local and national partners and [the Inter-Agency Standing Committee \(IASC\) has developed Guidance on the issue](#), based [on research conducted by DI in partnership with UNICEF and Oxfam](#) through the IASC. DI has also published a [discussion paper based on interviews with donors](#), which outlines current donor approaches and proposes ways forward.

This updated mapping shows some positive developments. Since 2023, three organisations and one UN agency have developed new policies that ensure local partner NGOs have access to overhead funding, bringing the total of Grand Bargain signatory organisations with policies to 25 (of 67). When our mapping work started in 2022, only 8 signatories had an overheads policy for local and national actors.

You can learn more about specific organisations' policies in the tables below. Table 1 contains information on [donors](#) (comprising governments, EU institutions and foundations) and Tables 2, 3 and 4 contain information on intermediary organisations (comprising [UN agencies](#), [INGOs](#) and the [Red Cross Red Crescent](#) (RCRC) movement). In the tables, organisations use the terms 'intermediary' and 'partners' to refer to organisations that receive funding from donors (and other intermediary organisations). The final (implementing) partners can be national or local offices of intermediary organisations, or separate national or local organisations.

The list of organisations included in this mapping is not exhaustive. Information is gathered directly from organisations or summarised from the [Grand Bargain's Self-Reporting Mechanism](#). Please [contact Development Initiatives](#) with any updates and additions. This mapping will be updated annually to monitor progress.

¹ We use ICR as a general term for overheads provision to local and national partners. Where organisations use other terms (e.g. 'support costs') we have amended for clarity.

Table 1: Donor overhead policies

Donor name	Is there a policy or guidance?	What is the policy or current practice?	What are the conditions?	Signatory to	Date information was provided
Belgium's Federal Public Service (FPS)	No – in development	The FPS has developed guidance on earmarked funding.	Guidance only applies to current Belgian NGO funding programmes (those running 2023–25).	Grand Bargain	September 2024
Directorate-General for European Civil Protection and Humanitarian Aid Operations (DG ECHO)	No	Guidance on 'Promoting Equitable Partnerships with Local Responders in Humanitarian Settings' is in place. This encourages partners to develop organisational policies/guidance on the provision of overheads to local and/or national organisations. DG ECHO also prioritises project proposals from partners that provide a share of overhead costs to their local and/or national partners.	More information on guidance can be found here: Promoting Equitable Partnerships with Local responders in Humanitarian Settings (europa.eu)	Grand Bargain	September 2024
The Ford Foundation	Yes	The foundation will pay a minimum ICR of 25% for eligible project grants. A higher ICR rate will be considered under certain circumstances.	Information on the foundation's policy can be found online: Increasing our indirect cost commitment FAQs: Increasing our indirect cost commitment		September 2024
German Federal Foreign Office (GFFO)	Yes	The GFFO's funding regulations ensure INGOs pass funding onto local partners (from a minimum of 7% to a maximum of 9%).	Revisions to existing policy are pending publication, and revised conditions will be set out when available.	Grand Bargain	September 2024

Donor name	Is there a policy or guidance?	What is the policy or current practice?	What are the conditions?	Signatory to	Date information was provided
Global Affairs Canada, Canada	Yes	Global Affairs Canada includes a dedicated budget line, providing up to 7.5% of direct project costs for local and national partners' overhead costs.		Grand Bargain	September 2024 (summarised from the Grand Bargain self-report)
The Hewlett Foundation	Yes	The Hewlett Foundation has no specific funding restriction, rather it provides flexible funding where possible. When project-restricted grants are allocated, there is a commitment in place to pay for ICR to cover all costs of implementing programmes. The foundation has launched a 'True Cost Coaching' pilot programme to support partners to accurately calculate their true indirect cost rate and improve their policies.	Partners set out the costs they require to cover ICR in their own budget.		September 2024
Irish Aid, Ireland	Yes	Irish Aid's policy is that all partners should provide overheads to their local and national partners.		Grand Bargain	September 2024 (summarised from the Grand Bargain self-report)
Ministry of Foreign Affairs and Trade (MFAT), New Zealand	Yes	MFAT allows up to 10% of total funding to be used toward ICR: <ul style="list-style-type: none"> This is permitted via the 'New Zealand Disaster Response Partnership' and is available for aid-recipient countries. An additional 10% ICR is available for those partners who have offices based in New Zealand. 		Grand Bargain	September 2024 (summarised from the Grand Bargain self-report)
Ministry of Foreign Affairs of the Netherlands	No – in development	The Netherlands is in a period of consultation with the Dutch Relief Alliance to reach a position to agree the costs needed to support effective localisation.		Grand Bargain	September 2024
Ministry of Foreign Affairs (MFA), Norway	No	Uses internal rules and regulations that guide grant management. Plans to develop a specific policy.		Grand Bargain	September 2024

