



Positioning note

The Indirect Cost Trap: When the System Hinders the Path Towards Effective Localisation of Aid in the DRC

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In the Democratic Republic of the Congo, the majority of humanitarian funding continues to be channelled through international agencies and large international NGOs (INGOs). Indirect costs (ICR), typically ranging between **7 -10 % of budgets**, remain concentrated at the top of the system. Yet these resources are precisely what sustain offices, staff, management systems, institutional credibility, and organisational growth.

The recent United States allocation of **USD 150 million provides** a clear illustration of this imbalance. A significant opportunity was denied to Congolese national NGOs, which could have directly accessed substantial funding, enabling them to build strategic reserves through indirect cost recovery (ICR), strengthen their systems, and consolidate their institutional credibility.

Instead, resources were almost exclusively concentrated within United Nations agencies and large INGOs, perpetuating a model in which financial and decision-making power remains locked at the top of the system.

Meanwhile, Congolese NGOs are implementing activities on the ground, often without direct access to funding or to ICR. The result is a closed cycle:

It is therefore clear that the issue is not lacking local capacity. The problem lies in a system that prevents this capacity from fully emerging.

This fragile, costly, and inefficient model leaves local NGOs→those with the deepest understanding of local realities→without adequate resources, confined to an implementing role, and chronically dependent on international intermediaries. This dynamic ultimately undermines accountability to affected communities.

CONAFOHD calls for a genuine transfer of power through: Full transparency of financial flows; A guaranteed minimum of **25 % of direct funding** to national NGOs by 2027, **with 7–10 % ICR** attached; Partner performance assessments based on power transfer, not solely on expenditure; Dedicated funding for the institutional strengthening of local NGOs.

The objective is not to exclude international actors, but to move beyond dependency by transforming their role→from substitution to accompaniment, transfer, and co-creation.

CONAFOHD calls **for a shift from promises to action.**