

# The Cost of Informal Economies on Harm Reduction Civil Society Organizations Grantees: A Global South Perspective

2025



# Global South

- According to UNCTAD: Africa, Latin America and the Caribbean, Asia (excluding Japan and South Korea), and Oceania (excluding Australia and New Zealand)
- Developing vs Developed economies

# Informal economies

- Part of the economy and workforce that is neither taxed nor monitored by government.
- No access to job security, legal protection and banking services.

## Youth RISE Small Grant Programm.

- Youth RISE's Small Grants Programme, was funded by the Robert Carr Civil Society Networks Fund (RCNF), supported community organizations and youth groups working on advocacy campaigns for harm reduction and issues faced by young people who use drugs. It funded organizational strengthening efforts, as well as integrating intersectionality and full spectrum harm reduction into advocacy work.

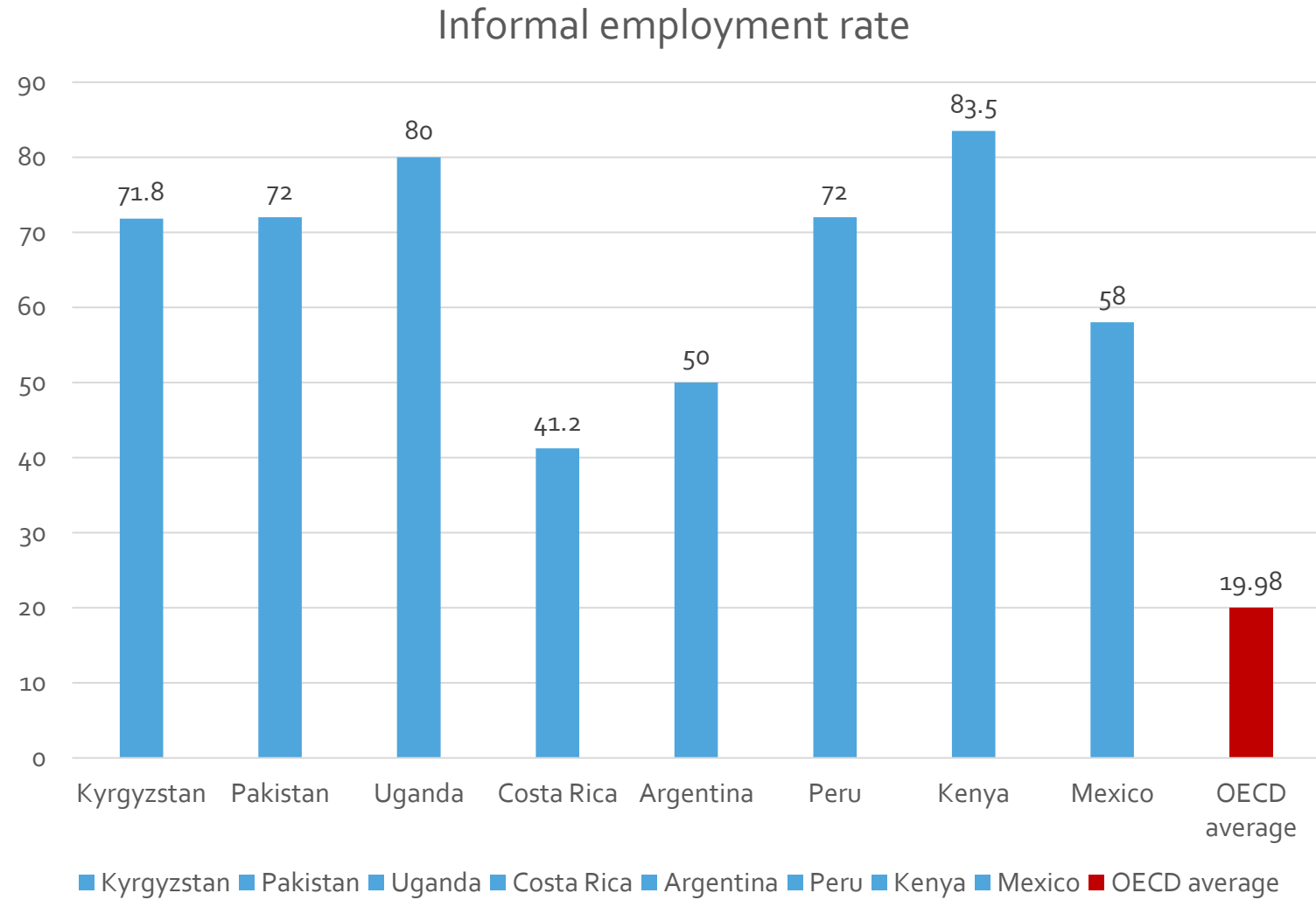
# The need for financial hosts

- Most civil society organizations that distribute funding for harm reduction and drug policy reform initiatives require grantees to i) have a registered legal entity and ii) a bank account associated to it.
- Most of the time, this is indeed a necessity rather than a whim, based on complying with different regulations.

## Global South Grantees

- In the 2020-2025 period, Youth RISE gave out 17 small grants. 10 (59%) were from the Global South, for a total of USD 35,055. Grantees were from Kyrgyzstan, Pakistan, Uganda, Costa Rica, Argentina, Peru, Kenya and Mexico.
- While not the subject of this study, Youth RISE is currently giving small grants through partnership with the Global Fund, to 8 countries exclusively in the Global South.

# Informality rates among grantees



# Cost of Informality

- Average time to register a business and opening a bank account: 3.5 months.
- Average cost to incorporate and to open bank account: 2,890 USD (1129% average minimum wage)
- Average bank account maintenance cost: 60 USD (23.4% average minimum wage)
- Average institutional maintenance cost: 50 USD (19.5% average minimum wage)



# Financial hosts

- 4 of 8 the grantees (50%) needed a financial host.
- 3 of the 8 grantees (37.5%) reported a 6+ months delay due to registering and opening a bank account.
- 1 of the 8 grantees (12.5%) reported no issues.

## Costs of using financial hosts

- Funds lost in transactions
- Difficulties in budgeting
- Less autonomy
- Lack of legal predictability
- Unstable banking policies

# Possible solutions

- Individual sworn statements, contracts or MOUs.
- Connecting grantees to financial hosts.
- Creating grants specifically for formalization
- Further study is needed.



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