Donor name	Is there a policy or guidance?	What is the policy or current practice?	What are the conditions?	Signatory to	Date information was provided
The Spanish Agency for International Development Cooperation (AECID)	Yes	<ul style="list-style-type: none"> For Spanish international NGOs, provides 12% of total budget costs as ICR (of which, 50% must be shared with local and national partners). For non-Spanish organisations, provides 3–8% of total budget costs as ICR, if a direct agreement is in place. 		Grand Bargain	September 2024 (summarised from the Grand Bargain self-report)
Swedish International Development Cooperation Agency (Sida)	No – in development	The draft policy is being reviewed with partners.		Grand Bargain Charter for Change	September 2024
The Swiss Agency for Development and Cooperation (SDC)	Yes – new	SDC provides overheads to all of its partners – whether local, national, international, UN or NGO.	Overhead rates are determined by discussions with partners, based on SDC’s understanding of the financing of the partner organisation and the calculation of other budget positions.	Grand Bargain	September 2024
The UK’s Foreign, Commonwealth and Development Office (FCDO)	No – guidelines only	The FCDO has published guidelines for bilateral humanitarian response funding to NGOs, which include recommendations on providing ‘Localisation Support and Administrative Costs’ (LSAC). The guidelines recommend that lead partners pass on LSAC to local and national downstream partners, either at FCDO’s Non-Project Attributable Costs rate or at 10% – whichever is highest.		Grand Bargain	September 2024
United States Agency for International Development (USAID)	Yes	The US government has increased the ‘de minimis’ rate for local and national NGOs from 10% to 15%. It also has guidance in place to help local and national NGOs to fully recover indirect costs.	More information can be found here: Understanding Indirect Cost Rates (pages 46–48).	Grand Bargain	September 2024

Table 2: UN agency overhead policies

UN agency name	Is there a policy?	What is the current practice?	What are the conditions?	Signatory to	Date information was provided
Food and Agriculture Organization (FAO)	No	FAO does not provide overheads. When direct costs incurred in connection with implementation of the project cannot be easily quantified, FAO accepts a portion charged as a percentage of total operating costs.		Grand Bargain	June 2023
International Organization for Migration (IOM)	Yes	Overheads are provided but cannot exceed the threshold specified within the funding donor agreement (usually 7%).	Overheads are provided where they are in line with the partner's established policy or, in the absence of a policy, as required for the successful implementation of the project. They cover administrative support or management costs that are linked to the activities but not otherwise included in the budget. Overheads must be used to cover indirect costs linked to project implementation, and implementing partners must ensure there is no duplication in costs charged. There is no project audit requirement in place.	Grand Bargain	September 2024
Office for the Coordination of Humanitarian Affairs (OCHA) Country Based pooled Funds	Yes	Up to 7% 'Programme Support Costs' provided for both national and international recipients. Where sub-granting occurs, it is required that the overhead is fairly distributed in a manner that is proportionate to the project budget and the activities undertaken by each party.	Unrestricted contribution to partner's overhead costs. Does not need to be reported against.	Grand Bargain	June 2023

UN agency name	Is there a policy?	What is the current practice?	What are the conditions?	Signatory to	Date information was provided
United Nations Children's Fund (UNICEF)	Yes	Provides a 7% ICR rate that can be spent on any relevant partner needs.	A contribution to costs incurred by the partner for organisational capacity strengthening and/or capacity maintenance (which cannot be attributed to a specific activity) is allowed. While the support costs must be submitted to UNICEF, the fund does not expect detailed breakdowns. UNICEF aims for ICR to be flexible to support the broader capacity of local partners and reduce administrative burdens.	Grand Bargain	September 2024
Office of the United Nations High Commissioner for Refugees (UNHCR)	Yes	<ul style="list-style-type: none"> Provides 4% ICR for national partners. Provides 7% ICR for international partners. 	<p>Provides unrestricted contributions to partners' overhead costs. There is no reporting requirement. More information is available here</p> <p>Guidance for partnering with UNHCR</p>	Grand Bargain	September 2024
UN Population Fund (UNFPA)	Yes	Provides ICR of up to 12% to cover overheads.	<p>Partners who sub-contract are allowed to charge an overhead (according to first-level recipients' overhead policies). The policy is the same for local, national and international NGO partners. This is an unrestricted contribution to the partner's overhead costs and there is no reporting requirement. More information is available here:</p> <p>Policy and Procedures for Preparation, Management and Monitoring of Workplans (page 10)</p>	Grand Bargain	September 2024
UN Women	Yes	Partner will be reimbursed by UN Women for its ICR, not exceeding a rate of 8% or the rate set forth in the donor-specific conditions, if that is lower. The flat rate is calculated on the eligible direct costs.	Unrestricted contribution to partners' overhead costs, based on regulations in the 'Partner Project Document'. Subject to annual independent audit. Cost categories are aligned to the Money Where it Counts protocol definitions.	Grand Bargain	September 2024

UN agency name	Is there a policy?	What is the current practice?	What are the conditions?	Signatory to	Date information was provided
World Food Programme (WFP)	Yes	Provides 7% ICR. The policy is the same for local, national and international NGO partners.	Unrestricted contribution to partners' overhead costs. Does not need to be reported against, is not audited and does not need to be spent within the project time period.	Grand Bargain	September 2024
World Health Organization (WHO)	Yes – new	WHO provides 5–7% of budget allocations towards indirect costs, depending on donor conditions.	Provisions are made in the grant letter of agreement. The implementing partner's indirect costs must be included in the budget and funded as a percentage of the eligible direct costs. Indirect costs are to be provided by partners with the same conditions as specified by the donor. When requested, implementing partners should provide their policy on the determination, use and reporting of indirect costs to support the indirect costs requested.	Grand Bargain	September 2024

Table 3: International NGOs overhead policies

INGO name	Is there a policy?	What is current practice?	What are the conditions?	Signatory to	Date information provided
ActionAid	Yes	ActionAid works with national partners to ensure ICR takes place. On average, 4% ICR is shared with partners.	<p>Capacity reviews are undertaken jointly between ActionAid and partners on an annual basis. All clear national partner costs that include level of effort are considered. This due diligence aims to help ActionAid and partners to make more informed and transparent decisions regarding funding opportunities that are subject to restrictions.</p> <p>For multi-partner projects, ActionAid allows for negotiations on splits of ICR across partners.</p>	Grand Bargain Charter for Change	September 2024 (summarised from the Grand Bargain self-report)
CARE	Yes – new	Local and national partners should recover all costs, including their indirect costs.	<p>Guidelines are available that help partners fully recover their costs and highlight the importance of earmarking resources for capacity strengthening and sharing.</p> <p>Partners can add ICR to direct or indirect costs in their budgets, if they are clearly identified, to avoid duplication and ensure consistency. (This ICR is dependent on restrictions that donors have in place. Where a donor has specific guidance or ceilings on indirect costs to partners, CARE complies with those requirements.)</p>	Grand Bargain Pledge for Change Charter for Change	September 2024

INGO name	Is there a policy?	What is current practice?	What are the conditions?	Signatory to	Date information provided
Catholic Agency for Overseas Development (CAFOD)	Yes	<ul style="list-style-type: none"> For donor-funded projects, shares 50% of the allowable ICR with partners. If there is more than one partner: proportional sharing of 50%. For CAFOD-funded projects, an overhead rate is calculated based on need, which does not usually exceed 7%. 	Unrestricted contribution to partner's overhead costs. Does not need to be reported against.	Grand Bargain Charter for Change	June 2023
Catholic Relief Services (CRS)	Yes – new	<ul style="list-style-type: none"> For CRS-funded projects and non-USAID funded projects, CRS has developed a new policy on ICR provision, including a mechanism to track funding (including ICR) to partners. For USAID-funded projects, CRS provides up to 10% to partners – the current USAID 'de minimis' rate (if partners elect to include 'de minimis'). 		Grand Bargain Charter for Change	September 2024
Christian Aid	Yes	<ul style="list-style-type: none"> For donor-funded projects, shares 50% of the allowable ICR with partners. If there is more than one partner, the split is negotiated across all partners. For public-funded projects, 10% ICR is added for partners/country offices. 	Unrestricted contribution to partners' overhead costs. Does not need to be reported against.	Grand Bargain Pledge for Change Charter for Change	September 2024

INGO name	Is there a policy?	What is current practice?	What are the conditions?	Signatory to	Date information provided
Concern	Yes – new	Concern Worldwide has an ICR policy for local partners; rates vary depending on donor conditions.	<p>The policy sets out three main approaches. The specific approach taken depends on the project context and donor guidelines:</p> <p>One: A direct ICR funding approach, including ICR costs with direct programme funding.</p> <p>Two: A shared ICR funding approach, sharing up to 50% of ICR with local partners.</p> <p>Three: A general donation funding approach, allocating 6% of a partner’s direct programme costs as ICR.</p>		September 2024
Cordaid	Yes	Cordaid shares ICR with partners for humanitarian programming. However, this is not yet organisational policy and is decided on a case-by-case basis.		<p>Pledge for Change</p> <p>Charter for Change</p>	June 2023
Dan Church Aid	Yes	<ul style="list-style-type: none"> For Denmark-funded projects, provides 7% overhead. ICR is only provided in projects funded by other donors if this is specifically required by the donor. 		<p>Grand Bargain</p> <p>Charter for Change</p>	June 2023
Danish Refugee Council (DRC)	Yes – new	Provides 4–7% of ICR to partners.	Usually 7%, however the decision on how much IRC will be provided is based on an assessment of the risk (to DRC) of engaging with the partner. This is regardless of whether they are a local or international organisations.	Grand Bargain	September 2024

INGO name	Is there a policy?	What is current practice?	What are the conditions?	Signatory to	Date information provided
Dutch Relief Alliance (DRA)	Yes	DRA provides 6–8% overhead to DRA members and this must be proportionately shared with partners. In addition, partners are provided an additional 5% of the project budget for capacity strengthening initiatives. DRA members who partner with local and national NGOs can include up to 4% of the partner budget as a budget line to support costs associated with being the grant holder.	Unrestricted contribution to partners' overhead costs. Does not need to be reported against.		June 2023
International Rescue Committee	Yes	Provides partners with the maximum ICR that donors allow (typically 7% of ICR when the UN or European countries are the donors, and the 15% 'de minimis' rate for US government).	Partners are not required to have ICR policies in place but must clearly distinguish between direct and indirect costs and charge consistently. To this end, partners must submit written descriptions of the types of costs and services to be recovered by the ICR to ensure these are not double counted.	Grand Bargain Pledge for Change	September 2024
Islamic Relief	No – in development			Charter for Change Grand Bargain	September 2024
Kindernothilfe (KNH)	Yes	Up to 10% provided, though in some contexts this is 15%. A budget showing planned use is required if the project budget exceeds €25,000.	Provided as an unrestricted contribution to partners' overhead costs. Locally audited financial statements must be submitted including overheads, though overheads are not verified by KNH beyond comparison of the budget and actual expenditure.	Charter for Change	June 2023

INGO name	Is there a policy?	What is current practice?	What are the conditions?	Signatory to	Date information provided
Médecins du Monde	No – in development	Currently does not provide overheads though covers some partner core costs in the direct budget. A policy is in development.			June 2023
Mercy Corps	Yes	Mercy Corps aims to provide partners with full cost recovery in accordance with donor parameters, so does not have a fixed overhead rate.	<p>To receive ICR, partners must have a methodology for classifying expenditure as direct and indirect that can be verified in their accounting system and is consistently applied to ensure that no double-counting occurs.</p> <p>The rate cannot exceed the maximum allowed by the donor.</p> <p>If donor regulations allow, Mercy Corps may also pass on a fixed donor rate (e.g. 'de minimis') to partners.</p> <p>If a partner does not have a methodology, their overhead costs can be presented as direct costs in the subaward budget to ensure full cost recovery.</p>	Pledge for Change Grand Bargain	September 2024
Network for Empowered Aid Response (NEAR)	Yes	NEAR offers 15% overheads to local and national partners.	Partners need to include ICR in their budgets, with some form of oversight body, ensuring that ICR is properly accounted for.	Grand Bargain	September 2024 (summarised from the Grand Bargain self-report)
Norwegian Refugee Council	Yes	Provides 4% indirect costs, or the rate specified by the donor if the donor allows for an additional overhead percentage for local partners.	<p>Unrestricted contribution to partner's overhead costs. Does not need to be reported against and are not subject to audit.</p> <p>Cost categories are aligned to the Money Where it Counts protocol definitions.</p>	Grand Bargain	June 2023

INGO name	Is there a policy?	What is current practice?	What are the conditions?	Signatory to	Date information provided
Oxfam	Guidance only	The Oxfam Confederation provides international guidance on ICR, while member affiliates are engaging in developing member-specific trials, practices and policies to share with their individual partners.		Grand Bargain Charter for Change Pledge for Change	September 2024
Save the Children	No – in development	Save the Children is currently piloting an ICR-sharing approach with local and national partners on selected donor accounts and awards. The pilot includes research to ensure any agreed ICR rate covers all necessary indirect costs in running programmes. It is using financial modelling across multiple dimensions to understand the implication of various ICR options. Tracking systems are in place and continue to be tested within the pilot. The learning from these initiatives will inform the development of a movement-wide framework on ICR provision.		Grand Bargain Pledge for Change	September 2024
Trócaire	Yes	<ul style="list-style-type: none"> Shares 50% of the allowable ICR with partners. If there is more than one partner, this is proportionately shared. ICR retained by Trócaire is shared equally between HQ and the Trócaire Country Office. 	If a donor does not permit ICR, the country office decides on core cost allocation (including some country offices who are drawing on their reserves to provide ICR).	Grand Bargain Charter for Change	September 2024
World Vision	No – in development	A new global policy is in development. Currently there is no standardised approach to the provision of ICR: partner indirect costs are sometimes included in the programme budget, and overheads are sometimes provided out of World Vision's own private income.		Grand Bargain	June 2023

Table 4: International Red Cross and Red Crescent (RCRC) Movement organisation overhead policies

RCRC organisation name	Is there a policy?	What is current practice?	What are the conditions?	Signatory to	Date information provided
International Committee of the Red Cross (ICRC)	No	The ICRC provides its National Society partners with administrative costs or 7% of overheads (calculated on the total programme costs) to run their operations. While there is no policy yet on overheads for other operational partnerships, it is possible to include overheads in the financial agreement with these partners, as relevant.		Grand Bargain	September 2024 (summarised from the Grand Bargain self-report)
International Federation of Red Cross and Red Crescent Societies (IFRC)	No – in development	IFRC is not able to systematically cover indirect costs but – with the support of key donors – is pilot-testing solutions that allow local partners to recover 6–7% of indirect costs.		Grand Bargain	September 2024 (summarised from the Grand Bargain self-report)

Key terms

De minimis

USAID offers [a 'de minimis' rate of 10%](#). This is increasing to 15%, but not all policies are yet updated to reflect that change.

ICR

Indirect cost recovery. 'Allowable' ICR refers to conditions of ICR that specific donors or intermediaries have in place. More requirements in place does not necessarily mean that a project audit of ICR spending is needed.

INGO

International non-governmental organisation

True cost

This term is used when, often, ICR is provided but it still does not cover all indirect costs or overheads that the project needs in order to be successfully implemented. The terminology is used when a donor or intermediary is committed to covering all overheads, not just making a contribution via a percentage figure in budgets.

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